

AMWAY (MALAYSIA) HOLDINGS BERHAD (340354-U)
(Incorporated in Malaysia)

MINUTES OF THE 21ST ANNUAL GENERAL MEETING (“21ST AGM”) OF THE COMPANY HELD AT VAN ANDEL & DEVOS TRAINING CENTRE, AMWAY (MALAYSIA) SDN. BHD., 28, JALAN 223, 46100 PETALING JAYA, SELANGOR DARUL EHSAN ON TUESDAY, 17 MAY 2016 AT 9.30 A.M.

Present : *Board of Directors*
 Dato’ Ab. Halim Bin Mohyiddin – Chairman
 Mr Paul Yee Kee Bing
 Mr Low Han Kee
 Mr Scott Russell Balfour (via audio conferencing)
 Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham
 Encik Mohammad Bin Hussin
 Tan Sri Faizah Binti Mohd Tahir
 Dato’ Abdullah Thalith Bin Md Thani
 Mr Liu, Ming-Hsiung @ Martin Liou

Others as per attendance lists

CHAIRMAN

The Chairman welcomed the members and attendees to the Company’s 21st AGM and introduced the Board members and Management to the shareholders.

NOTICE

The notice convening the meeting, having been circulated earlier to all members of the Company within the statutory period, was taken as read.

QUORUM

Upon confirming the presence of the requisite quorum pursuant to Article 61 of the Company’s Articles of Association, the Chairman called the meeting to order at 9.30 a.m.

Before proceeding with the business of the meeting, the Chairman informed that Ms Ho Kim Poi, the Chief Financial Officer of the Company, was unable to attend the meeting as she had to attend to urgent family matters. Ms Ng Ai Lee, the Head of Finance of the Company, would present the financial performance of the Company for the financial year ended 31 December 2015. He also informed the meeting that Mr Scott Russell Balfour would join the meeting via audio conferencing.

The Chairman informed that pursuant to the recommendation in the Malaysian Code on Corporate Governance 2012, the Board was required to encourage members/proxies to put substantive resolutions to a vote by poll. He proceeded to read the provisions of Article 66.1 of the Company's Articles of Association in relation to the demand for poll.

At the invitation of the Chairman, Mr Michael Duong, the Deputy General Manager of the Company, presented the review of the operations of the Group for the financial year ended 31 December 2015. Thereafter, Ms Ng Ai Lee presented the financial performance of the Group for the financial year ended 31 December 2015.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports, having been circulated to all the members of the Company within the statutory period, were tabled before the meeting for consideration.

The Chairman informed the meeting that the Company received a letter from the Minority Shareholder Watchdog Group ("MSWG") on 10 May 2016. In their letter, the MSWG enquired on matters relating to the Company's strategy, financials and corporate governance.

The Chairman read out the questions from the MSWG and the Board members responded to the questions. The questions and answers are attached to the minutes as Annexure A.

The Chairman thereafter invited questions from the floor.

Mr Wan Heng Wah congratulated the Company for the impressive revenue growth. He further commented that profit after tax had declined due to the weakening Ringgit Malaysia and less favourable sales mix and investment in programmes for sales and marketing. He asked whether the profitability of the Company would improve since Ringgit Malaysia recently strengthened against the US Dollar. Mr Wan added that with the presumed lower investment in sales and marketing, the impact on the bottom line would lessen in 2016. Mr Wan congratulated the Company on the successful launch of the BodyKey, personalized weight management programme. He hoped it would be successful and asked for further information on the programme.

Ms Ng Ai Lee informed that although Ringgit Malaysia had strengthened against the US Dollar, the exchange rate was still about 13% higher than the previous year.

Therefore, there would still be an adverse impact from the foreign exchange exposure. As for investment in sales and marketing, Ms Ng Ai Lee informed it would taper off as one of the incentives was a one-off expense. However, the reduction would not be material because of the increased cost per head due to the destination of the trip. She added that there would also be an element of foreign exchange impact since it is an overseas trip.

Mr Paul Yee explained that the Go1B incentive ended the year before and the payments to the achievers would not be duplicated in 2016. The other portion of the sales incentive programme involved trips that were taking place in 2016. The trips would cost more and Management would continue to monitor cost pressures.

With regard to price increase, Mr Paul Yee informed that the Company usually revised the price every two years. The last revision was due in 2015 but the Company deferred the price increase to 2016 due to the implementation of Goods and Services Tax as it would burden consumers. The weighted average price increase in 2016 was 9.3%.

Mr Paul Yee informed that the launch of BodyKey was very successful and like all new launches, it would stabilise in time. The Company would continue to work on BodyKey, a programme with a holistic approach, to ensure its sustainability.

Mr Yogaretnam a/l K. Kanagandram asked whether the increase of auditors' remuneration from RM149,000 to RM196,000 for statutory audit was a normal increase in statutory audit fee; he also requested for an explanation on the nature of the fee for auditors' other services, which had increased from RM11,000 to RM52,000; and whether there was an increase in the number of employees as employee benefits expenses had increased from RM41.0 million to RM56.8 million. Mr Yogaretnam also enquired on the performance of the first quarter of 2016 compared with the previous quarter.

Ms Ng Ai Lee replied that the increase in fee for other services under the auditors' remuneration was for the one-off audit certification for the refund of sales tax on stock balances held as at 31 March 2015. The increase in statutory audit fee was in line with the services rendered by the auditors and the fee was approved by the Board.

With regard to the employee benefits expenses, the increase was in tandem with the Company's performance. Also, the increase was due to a full year's impact in 2015 of unfilled positions in 2014 and management's succession planning.

On the performance of the first quarter, the Chairman explained that the Company had yet to release the results to Bursa Malaysia Securities Berhad. The Board was nevertheless mindful of the challenges faced by the Company, such as foreign currency fluctuation and import costs and would try its best to manage them.

Mr Steven Patrick a/l Markandan enquired whether the Company would consider hedging if Ringgit Malaysia should take another tumble. The Chairman replied that the Company deals directly with the supplier, which is the Headquarters (“HQ”). The Company negotiates with HQ on the foreign exchange rate and often, the negotiation favours the Company.

On hedging, Ms Ng Ai Lee explained the Company would negotiate with HQ annually to lock in the exchange rate for 12 months (from June to May of the following year). The methodology has been applied consistently over the years and the rate is based on the average forecasted rate for the next 12 months obtained from a consortium of banks.

Mr Wong Chal Khoon commented that the top line was impressive but the bottom line was disappointing. He also noted that the net dividend per share had been decreasing over the years. He further commented that the Company’s business model was direct selling. However, the trend is moving towards e-commerce where end-consumers could purchase goods and make payments online. Although the Company offered online registration, this was not e-commerce in the true sense. He opined that distributorship and e-commerce were not compatible and if the Company kept moving towards e-commerce, the distributors would be affected.

Ms Ng Ai Lee informed that the Company has a dividend policy of paying not less than 80% of its current year’s net profit to shareholders. Mr Paul Yee added that the foreign exchange had impacted the performance of the Company in 2015. The weakening Ringgit Malaysia would continue to have an impact on the performance of the Company. Other companies with similar foreign currency exposure would also be affected. However, Management would continue to monitor the business to ensure its profitability.

With regard to the business model, Mr Paul Yee explained that the Company was committed to direct selling with ABOs as the channel, and believed the current business model is still relevant. The Company is leveraging on technology and using the high touch channels to reach the ABOs. The Company’s products offered unique propositions and product differentiation and that must be communicated to the end-users. The Company recognised the importance of technology and would leverage on

it to assist ABOs in their business. He stressed that the Company had been around for 40 years and many consumers had become ABOs.

Mr Sim Tee Kiang informed that he had previously suggested offering Nutrilite products which are suitable for vegetarians but there had been no response. Mr Paul Yee responded that the Company was aware of the suggestion and had conveyed it to the HQ's research and development division. He explained that a change in the product's formula could affect the product's stability, and that research and development process would take time.

There being no further questions raised on the Audited Financial Statements for the financial year ended 31 December 2015, the Chairman declared the Audited Financial Statements of the Company received by the shareholders.

2. **RESOLUTION 1**
RE-ELECTION OF SCOTT RUSSELL BALFOUR WHO RETIRES AS A
DIRECTOR OF THE COMPANY BY ROTATION PURSUANT TO
ARTICLE 87.1 OF THE COMPANY'S ARTICLES OF ASSOCIATION

On the proposal of Mr William Woon Peng Wah and seconded by Mr Wan Heng Wah, it was **RESOLVED:-**

"THAT Scott Russell Balfour, who retires pursuant to Article 87.1 of the Company's Articles of Association, be hereby re-elected as Director of the Company."

3. **RESOLUTION 2**
RE-ELECTION OF MOHAMMAD BIN HUSSIN WHO RETIRES AS A
DIRECTOR OF THE COMPANY BY ROTATION PURSUANT TO
ARTICLE 87.1 OF THE COMPANY'S ARTICLES OF ASSOCIATION

On the proposal of Mr Wan Heng Wah and seconded by Mr Chin Yam Sin, it was **RESOLVED:-**

"THAT Mohammad Bin Hussin, who retires pursuant to Article 87.1 of the Company's Articles of Association, be hereby re-elected as Director of the Company."

4. **RESOLUTION 3**
RE-ELECTION OF DATO' ABDULLAH THALITH BIN MD THANI WHO
RETIRES AS A DIRECTOR OF THE COMPANY BY ROTATION
PURSUANT TO ARTICLE 94 OF THE COMPANY'S ARTICLES OF
ASSOCIATION

On the proposal of Mr Young Swee Ting and seconded by Mr Wan Heng Wah, it was **RESOLVED:-**

“THAT Dato' Abdullah Thalith Bin Md Thani, who retires pursuant to Article 94 of the Company's Articles of Association, be hereby re-elected as Director of the Company.”

5. **RESOLUTION 4**
RE-ELECTION OF LIU, MING-HSIUNG @ MARTIN LIOU WHO RETIRES
AS A DIRECTOR OF THE COMPANY BY ROTATION PURSUANT TO
ARTICLE 94 OF THE COMPANY'S ARTICLES OF ASSOCIATION

On the proposal of Mr William Woon Peng Wah and seconded by Mr Koh Hai Pin, it was **RESOLVED:-**

“THAT Liu, Ming-Hsiung @ Martin Liou, who retires pursuant to Article 94 of the Company's Articles of Association, be hereby re-elected as Director of the Company.”

6. **RESOLUTION 5**
DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER
2016

On the proposal of Ms Effie Lim Suet Pheng and seconded by Mr William Woon Peng Wah, it was **RESOLVED:-**

“THAT the payment of Directors' Fees of up to RM395,000 for the financial year ending 31 December 2016 be hereby approved.”

7. **RESOLUTION 6**
RE-APPOINTMENT OF MESSRS ERNST & YOUNG AS AUDITORS OF THE COMPANY

On the proposal of Mr Young Swee Ting and seconded by Ms Linda Ong Phaik Ean, it was **RESOLVED:-**

“THAT Messrs Ernst & Young be hereby re-appointed as Auditors of the Company at a fee to be agreed upon with the Directors and to hold office until the conclusion of the next Annual General Meeting.”

8. **RESOLUTION 7**
RE-APPOINTMENT OF DATO' AB. HALIM BIN MOHYIDDIN AS DIRECTOR OF THE COMPANY

As the Chairman was an interested party in this proposed resolution and Resolution 9, Mr Paul Yee Kee Bing, the Managing Director, took over the chair for Resolutions 7 to 10.

On the proposal of Mr William Woon Peng Wah and seconded by Mr Zinyi Fu, it was **RESOLVED:-**

“THAT Dato' Ab. Halim Bin Mohyiddin, who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act 1965, be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company.”

9. **RESOLUTION 8**
RE-APPOINTMENT OF TAN SRI DATO' CECIL WILBERT MOHANARAJ ABRAHAM AS DIRECTOR OF THE COMPANY

On the proposal of Ms Linda Ong Phaik Ean and seconded by Mr Tan Eng How, it was **RESOLVED:-**

“THAT Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act 1965, be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company.”

10. RESOLUTION 9

**AUTHORITY FOR DATO' AB. HALIM BIN MOHYIDDIN TO CONTINUE
IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

On the proposal of Mr William Woon Peng Wah and seconded by Mr Wan Heng Wah, it was **RESOLVED:-**

“THAT authority be and is hereby given to Dato' Ab. Halim Bin Mohyiddin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012.”

11. RESOLUTION 10

**AUTHORITY FOR TAN SRI DATO' CECIL WILBERT MOHANARAJ
ABRAHAM TO CONTINUE IN OFFICE AS INDEPENDENT NON-
EXECUTIVE DIRECTOR**

On the proposal of Mr Pravind a/l Chandra and seconded by Cik Norliza Binti Jamal, it was **RESOLVED:-**

“THAT authority be and is hereby given to Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012.”

Mr Paul Yee Kee Bing then passed the chair back to Dato' Ab. Halim Bin Mohyiddin.

12. RESOLUTION 11

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR
TRADING NATURE WITH ACCESS BUSINESS GROUP INTERNATIONAL
LLC (“ABGIL”), AMWAY BUSINESS SERVICES ASIA PACIFIC SDN. BHD.
 (“ABSAP”), ALTICOR INC. (“ALTICOR”), AMWAY OF AUSTRALIA
 (“AMWAY (A)”), AMWAY INTERNATIONAL INC. (“AMWAY
 INTERNATIONAL”), P.T. AMWAY INDONESIA (“AMWAY (I)”), AMWAY
 PHILIPPINES, LLC (“AMWAY (P)”), AMWAY (SINGAPORE) PTE. LTD.
 (“AMWAY (S)”), AMWAY (THAILAND) LIMITED (“AMWAY (T)”) AND
 AMWAY VIETNAM CO., LTD. (“AMWAY (V)”)**

The Chairman informed that the following parties, who were deemed interested in the transactions, had abstained and would continue to abstain from all deliberations and voting on the Proposed Shareholders' Mandate:-

- a) GDA B.V. and the persons connected to them; and
- b) The Directors, namely Mr Paul Yee Kee Bing, Mr Low Han Kee, Mr Scott Russell Balfour and Mr Liu, Ming-Hsiung @ Martin Liou.

On the proposal of Mr Young Swee Ting and seconded by Mr Yogaretnam a/l K. Kanagandram, it was **RESOLVED**:-

“THAT approval be and is hereby given for the Company and/or its subsidiaries (“Group”) to enter into recurrent transactions of a revenue or trading nature with ABGIL, ABSAP, Alticor, Amway (A), Amway International, Amway (I), Amway (P), Amway (S), Amway (T) and Amway (V) as set out in Section 2.4 of the Circular to shareholders dated 20 April 2016, which are subject to the approval of the Proposed Renewal of Shareholders' Mandate, provided that such recurrent transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are consistent with the Group's normal business practices and policies and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders,

AND THAT such approval shall be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company (“AGM”) at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held under Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed under Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever is the earlier **AND THAT** the Directors of the Company be and are hereby authorised to do all such acts and things (including, without limitation, to execute all such documents) in the interest of the Company to give effect to the aforesaid shareholders' mandate,

AND THAT in making the appropriate disclosure of the aggregate value of the recurrent transactions conducted pursuant to the shareholders' mandate in the Company's annual report, the Company must provide a breakdown of the aggregate value of the recurrent transactions made during the financial year, amongst others, based on the following information:

- (i) the type of the recurrent transactions entered into; and
- (ii) the names of the related parties involved in each type of the recurrent transaction and their relationship with the Group."

CLOSURE

There being no further business, the meeting concluded at 11.14 a.m. with a vote of thanks to the Chair.

READ AND CONFIRMED BY



CHAIRMAN

Dated: 17 August 2016

21st Annual General Meeting (“AGM”) of Amway (Malaysia) Holdings Berhad (“Amway”)

- Questions from Minority Shareholder Watchdog Group

Strategy and Financials

- 1. The Group revenue increased from RM855.8 million in FY2014 to RM1.0 billion in FY2015. However, net profit before tax dropped 35.9% from RM99.8 million in FY2014 compared to RM63.9 million in FY2015 due to higher cost of import, sales mix and a higher level of investment in sales and marketing support programs.**

Could the Board share on the specific measures taken by the Group to support and improve the Amway Business owner (ABOs) performance in FY2016?

In 2015, we saw an increase in ABOs’ performance in the areas of retailing and sponsoring. Last year, we had 17 new diamonds compared to 7 in 2014. To support the ABOs’ business building effort, the Group will continue to focus on the following areas:

- 1) Develop and offer attractive Sales & Marketing programmes leveraging on Amway Malaysia 40th anniversary e.g., attractive incentive trips like the Mediterranean Cruise and African Safari & new products launches e.g., one-time offer of 40th anniversary products like Queen Cook Ware,
 - 2) Enhancement of our e-commerce platform to improve user experience & support ABOs’ business building efforts,
 - 3) Upgrade infrastructure, such as renovation of the HQ facility to accommodate a bigger flagship shop as well as an upgrade of a number of shops outside KL to enhance ABOs experiences, and
 - 4) Actively develop and offer ABO training, both online and face-to-face to further enhance their knowledge and business building skills.
- 2. Given the challenging market outlook and weaker consumer sentiments, are there any measures taken to make its product more competitive in price to offset the rising costs of living? Are there any plans to introduce new products in FY2016, please elaborate?**

New products launched in 2016 so far include the Artistry Ideal Radiance CC Cream, Artistry Exact Fit Long Wearing Foundation and Artistry spring collection 2016. For the remainder of the year, we will be launching products from the Nutrition, Beauty and Personal Care ranges. All in all, we are targeting approximately 13 new products & revisions for 2016.

Annexure A (Cont'd)

In addition to the new & revised products, we have launched Value Proposition Campaigns to help our ABOs articulate the key scientific features and benefits for our Top 5 SKUs. As demonstrated by our BodyKey weight management campaign, the Company is providing holistic offerings and community based programmes to address ABO and consumer life stage needs.

We have a price increase in 2016 after a lapse of 3 years.

- 3. We noted that Amway had launched Amway University (online portal) to help Amway employee upskill and continue to utilize technology to grow the business. How much cost has the Company allocated for training and education for employee and Amway Business Owners (ABOs)?**

Amway as an organization has always recognized the importance of training & development for its employees and ABOs. We will continue to ensure sufficient allocation of funds and resources for this important initiative.

We are very proud of the Amway University (AU) which was launched across the organization in September 2015. AU is a social, collaborative learning destination designed to educate, inspire and equip employees to spread their global impact, create their own future and share ideas with others at Amway globally. We conducted 77 training sessions making up more than 6,500 hours of training.

We also have an eLearning portal for ABOs, to supplement the face-to-face training. More than 15,000 ABOs logged into our eLearning portal & approximately 25,000 ABOs participated in our training workshops in 2015.

Corporate Governance

The recent amendments to Chapter 9, Paragraph 9.21(2) at the Main Market Listing Requirements require companies to publish the summary of key matters discussed at the AGMs on the companies' website for AGMs held on or after 1 July 2016. In line with this, we hope the Board would publish the summary of proceedings for this AGM on the Company's website.

We are aware of this requirement. We have in fact been publishing our AGM minutes on our corporate website since 2014. Amway will continue to uphold this best practice.