

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

**MINUTES OF THE 22ND ANNUAL GENERAL MEETING (“22ND 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 WEDNESDAY, 17 MAY 2017 AT 9.30 A.M.**

Present : *Board of Directors*
Dato’ Ab. Halim Bin Mohyiddin – Chairman
Mr Liu, Ming-Hsiung @ Martin Liou
Mr Michael Jonathan Duong
Mr Low Han Kee
Mr Scott Russell Balfour
Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham
Tan Sri Faizah Binti Mohd Tahir
Dato’ Abdullah Thalith Bin Md Thani

Others as per attendance lists

CHAIRMAN

The Chairman welcomed the members and attendees to the Company’s 22nd AGM and introduced the Board members and Management to the shareholders. The Chairman informed that Encik Mohammad Bin Hussin, the Non-Independent Non-Executive Director had extended his apologies for not being able to attend the AGM.

NOTICE

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

QUORUM

Upon confirming the presence of the requisite quorum pursuant to the Constitution of the Company, the Chairman called the meeting to order at 9.30 a.m.

The Chairman informed that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of a general must be voted by poll.

Pursuant to the Constitution of the Company, he demanded for a poll to be carried out on Resolutions 1 to 10 and informed that the poll would be conducted after all items on the agenda were dealt with. The poll administrator was Tricor Investor & Issuing House Services Sdn Bhd (“Poll Administrator”) and the independent scrutineer was Coopers Professional Scrutineer Sdn Bhd (“Scrutineer”).

At the invitation of the Chairman, Mr Michael Duong, the Executive Director of the Company, presented the Business Review of the Group for the financial year ended 31 December 2016 and Ms Ho Kim Poi, the Chief Financial Officer, presented the financial performance of the Group for the financial year ended 31 December 2016.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (“AFS 2016”) AND THE REPORTS OF DIRECTORS AND AUDITORS THEREON

The Chairman informed that the AFS 2016 together with the Directors’ and Auditors’ Reports was meant for discussion only as the Companies Act 2016 did not require a formal approval of the shareholders for the AFS. Therefore, the item was not put forward for voting.

The Chairman informed that the Company had received a letter from the Minority Shareholder Watchdog Group (“MSWG”). In their letter, the MSWG raised questions relating to the Company’s strategy, financials and corporate governance.

The Chairman read out the questions from MSWG and the Board members responded to the questions (attached hereto as “Appendix A”).

The Chairman thereafter invited questions from the floor.

After addressing the questions from the floor (attached hereto as “Appendix B”), the Chairman declared that the AFS 2016 together with the Reports of the Directors and Auditors thereon be received.

2. RESOLUTION 1
RE-ELECTION OF MR LOW HAN KEE WHO RETIRES AS A DIRECTOR OF THE COMPANY BY ROTATION PURSUANT TO ARTICLE 87.1 OF THE CONSTITUTION OF THE COMPANY

The Chairman proceeded to Resolution 1 on the re-election of Mr Low Han Kee. He put the following motion to the meeting and informed that the poll would be conducted later:

“THAT Mr Low Han Kee retiring pursuant to Article 87.1 of the Constitution of the Company and who being eligible, be re-elected Director of the Company.”

3. RESOLUTION 2

RE-ELECTION OF TAN SRI FAIZAH BINTI MOHD TAHIR WHO RETIRES AS A DIRECTOR OF THE COMPANY BY ROTATION PURSUANT TO ARTICLE 87.1 OF THE CONSTITUTION OF THE COMPANY

The Chairman moved on to Resolution 2 which was on the re-election of Tan Sri Faizah Binti Mohd Tahir. He put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT Tan Sri Faizah Binti Mohd Tahir retiring pursuant to Article 87.1 of the Constitution of the Company and who being eligible, be re-elected Director of the Company.”

4. RESOLUTION 3

RE-ELECTION OF MR MICHAEL JONATHAN DUONG WHO RETIRES AS A DIRECTOR OF THE COMPANY BY ROTATION PURSUANT TO ARTICLE 94 OF THE CONSTITUTION OF THE COMPANY

The Chairman proceeded to the next item on the agenda which was on the re-election of Mr Michael Jonathan Duong. He put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT Mr Michael Jonathan Duong retiring pursuant to Article 94 of the Constitution of the Company and who being eligible, be re-elected Director of the Company.”

5. RESOLUTION 4

RE-APPOINTMENT OF DATO' AB. HALIM BIN MOHYIDDIN WHOSE TERM OF OFFICE SHALL BE EXPIRING AT THE CONCLUSION OF THE 22ND ANNUAL GENERAL MEETING, AS DIRECTOR

As Resolution 4 was on the Chairman's re-appointment, the Chairman passed the chair to the Managing Director, Mr Martin Liou, to take the meeting through the resolution.

Mr Martin Liou put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT Dato’ Ab. Halim Bin Mohyiddin whose term of office shall be expiring at the conclusion of the 22nd Annual General Meeting, be re-appointed Director of the Company”

He then passed the chair back to the Chairman.

6. **RESOLUTION 5**
RE-APPOINTMENT OF TAN SRI DATO’ CECIL WILBERT MOHANARAJ ABRAHAM, WHOSE TERM OF OFFICE SHALL BE EXPIRING AT THE CONCLUSION OF THE 22ND ANNUAL GENERAL MEETING, AS DIRECTOR

The Chairman moved on to next item on the agenda i.e. Resolution 5, which was on the re-appointment of Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham.

The Chairman put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham whose term of office shall be expiring at the conclusion of the 22nd Annual General Meeting, be re-appointed Director of the Company.”

7. **RESOLUTION 6**
DIRECTORS’ FEES AND BENEFITS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017

The Chairman proceeded to the next item on the agenda which was on the payment of Directors’ fees and benefits.

He put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT the payment of Directors’ fees and benefits of RM425,000.00 for the financial year ending 31 December 2017 be approved.”

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

The Chairman moved on to Resolution 7 on the re-appointment of Auditors.

He put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“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.”

9. **RESOLUTION 8**
AUTHORITY FOR DATO’ AB. HALIM BIN MOHYIDDIN TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

As Resolution 8 was on the Chairman’s continuation in office as an Independent Non-Executive Director, he passed the chair over to Mr Martin Liou to take the meeting through Resolution 8.

Mr Martin Liou informed that the Board of Directors had, through the Nominating Committee, conducted an annual performance evaluation and assessment on Dato’ Ab. Halim Bin Mohyiddin’s independence and recommended that he continues in office as an Independent Non-Executive Director.

Mr Martin Liou then put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“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 nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012.”

The Chair was passed back to the Chairman to carry on with the remaining items on the Agenda.

10. RESOLUTION 9

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

The Chairman moved on to Resolution 9 and informed that the Board of Directors had, through the Nominating Committee, conducted an annual performance evaluation and assessment on Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham's independence. The Board recommended that he continues in office as an Independent Non-Executive Director.

The Chairman then put the following motion to the meeting for consideration and informed that the poll would be conducted later:

"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 nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

11. RESOLUTION 10

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 INTERNATIONAL INC. (AMWAY INTERNATIONAL) AND AMWAY (SINGAPORE) PTE. LTD. (AMWAY (S)) (PROPOSED SHAREHOLDERS' MANDATE)

The Chairman informed that the details on the Proposed Renewal of the Shareholders' Mandate were set out in Section 2.4 of the Circular to Shareholders dated 20 April 2017.

The related parties who were deemed interested in the Proposed Shareholders' Mandate had abstained and would continue to abstain from all deliberations and voting on the resolution.

The Chairman put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“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 International and Amway (S) as set out in Section 2.4 of the Circular to shareholders dated 20 April 2017, 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 340(2) of the Companies Act, 2016 (but must not extend to such extension as may be allowed under Section 340(4) of the Companies Act, 2016); 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."*

ANY OTHER BUSINESS

The Chairman informed that no notice for other business pursuant to the Companies Act 2016 had been received.

CONDUCT OF POLL

Having dealt with all the items on the agenda, the Chairman invited the representative of the Poll Administrator to brief the floor on the polling procedures. The meeting then proceeded to conduct the poll on Resolutions 1 to 10.

Upon completion of the counting of votes by the Poll Administrator and verification of the results by the Scrutineer, the Chairman presented the results of the poll (attached hereto as "Appendix C") to the meeting and declared Resolutions 1 to 10 carried.

CLOSURE

The Chairman closed the meeting at 12.00 p.m. and thanked those present for their attendance.

READ AND CONFIRMED BY



CHAIRMAN

Dated: 23 AUG 2017

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

22ND ANNUAL GENERAL MEETING (“22ND AGM”)

- QUESTIONS FROM MINORITY SHAREHOLDER WATCHDOG GROUP

Strategic and Financial Matters

1. **Group revenue increased from RM1.02 billion in 2015 to RM1.09 billion in 2016. However, in the Management Discussion and Analysis (MD&A), it was stated that the Group's profit before tax decreased by 18.3% mainly due to higher import costs, primarily caused by a weaker Ringgit and higher product prices.**
 - (i) **How would the Board address these issues including the weaker consumer sentiments and higher operating expenses environment to improve its profitability and product pricing to be competitive?**

The Board would like to highlight the action plan taken by AMWAY Malaysia to address these issues:

- a) AMWAY Malaysia launched a total of 10 new, innovative and high quality products (and 3 bundled solutions) in 2016 that were market-benchmarked for pricing competitiveness. To remain competitive, we continued to support our ABOs and enhanced our product value proposition whilst ensuring/maintaining competitive pricing. Our marketing and R&D teams continue to develop ways to help our ABOs share the unique value proposition for our existing products.
- b) The Management at AMWAY Malaysia closely managed the various financial challenges, particularly the impacts of Ringgit depreciation as 80% of our imports were directly impacted. Key actions taken by the Management were as follows:
 - Conducted yearly negotiations with AMWAY HQ supplier on exchange rates that resulted in AMWAY Malaysia buying at hedged rates lower than the prevailing market rates. The negotiations in FY2016 resulted in a hedged rate of 6% and 11%, below the average prevailing market rates in 2015 and 2016 respectively.
 - Negotiated to secure competitive product purchase price in the past years. For the period commencing May 2016, we negotiated a 0.5% product purchase price increase. For the period commencing May 2017, we managed to negotiate for a product purchase price decrease of 0.5% which directly improved our profit.

(ii) What are the key performance indicators for FY2017 and what are the greatest challenges in 2017?

Key performance indicators for FY2017 include sales, profit before tax, ABO performance and experience related indicators such as core ABO force, retention rate, new sign-ups and productivity.

In 2017, the Board expects the sales growth for the year to be extremely challenging as the Group has undergone two consecutive years of strong sales growth coupled with the softer economic landscape arising from declining consumer spending and low consumer confidence, as well as the negative impacts of forex. Furthermore, the weakening Ringgit may continue to put pressure on the operating margin as about 80% of our products are imported from the US and may result in higher import costs.

To mitigate these challenges, the Group will continue to proactively focus on strategies to effectively manage operating costs to offset pressure on profitability and implement various sales and marketing initiatives, as well as ABO experience related infrastructure to support the ABOs' business.

2. In FY2016, the Group continued to manage its organisational and corporate structure with a number of key initiatives to help its AMWAY Business Owners (ABOs) and employees achieve greater levels of success. Could the Board elaborate on the expected improvements for each key initiative and target for FY2017?

As reported in the Annual Report 2016, several key initiatives mentioned below were identified to help our ABOs and employees achieve greater levels of success:

- National Convention Weekend which consisted of the National Leadership Conference, Leadership Dinner & Dance, National Convention and the Product Exposition with guest speakers & scientists from our Head Office created much excitement amongst the ABOs, prospects and the public. The event gave the attendees the chance to experience the potential ABO business opportunity and the company's rich and diverse heritage.
- Continuing from the successes of the Product Pavilion in garnering crowds and providing a whole new shopping/brand experience, we aim to continue to strengthen our physical presence by renovating and relocating our existing shops as part of our strategy to provide total winning experiences to our ABOs and their customers.
- The launch of new, top quality and innovative products had always helped our ABOs in their retailing and business expansions. We aspire to continue with the product launches in 2017 from our coreline range of Artistry™ and Nutrilite™.
- BodyKey Fitness Community, an ABO-driven community programme promoted health and wellness via the support of health-based communities and activities in 2016, while providing additional opportunities for them to build their AMWAY

business. For 2017, we will focus on creating more enduring and “sticky” communities. In March 2017, we gathered 43 top ABO leaders (Diamonds) whom each recruited two up & coming business builders. These 129 individuals attended an immersive 2-day boot camp focused on all aspects of healthy living, weight management, fitness, nutrition, goal setting, motivation, leadership, etc. to kick start their 60-day team challenge. Programs such as these will likely promote ABOs’ business to the next level of success.

3. The Group continues to invest in improving mobile capabilities via mobile web improvement, order management systems and enhance fulfilment and distribution networks. How much cost has the Company allocated for updating digital infrastructure expenditure for FY2017?

With regards to actual development, we have been able to leverage on AMWAY Global’s expertise and infrastructure to use core applications from other markets’ implementations, and focus our efforts and investments on local requirements and integrations.

How successful is the Instagram and WeChat apps in attracting the younger generation to the group products?

The Group perceives social media apps as a success in attracting ABOs and target markets. The social media apps support not just the younger generation but all generations of ABOs and prospects, who are digitally connected and want greater accessibility and convenience. AMWAY Malaysia’s Instagram and WeChat apps received tremendous responses with more than 11,000 and 15,000 followers respectively since its launch in 2016. Both apps served as the social communication platform for our ABOs and the public to communicate and share information on our products and services.

Please elaborate on the traction and results from its Amway Product Pavilion?

Since the opening of Product Pavilion in September 2016, we have seen an encouraging number of visitors and prospects. The Pavilion is more focused on providing the best ambience and facilities for our ABOs. It allows easy access to products and valuable insights on product quality, research and development, features and ingredients unique for each Brand, with dedicated Brand zones showcasing Nutrilite™, Artistry™, Home Living and Personal Care, along with the Personal Shoppers Catalogue range of lifestyle products. We have seen a 20% increase in the number of purchasers at the Pavilion as compared to the previous shop, in the same location.

4. **We noted that the Group with ABOs ran a recycling programme to collect back all used product containers. Was there any cost incurred in implementing the programme and was the programme well received?**

The recycling programme is supported by ABOs and employees voluntarily without any monetary compensation. This programme was well received as we collected a total of 4.64 metric tonnes in 2016. This programme continues to encourage ABOs and employees to recycle used AMWAY product containers.

Corporate Governance Matters

Tenure of Independent Director

1. **We noted that two (2) out of four (4) Independent Directors (INEDs) have served the Board for more than 9 years. We hope that the Board would address the issue on the Board's succession planning.**

We have put in place a continuous evaluation process led by the Nominating Committee in reviewing and assessing the Board's required mix of skills, experience, independence, time commitment, understanding of the business operations and other qualities, including the contribution of each individual Director on an annual basis.

During the meeting held in February 2017, the Nominating Committee conducted an annual performance evaluation and assessment of the Independent Directors and proposed to the Board for the candidates to remain as Independent Directors after assessing the mentioned criteria. The Independent Directors' vast experiences and incredible characteristics had helped to strengthen our corporate governance and the Board's performance.

With regards to succession planning, the Company will engage in a comprehensive and robust search to succeed the Board members, should the need arise, with equally high quality candidates.

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

SUMMARY OF KEY MATTERS DISCUSSED AT THE 22ND ANNUAL GENERAL MEETING (“22ND AGM”) OF THE COMPANY HELD ON WEDNESDAY, 17 MAY 2017 AT 9.30 A.M.

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 AND THE REPORTS OF DIRECTORS AND AUDITORS THEREON

Mr Sharn Lee sought clarification on the “negative” price increase mentioned in the Chief Financial Officer (“CFO”)’s presentation and how Bank Negara Malaysia (“BNM”)’s new foreign currency policy would affect the Company.

Ms Ho Kim Poi, the CFO of the Company, replied that the “negative” price increase was in relation to the transfer pricing for the supply of products by the supplier. Effective 1 June 2017, there would be a weighted average price decrease of 0.5%. Regarding BNM’s new policy, Ms Ho Kim Poi clarified that it would not affect the Company as the transactions were carried out in Ringgit Malaysia.

Mr Sharn Lee enquired on how fast the Company could increase its selling price and how an increase affected sales volume.

Mr Michael Duong, the Executive Director, replied that a price increase was subject to the approval of the Ministry of Domestic Trade, Co-operatives and Consumerism (“MDTCC”). Whenever there was a price increase, the Amway Business Owners (“ABOs”) would usually make pre-price increase purchases to pass on the savings to their customers. There would be a slight reduction in sales volume after the price increase. Management would perform market analysis and benchmarking studies before introducing a price increase to ensure competitiveness in the market place for the ABOs and their customers. The average weighted price increase in 2016 was 9.3%.

Mr Sharn Lee enquired about the Company’s plan for the excess cash of RM200 million. Ms Ho Kim Poi informed that the Company had to ensure that it has sufficient cash level for monthly operating expenses, bonus payment to staff and ABOs, and dividend payments. Mr Sharn Lee expressed his hope for the cash to be put to better use; otherwise, the surplus cash should be returned to the shareholders.

Mr Sharn Lee noted that “top-line” grew consistently by 6% to 7% each year and enquired on the sustainability of the growth rate. Mr Michael Duong replied that 2017 would be a challenging year, given the current economic outlook. The average growth rate from 2009 to 2014 was around 5% per annum. The growth rate had been extraordinarily high in the last two years, almost hitting 25%. The ABOs were the key to sustainability. The market place needed time to mature and the ABOs needed time to introduce the business and new products to new customers. There were opportunities in the Bumiputra segment. The Company had placed a lot of focus in this segment in the last five years and experienced some success in this segment.

Mr Sharn Lee asked whether there are plans for the Company to expand overseas. The Chairman replied there is none as there are other Amway entities operating overseas.

Mr Sharn Lee enquired how the selling of Amway products on third party e-commerce platforms had affected the Company. Mr Martin Liou, the Managing Director, replied this had affected the ABOs’ selling opportunities. The Company had a system to track the sale of Amway products via third party e-commerce channel and would act against such activities. Parties involved might not necessarily be ABOs but if an ABO was found to be involved, actions would be taken against the ABO as this is violation of the rules of conduct.

Mr Sharn Lee asked Mr Martin Liou what he would bring to the Company in his capacity as the new Managing Director. Mr Martin Liou informed that he was not only the Managing Director of the Company but also of South-east Asia. He would share his regional experiences and best practices. Mr Martin Liou informed that his predecessors, Mr Low Han Kee and Mr Paul Yee, had led the Company to become one of the best model Amway entities. He would continue to drive the Company in the same direction.

Mr Sharn Lee enquired why the Company was the only listed Amway entity. Mr Scott Balfour replied that there were Amway entities listed in the United States of America and Japan in the past but the Company was currently the only listed Amway entity. The Company was listed to achieve the appropriate shareholding level pursuant to regulatory requirements. Despite the reasons for listing, Mr Scott Balfour said that the Company was proud to be listed in Malaysia.

Mr Sharn Lee asked whether the major shareholder had any plans to privatise the Company. Mr Scott Balfour replied there was none.

Mr Sharn Lee asked about the demography of the ABOs. Mr Michael Duong informed that historically, the Chinese segment was the biggest segment. However, in the last five years, the Company had gained significant inroads into the Bumiputra segment. About 40% of the new ABO applicants were Bumiputra. The Company continued to see growth and excitement in the other segments. The Company would support the ABOs and help them grow their businesses.

Mr Wan Heng Wah asked whether there would be a deceleration or normalisation of operating expenses as the Company had spent a significant amount on the celebration of the 40th anniversary and incentive trips. He also asked if there would be an acceleration of expenses on Information Technology (“IT”) to strengthen the Company’s digital presence and enhance mobile capabilities. He commented price increase was inelastic and operating expenses would continue to increase due to the weak Ringgit Malaysia, increase in labour cost and inflation. He hoped the Board could elaborate on the issue relating to margin compression.

Ms Ho Kim Poi informed that there were no plans to decelerate operating expenses. Investment decisions were made based on ever-evolving business needs. Management would work closely with ABOs to see how the Company could support them in an effective way. On IT, Ms Ho Kim Poi informed that the Company recently launched Hybris, an e-commerce platform. Hence, maintenance cost and further enhancements were expected in 2017. Due to the evolving IT landscape, the Company would continue to invest in IT to stay relevant. With regards to margin compression, Ms Ho Kim Poi highlighted there was a significant impact from foreign exchange in the past two to three years. The US Dollar had shown some signs of stability lately. Management would continue to manage expenses prudently. The Chairman emphasised that it was important for the Company to support ABOs in their activities. He assured the shareholders that the Company would assess the economic viability before spending.

Mr Khyairul Hadzir bin Mahadzir enquired how the transfer pricing of -0.5% would offset foreign currency risk. He opined that if the Company had hedged against US Dollar, foreign currency risk could have been reduced. He also asked about the unrealised foreign exchange gain in the Cash Flow Statement. Ms Ho Kim Poi explained that the transfer pricing represented the price for buying products from the related party. The -0.5% on transfer pricing meant a reduction of 0.5% on the buying price. On foreign exchange, she explained that the Company negotiated the foreign exchange rate on a yearly basis. The rate was negotiated based the average forecast of a consortium of banks. Hedging would not fully protect the Company from foreign exchange risk. By fixing a negotiated rate with the supplier, the Company would not be affected by movements in the exchange rate during the year. She however pointed out that the negotiated rate was only fixed for a period of one

year. The Chairman clarified that if Ringgit Malaysia strengthened against the US Dollar, the prevailing negotiated rate would still be applied.

Mr Khyairul Hadzir bin Mahadzir sought clarification as to why the Company still had exposure to foreign exchange risk when the negotiated exchange rate was fixed for one year and there was a 0.5% reduction from the supplier. Ms Ho Kim Poi informed that the 0.5% reduction would only take effect in June 2017. The negotiated rate for 2017 was higher than the previous year's rate as the US Dollar had appreciated against Ringgit Malaysia. Mr Scott Balfour added that the Company had negotiated vigorously with the supplier due to the weak Ringgit Malaysia. This was the first time in 15 years that the supplier had agreed to a 0.5% reduction in price. The supplier had agreed to a reduction because it recognised the challenges faced by the Company due to the weakening Ringgit Malaysia. Such reduction was not expected to occur every year.

Mr Lee Hean Teck enquired about the actual rates fixed for 2016 and 2017. Ms Ho Kim Poi informed that she could not reveal the actual rates, however the rates were more favourable than the average prevailing market rates.

Mr Sharn Lee asked whether there were plans to increase product selling prices in 2017. Mr Michael Duong replied that there was none at present. The Company would communicate with the ABOs and seek MDTCC's approval prior to any price increase exercise. Mr Michael Duong highlighted there was a price increase on Catalog items earlier in the year but not the Core-line products.

Mr Ooi Yim Thian pointed out that although the weighted average price increase in 2016 was 9.3%, the prices of the NUTRILITE range of products had increased by more than 15%. As a result, ABOs' sales had dipped. Mr Ooi Yim Thian opined that the Company's shareholders should not always look at profitability of the Company but should also take into consideration the ABOs' profitability. The ABOs were the foundation of the Company as business was very much driven by the ABOs. Sales would be affected when ABOs do not perform or if they were to drop out from the business. He further opined that the Company need not place too much focus on IT as the business model was based on the human touch.

Mr Michael Duong concurred that the ABOs were the lifeblood of the Company. Enhancements on the digital platform and IT were carried out to support and facilitate ABOs in the conduct their business. The price increase of 9.3% was derived from the weighted average sales of the total product portfolio. Mr Michael Duong informed that sales volume would normally decline after a price increase. ABOs usually make large purchases prior to the price increase exercise. The Company's long-term success lies in helping ABOs find new customers, bring more people into the business and share the value proposition of the products.

Mr Alvin enquired about the average age distribution of the ABOs. Mr Michael Duong replied that the average age of the ABOs had increased. Although there were ABOs from the younger age group, the Bumiputra segment was mainly made up of older females who placed more focus on home products. The Bumiputra segment has grown rapidly in the recent years and shifted the average age of ABOs. Nevertheless, the Company has some plans to grow the young and active segment. Mr Michael Duong informed that sales contribution by group had not changed dramatically between 2015 and 2016. As for sales by age distribution, about 65% of sales were contributed by the older ABOs.

Mr Alvin noted the Company held over 200 events in 2016, of which 110 were for the Bumiputra segment. Mr Michael Duong clarified that all events were open to all segments but certain events were targeted at specific group whereby the Company had worked closely with leaders of the particular segment. He added that the Company and the ABOs lived by the code of helping everyone to achieve business opportunities with the Company.

Mr Michael Duong informed that about 100,000 to 120,000 new applicants signed up last year and around 40,000 of the new applicants were from the Bumiputra segment. To a query raised by Mr Alvin on the resignations of ABOs, Mr Michael Duong replied that the Company would track the number of resignations and renewals. The key to business was the activation of new ABOs. It was important for the Company that the new ABOs understand and learn about the business and products. Hence, the first three months after signing up were crucial. Equally important was the last few months leading to the 12th month. If new ABOs made purchases in those months, it would mean that they were happy with the opportunities the Company offered and would probably renew their membership. Therefore, the business strategy was to focus on new ABOs' first-year renewal.

Mr Alvin commented that competition in the multi-level marketing ("MLM") industry had intensified in the last few years and asked how the Company planned to position itself in the market. He pointed out that it would be easier to achieve a diamond-level membership in a new MLM company compared with the Company. Mr Martin Liou replied that every direct selling company had different plans. Some were designed to reward at an early stage. To stay competitive, the Company's reward system was designed to reward ABOs at different stages.

Mr Alvin asked whether the Company was aiming for the premium segment in terms of product offerings. The Chairman replied that it would depend on the demand for the products. The progress of ABOs' membership would depend on the pace of their business expansion. Mr Martin Liou added that it was not dependent on the number of up-lines or downlines but on the success of their business.

Mr Tan Kay Wen enquired about the number of ABOs that had signed up since the inception of the Company and their level of productivity. Mr Michael Duong informed that some ABOs might have signed up multiple times throughout those years. Therefore, it was difficult to provide an exact number. For 2016, the Company recorded a 5% growth in the number of ABOs. In the last five years, the Company had a total of 240,000 to 250,000 ABOs.

On the point raised by Mr Wong Sok Kun relating to the Company's automation of processes, Mr Michael Duong replied the Company had over the years, placed more emphasis on improving and enhancing the ABOs' experience. He noted that there were areas for improvements where warehousing was concerned.

AMWAY (MALAYSIA) HOLDINGS BERHAD

(340354-U)

22nd Annual General Meeting

Van Andel & DeVos Training Centre, Amway [Malaysia] Sdn Bhd
28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan.
On 17-May-2017 at 09:30AM

Appendix C

Result On Voting By Poll

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Ordinary Resolution 1	95,551,851	100.000	0	0.000	95,551,851	100.000
Ordinary Resolution 2	95,541,851	100.000	0	0.000	95,541,851	100.000
Ordinary Resolution 3	95,541,851	100.000	0	0.000	95,541,851	100.000
Ordinary Resolution 4	85,622,818	89.618	9,919,033	10.382	95,541,851	100.000
Ordinary Resolution 5	95,541,751	100.000	0	0.000	95,541,751	100.000
Ordinary Resolution 6	120,379,218	92.389	9,916,933	7.611	130,296,151	100.000
Ordinary Resolution 7	130,296,151	100.000	0	0.000	130,296,151	100.000
Ordinary Resolution 8	85,622,818	89.618	9,919,033	10.382	95,541,851	100.000
Ordinary Resolution 9	95,541,751	100.000	0	0.000	95,541,751	100.000
Ordinary Resolution 10	45,303,868	99.996	2,000	0.004	45,305,868	100.000