

RESPONSES TO QUESTIONS RAISED DURING THE 64TH ANNUAL GENERAL MEETING OF FRASER & NEAVE HOLDINGS BHD (“F&NHB”) HELD ON 22 JANUARY 2026

Questions from Dr. Ismet Yusuff, a corporate representative of Minority Shareholders Watch Group (MSWG)1. Question 1

Shareholders should not be limited to only three (3) questions and should instead be allowed to raise questions without restriction at the Company’s Annual General Meeting (“AGM”), as it is an avenue for them to seek clarifications on the Group’s affairs from the Board of Directors (“Board”) and Management. Would the Board consider allowing shareholders to ask any number of questions?

Response (Mr. Lim Yew Hoe, Chief Executive Officer (“CEO”))

Management had requested shareholders to limit their questions to three (3) per person to ensure that all shareholders present are given an equal opportunity to raise their questions and express their views. It was not to restrict shareholders from asking questions.

2. Question 2

The Board and Management’s efforts in driving the Company’s continued momentum and performance improvement are duly acknowledged and commended.

The Group’s expansion initiatives are perceived to be positive and necessary, can Management clarify the expected viability periods for these investments, particularly in relation to the agriculture and dairy farming (“ADF”) business and the localisation of operations in Cambodia?

Response (CEO)

For the Group’s ADF business, the expected break-even period is approximately three (3) years from the commencement of operation.

As for the Group’s operations in Cambodia, Management had earlier expected a break-even period of one (1) year. However, the current circumstances have given rise to uncertainty. As a result, Management’s objective now is to achieve break-even in approximately two (2) to three (3) years, subject to the commencement of operation and local market acceptance of the products from the factory.

3. Question 3

Has Management established any predefined financial or operational thresholds that would trigger a pause, scaling down, or exit from underperforming expansion projects of the Group?

Response (CEO)

Management does not have any exit threshold for the Group’s expansion projects. For projects which are not meeting initial targets, Management would strive to improve operations to achieve better outcomes.

4. Question 4

It was noted from the Company’s Annual Report 2025 that there were impairment indicators arising from continued losses in certain plant lines of the Group for the financial year 2025 (“FY2025”). Which facilities or production lines were underperforming, the root causes of such underperformance, and when the Board expects these assets to return to profitability?

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Response (Mr. Tiong Yean Yau, Chief Financial Officer (“CFO”))

The accumulated impairment losses were largely due to an impairment made for an aseptic line within the Group’s beverages division in the previous years, due to lower production volumes and margins, resulting in lower projected cashflows and recoverable amount for the cash generating unit. Productivity and profitability for this line are expected to improve over time with higher production volumes.

5. Question 5

As indicated during the CEO’s presentation, the Group’s profitability for FY2025 was mostly attributed to better cost management which resulted in greater efficiency. To what extent is the Group’s current profitability supported by its pricing power and how does the Group manage its margin going forward?

Response (CEO)

In Malaysia, the Group adopts cautious approach to price adjustments and would plan thoroughly and engage stakeholders prior to implementing any price adjustments. Over the past year, price increases have been kept minimal. Instead, Management had focused on more efficient procurement, manufacturing, and cost management. Although the Group has some pricing power, Management had decided not to increase prices at this time, considering the current challenges faced by consumers.

Questions from Mr. Lee Hean Aik, a shareholder

6. Question 1

Could the Company provide vouchers instead of the Group’s products as door gifts to shareholders attending the AGM, to facilitate redemption at retailers near their residences and thereby reduce the inconvenience of carrying the products?

Response (CEO)

Issuing vouchers would result in higher costs to the Company, including additional administrative charges paid to third parties, compared to providing the Group’s products directly. Such costs would ultimately be borne by the Company and, indirectly, by shareholders. In considering cost implications and the interests of the broader shareholder base, the Company may not be able to accommodate all individual preferences.

7. Question 2

Why were the Company’s AGM notifications not sent by email to shareholders in the past few years?

Response (Mr. Darric Ong, Company Secretary/Director, Legal & Company Secretarial)

The abridged version of the Company’s Annual Report 2025, which includes notification of the publication of AGM documents on the Company’s website, was despatched by post to all shareholders by the Company’s Share Registrar on 24 December 2025. Notification is deemed served on the date of posting in accordance with the Company’s Constitution.

Email notifications were not issued in previous years due to the additional resources and follow-up required for bounced emails. The Company would consider sending email notifications in addition to the abridged Annual Report in the future, to address any non-receipt of the printed AGM notification by shareholders.

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Question from Syed Azman Al Aydeross Bin Syed Abdul Rahiman Al Aydeross, a proxy of Employees Provident Fund

8. Question

Under Practice 5.3 of the Malaysian Code on Corporate Governance, it is recommended that the tenure of an Independent Director should not exceed nine (9) years. As several of the Company’s Independent Directors are approaching this threshold around 2027, could the Board elaborate on its approach to Board succession planning and renewal? Additionally, what skill sets and experience do the Board intend to introduce over the next few years to ensure it remains well-positioned to support the Group?

Response (Datuk Kamaruddin bin Taib, the Chairman of the Nominating Committee of F&NHB)

The Board is fully cognisant of the nine (9)-year tenure guideline for Independent Directors and remains committed to ongoing Board refreshment. Succession planning and refreshment are managed through a staggered and orderly approach.

In reviewing Board composition, emphasis is placed on forward-looking and relevant skill sets, including industry-specific expertise, particularly for the Group’s new ADF business, as well as technology and digital capabilities. In addition, ESG and diversity considerations are also taken into account.

External professional consultants are engaged to conduct regular Board evaluations and assessments, which support the review of Board effectiveness, succession planning, and refreshment initiatives. Preparatory steps are underway to ensure a smooth transition in 2027 as certain Directors approach the nine (9)-year tenure limit.

Question from Mr. Tan Yew Aik, a shareholder

9. Question

The Board’s efforts in relation to the Group’s new ADF business are duly acknowledged and commended. Could Management share financial projections for the next three (3) to five (5) years, in terms of revenue, EBITDA or margin of the ADF business, and its impact on the Group’s earnings per share?

Response (CEO)

The Group’s ADF business is expected to break even in about three (3) years from its commencement of operation. Management does not share financial projections by segment for public disclosure.

Based on current investments and herd size, the Group’s dairy farm is expected to produce approximately 40 to 50 million litres per annum of fresh milk by 2027, with an additional 15 to 20 million litres per annum in 2028. The farm gate price is expected to be in the range of RM3.00 to RM3.50 per litre, which would support the Group’s break-even target.

Questions from Mr. Chua Song Yun, a shareholder

10. Question 1

Could Management provide an update on the market share of the Group’s core product? While the Company’s Annual Report 2025 highlights a focus on growing market share, the Group’s revenue over the past five (5) years has been relatively flat. Revenue from the Group’s Malaysian operations has also been flat despite economic recovery and growth in tourism. Does this suggest a decline in market share, and what is the trend for the Group’s core product?

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Response (CEO)

In the past couple of years, the Group has prioritised capturing value over aggressive sales expansion, partly due to significant capital investments of approximately RM1.7 billion in the ADF business. During that period, the Group focused on managing cash flow and capital allocation, with limited expansion efforts.

The Group's core product, 100PLUS, continues to be a major isotonic drink in the Malaysian isotonic segment. Looking ahead to 2026, the Group would actively pursue market share growth and remains committed to expanding its market presence while balancing capital expenditure priorities.

11. Question 2

Comparing the Group's operations, profit margins in Indochina or Thailand are around 20%, while margins in Malaysia are around 10%. Could Management explain the reason for the difference in margins? Do dairy products normally have a higher margin than isotonic products?

Response (CEO)

The difference in margins is primarily driven by pricing. Similar condensed milk products (when all things being equal) could generally be sold at slightly higher prices per unit in Thailand compared to Malaysia, while production costs remain broadly similar, resulting in higher margins for Thailand operations.

The Group continues to focus on improving margins in Malaysia, which are already in the double digits. Both the Malaysian Dairies and Beverages segments are gradually enhancing profitability as the business captures greater value from its operations.

The Group's margin levels also vary by product category and market. In Malaysia, the isotonic segment has higher margins than the dairy segment, whereas Thailand only has dairy products.

12. Question 3

The Group's effective income tax rate for FY2025 increased from 21.9% to 29.6%. Could Management elaborate on the reasons for this increase? Is it partly due to withholding tax on dividends from Thailand, and how does this reconcile with the tax allowances available? What is the expected effective tax rate going forward?

Response (CEO and CFO)

The increase in effective income tax rate was primarily due to higher income tax expense from the Group's Thailand subsidiary following the full utilisation of its tax incentives in FY2025, coupled with withholding tax on dividend repatriated from the Thai subsidiary.

In addition, the Group incurred start-up losses from the integrated dairy farm business. Such losses reduced profit before tax of the Group and increased the overall effective tax rate as deferred tax assets are not recognised in respect of current year losses incurred by the integrated dairy farm. As the integrated dairy farm business becomes profitable, the effective tax rate is expected to decrease over time.

Question from Mr. Wee Ton Wang, a shareholder13. Question

Given Malaysia's hot climate, how does the Group manage heat stress in the ADF business to achieve milk yields of over 30 litres per cow per day, and how does the indoor farming system compare to traditional or outdoor systems, which are often perceived to be more cost-effective?

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Response (CEO)

The Group manages heat stress through insulated roofing, high-speed ventilation systems, and water misting, which maintain barn temperatures at around 25°C even when external temperatures reach up to 35°C. These measures are expected to enhance cow welfare and support high milk yields.

The Group’s indoor farming system follows internationally recognised best practices and veterinary guidance, and has been carefully designed to balance cow comfort, productivity, and cost efficiency.

Questions from Datin Cheryl Kaur Pola, a proxy

14. Question 1

The Group’s products are available on the Sumbang Asas Rahmah (“SARA”) platform, a social support programme aimed at easing household cost-of-living pressures. To what extent has SARA contributed to the Group’s revenue, and how is it expected to influence the business going forward?

Response (CEO)

SARA has been beneficial for the Group’s food business, particularly Nona products, which are mostly available on the platform. Other products available on the platform include canned milk, liquid milk, and cordials. The Group expects positive contributions from SARA during the Ramadan period. Management does not currently quantify SARA’s exact revenue impact, but it is anticipated to support growth in the food segment.

15. Question 2

Could Management share the potential tax incentives available to the Group’s ADF business?

Response (CFO)

The Group integrated dairy farm is eligible for Investment Tax Allowance (“ITA”) of RM2 billion (100% claimed), the ITA claimed is available for offset against 70% of the future statutory income from the integrated dairy farm business.

Questions from Mr. Chong Fook Khing, a shareholder

16. Question 1

For the land acquired for the Group’s ADF segment (“Land”), could Management clarify the total Land size and whether the Land was previously oil palm land or forest land? Is the segment’s current milk production target approximately 100 million litres per year, with a longer-term target of 200 million litres?

Response (CEO)

The Land comprises three (3) parcels, totalling more than 6,000 acres or approximately 2,500 hectares, of which about 1,000 hectares are designated as cropping land. The entire Land consists of oil palm land approximately 35 years old, which had remained idle for some time.

The Group’s target milk production of approximately 100 million litres per year is Phase 1. To increase annual milk production to 200 million litres per year would require additional investments on top of the RM1.7 billion under Phase 1, and would come under Phase 2. Both phases are planned on the same parcel of the Land to optimise infrastructure, reduce costs, and achieve economies of scale, with the goal of achieving superior cost efficiency in Phase 2.

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17. Question 2

What is the estimated dairy market consumption in Malaysia?

Response (CEO)

There are two (2) segments of Malaysia’s dairy market, i.e. fresh milk and the total dairy. Malaysia imports a significant amount of milk powder, and many liquid milk products are produced from milk powder, often labelled as milk solids. Condensed milk is also produced using milk powder.

The total demand for dairy products in Malaysia is estimated to exceed one (1) billion litres annually in terms of fresh milk or liquid milk equivalent, including imported milk powder and fresh milk. The Group’s strategy is to focus on import substitution by producing fresh milk at a lower cost than importing milk powder, thereby improving Malaysia’s self-sufficiency in dairy products.

18. Question 3

With the expansion plans and the presence of other dairy players in the market, are there any plans for collaboration or supply arrangements with other industry players?

Response (CEO):

At present, the Group has no specific plans for collaboration or supply arrangements with other dairy players. However, Management does not rule out this possibility in the future.

Questions from Mr. Lew Tuck Wai, a shareholder

19. Question 1

Based on the Company’s statements on cash flows for FY2025, RM685 million was spent for acquiring land, property and plant. Could Management clarify how much capital expenditure (“**CAPEX**”) remains to be spent for Phase 1 of the Group’s integrated dairy farm business and operational expansion in Cambodia?

Response (CFO)

For Phase 1 of the Group’s ADF business with a total investment of approximately RM1.7 billion, the Group has committed CAPEX of approximately RM1.4 billion to date (excluding land). Of the RM1.4 billion committed, the remaining CAPEX to be incurred is estimated to be approximately RM500 million.

As for Cambodia, the CAPEX is still ongoing, and the construction of the dairy manufacturing facility is expected to be completed in March 2026. The remaining CAPEX to be incurred is estimated to be approximately USD10 million.

20. Question 2

With regard to the land in Section 13, Petaling Jaya (“**PJ Land**”) owned by Vacaron Company Sdn Bhd (“**VCSB**”), which is 50%-owned by the Company, could Management clarify whether the estimated consideration of RM180 million represents the disposal of the Company’s 50% equity interest in VCSB?

Response (CEO and CFO)

The estimated consideration of RM180 million represents consideration for the disposal of the Company’s 50% equity interest in VCSB. The value of the PJ Land is RM360 million. The remaining 50% equity interest in VCSB continues to be held by the existing 50% shareholder, Frasers Property Holdings (Malaysia) Pte Ltd.

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Question from Mr. Yap Shong Waey, a shareholder21. Question

For the Group’s ADF business, disease outbreaks can pose a significant operational risk. Can Management elaborate on the biosecurity measures in place, contingency plans in the event of a major disease outbreak, and whether there is any insurance coverage for herd losses?

Response (Mr. Michael Pedreiro, General Manager, Agriculture & Dairy Farm)

The Group has implemented strict biosecurity measures at its dairy farm. Access to barns is restricted to authorised employees who work directly with the cattle. A controlled access system is in place for suppliers and vendors, including registration and segregation between control areas and restricted areas. All measures are implemented in accordance with the guidelines and advice of the Department of Veterinary Services (DVS) and Malaysian Quarantine and Inspection Services (MAQIS).

All cattle are vaccinated against major diseases of concern, including Foot-and-Mouth Disease (FMD), Lumpy Skin Disease (LSD), and brucellosis. Biosecurity controls remain the primary line of defence to mitigate disease risks.

Response (CEO)

The Group has insurance coverage for livestock mortality. If the mortality rate exceeds a specified threshold, the Group is entitled to payout from the insurer.

Question from Mr. Rien Hashim, a proxy22. Question 1

The venue selected for the Company’s AGMs in recent years appears to be not well connected to public transportation, making it inconvenient for shareholders to attend. Can the Company consider more accessible locations in future?

Response (Mr. Darric Ong)

The Company has considered alternative venues, taking into account feedback received at the previous AGM. Historically, the Company’s AGMs have been held at the Sime Darby Convention Centre (“SDCC”), and the current venue was selected as it is one of the closest alternatives to SDCC. While accessibility via public transport is one of the factors considered, the Company also needs to balance the convenience of all shareholders, as many convention centres do not offer good public transport connection or car parking facilities. The Company would continue to consider other venue options for future AGMs.

23. Question 2

Do the controlling shareholders of the Company lend their shares for short selling?

Response (Mr. Darric Ong)

The controlling shareholders of the Company do not lend their shares for short selling.

24. Question 3

Can Management clarify why there are numerous resolutions relating to Recurrent Related Party Transactions (“RRPTs”)?

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Response (Mr. Darric Ong)

The RRPTs have been categorised and presented under separate resolutions for greater transparency and clarity, as the transactions involve different related parties connected to the Chairman and the Company’s ultimate major shareholder, respectively.

25. Question 4

Based on historical trends in the Group’s financial performance, particularly the recurring strength of first-quarter results driven by festive demand, can shareholders expect more sustainable results going forward as the Group completes and turns around certain projects?

Response (CEO)

Management does not provide forward-looking statements on financial performance.

26. Comment from Mr. Shulhameed bin K E K Marican, a proxy

Mr. Shulhameed bin K E K Marican commented that Management needs to be more thoughtful in terms of selection of venue, parking availability and door gift redemption, as well as the necessity of serving of notice of AGM by way email notification. In the meantime, he commended the CEO for delivering good results and returns to shareholders.

Questions from Mr. Ho Yueh Weng, a proxy

27. Regarding the management of the Group’s dairy farm, can Management clarify the following:

- (a) Currently, self-produced feed accounts for less than 50% of the farm’s requirements, with plans to increase this to about 65%. Can this eventually reach 100%, and would the self-produced feed be nutritionally sufficient?
- (b) The Group has imported cattle from Chile. Will sourcing cattle from the US result in any meaningful difference in productivity or quality? How does the Group manage breeding?
- (c) Are the depopulation plans driven by mortality rates or culling? If cows are culled, will replacements be bred locally or imported again from Chile? How are male calves managed, are they culled, sold, or processed for food? As cows become less productive over time, are there plans to monetise them?
- (d) How do the Group’s dairy operations compare with similar farms in developed countries such as Chile? In addition, how does the Group compare with competitors in Malaysia in terms of cost and productivity?
- (e) How much do the dairy operations contribute to the Group’s overall performance?
- (f) Does the Group pay royalties on farm operations?
- (g) The Group has installed solar panels on some buildings but not on the farm. Why haven’t solar panels been installed on the farm?
- (h) Regarding the Group’s NutriWell products, which are fortified with vitamin D and calcium, are synthetic vitamins added due to lower cost? Are any nutrients lost during processing or deliberately removed, as could occur in some low-fat milk products when nutrients are lost during fat extraction?

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Response (CEO)

- (a) The Group’s dairy farm could produce approximately 65% of its feed requirements, mainly fibre, fat and protein from corn silage and other crops. The remaining 35% consists of other grains, vitamins and nutrients, which must be sourced externally.
- (b) The farm’s cattle are of pure Holstein breed and are genetically comparable to those in the US. In selecting cattle, emphasis is placed on breed quality and parental traits such as milk yield and ease of pregnancy and calving. Accordingly, performance is driven by genetics rather than country of origin.
- (c) The Group has acquired slightly more than 5,000 pregnant heifers. The farm adopted artificial insemination using sexed semen to achieve over 90% probability of having female calves. Only about 10% of calves are male, which will be raised and eventually be sold to the butcher.

Currently, Management has no plans to import additional cattle. The Group intends to grow its herd through self-propagation, which reduces costs and accelerates the break-even timeline. Over time, some cows may face reproductive difficulties or declining milk yields and would be retired and sold when they are no longer economically viable.

- (d) In terms of productivity, the farm’s cows have the capability to produce up to about 40 litres of milk per day. The Group aims to achieve a consistent production level of approximately 40 litres per day eventually, comparable with farms in developed countries.
- (e) At this stage, Management’s primary focus remains on stabilising farm operations. The overall contribution of the dairy operations to the Group’s performance would be clearer once key operating parameters have stabilised.
- (f) The Group pays royalties for the use of brands, but not for livestock. For example, under its partnership with Nestlé, the Group pays royalties for the use of trademarks such as Carnation and Bear Brand.
- (g) Management is planning the Group’s solar system. Current national policies require investment in both solar panels and batteries, and factors such as standby charges may affect the payback period. Since this involves shareholders’ funds, options are being carefully evaluated with strategic partners. As battery costs decline, a closed system generating and storing solar energy, possibly supplemented by biogas, is being considered. Different plans and configurations are being considered.
- (h) NutriWell products, which were launched by the Group recently, are a healthy choice enriched with vitamin D and calcium and do not contain synthetic vitamins. The production process does not deliberately remove nutrients, as extracting and re-adding vitamins is complex and not performed. Since the product line uses a cold processing method, nutrient loss is minimal compared to hot processing. Consumers could trust the nutritional quality of these products.

Question from Mr. Chua Song Yun, a shareholder

28. Question

For Phase 1 of the Group’s ADF business with planned capacity of 100 million litres per year, what proportion is intended for internal consumption versus external sales? Will this change when capacity reaches 200 million litres per year?

Additionally, with RM1.7 billion Phase 1 CAPEX largely committed, is there any further major CAPEX anticipated?

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Response (CEO)

Fresh milk from the Group's dairy farm is used primarily for production within the Group. Aligning with the Group's objective of supporting the national food security agenda, potential fresh milk supply to industry players may be considered once the farm's operations have stabilised. At this stage, Management has not decided on the proportion of milk intended for supply to industry players.

Most of the Phase 1 CAPEX has been committed, with certain cash payments outstanding. Management's current priority is to absorb and optimise this investment before considering any further major CAPEX. Additional investments for solar infrastructure to support the Group's existing operations, are under evaluation.

Questions from Mr. Keh Yeow Hwee, a shareholder29. Question 1

As a shareholder and consumer, I observe that the Group's Magnolia products are among the highest-priced pasteurised milk in the market. In light of the Group's commitment to national food security, will Management consider pricing the products more competitively?

Response (CEO)

Management acknowledges that the current retail prices of Magnolia products are relatively high in the pasteurised milk segment. After commencement of milk production at the Group's dairy farm, Management plans to relaunch the Magnolia brand, with the aim of expanding market reach and improving price competitiveness. Management appreciates shareholders' interest in the Group's products.

Question 2

With the strengthening of the Ringgit against the US dollar, how does the Group manage the costs of exports and ensure the export business remains profitable?

Response (CFO)

The weakening of the US dollar against the Ringgit poses challenges to the Group's export business, which is a key pillar. The Group remains focused on broadening market penetration for its export markets, with savings from favourable input costs to help support growth in the export business.

Question from Mr. Seah Poh, a proxy30. Question 1

How does Management ensure that the cows are happy and well cared for, given the confined environment and the use of artificial insemination?

Response (Mr. Michael Pedreiro)

At the Group's dairy farm, cow welfare is monitored through behavioural observations and stress indicators, with cortisol levels periodically assessed via biological samples. Cows are housed in free-stall barns, where they could move, rest, feed, drink, and access the milking parlour freely. Indoor housing also enables better control of heat, humidity, pests, and disease, ensuring both cow comfort and productivity in Malaysia's climate.

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Artificial insemination is a long-established industry practice and is used by the farm to:

- improve genetics and expand the herd without additional cattle imports, after a strong genetic base was established from the imported cattle;
- support cost efficiency and targeted yields of the ADF business; and
- avoid keeping bulls for safety reasons, as bulls could become aggressive and territorial.

Question from Mr. Ho Yueh Weng, a proxy

31. Question 1

With reference to Page 171 of the Annual Report, there is a loss of purchase of shares pursuant to Share Grant Plan (“SGP”), does the Company buy back any shares and under what conditions will the Company consider buying back shares under the shares buy-back authority?

Response (CFO)

The SGP Trust, administered by an appointed trustee, currently purchases shares in the Company from the open market, pursuant to the SGP. The loss on purchase of shares was attributable to shares acquired by the SGP Trust from the open market for the purpose of distribution of shares under the SGP. Upon vesting of share awards, there will be a difference between total purchase price paid by the SGP Trust to acquire the shares from the open market and the fair value of the share awards granted to employees of subsidiaries. The purchase decisions are evaluated based on prevailing F&NHB share price.

There were no shares purchased under the shares buy-back authority in the past years since 2009. The considerations to buy shares under the Share-Buy Back Authority are set out in Section 3, Part A of the Statement/Circular to Shareholders dated 24 December 2025.

32. Question 2

Where does the Group’s green energy come from, and how is heat and energy generated from the farm operations? How much energy could be generated from the biogas system?

Response (Mr. Michael Pedreiro)

The Group generates green energy through a biogas system. Cow waste is collected and processed in a series of tanks, where methane is captured and purified before being used to generate electricity via gensets.

Methane is captured not only from the main digestion tanks but also from liquid by-products. The liquid outputs are treated and reused for irrigating crops grown as animal feed, while the solid waste is composted and used as natural fertiliser. Malaysia’s natural heat and humidity support the biogas process.

The total energy potential of the biogas system is still being determined, as it is in the initial start-up phase. More precise generation estimates would be available once the system operates at full capacity.