

**AMWAY (MALAYSIA) HOLDINGS BERHAD**

Registration No. 199501011153 (340354-U)

**MINUTES OF THE 25<sup>TH</sup> ANNUAL GENERAL MEETING (“25<sup>TH</sup> AGM”) OF THE COMPANY CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT TRICOR BUSINESS CENTRE, MANUKA 2 & 3 MEETING ROOM, UNIT 29-01, LEVEL 29, TOWER A, VERTICAL BUSINESS SUITE, AVENUE 3, BANGSAR SOUTH, NO. 8 JALAN KERINCHI, 59200 KUALA LUMPUR, MALAYSIA ON TUESDAY, 23 JUNE 2020 AT 10.30 A.M.**

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Present at Broadcast Venue : Tan Sri Faizah Binti Mohd Tahir – *Chairperson*  
Encik Abd Malik Bin A Rahman – *Independent Non-Executive Director/Audit Committee Chairman*  
Mr Michael Jonathan Duong – *Managing Director*  
Ms Ng Ai Lee – *Chief Financial Officer*

Present via video conferencing : Mr Low Han Kee – *Non-Independent Non-Executive Director*  
Mr Scott Russell Balfour – *Non-Independent Non-Executive Director*  
Dato’ Abdullah Thalith Bin Md Thani – *Independent Non-Executive Director*  
Datin Azreen Binti Abu Noh – *Independent Non-Executive Director*  
Pn Aida Binti Md Daud – *Non-Independent Non-Executive Director*

The attendance of members/corporate representatives/proxies is as per the Summary of Attendance List via Remote Participation and Voting (“RPV”).

**CHAIRPERSON**

The Chairperson welcomed the members and attendees to the Company’s 25<sup>th</sup> AGM. The Chairperson informed that as part of the Company’s safety measures against the Covid-19 pandemic, the 25th AGM was convened entirely through live streaming from the Broadcast Venue. The Chairperson then introduced the Board members, Senior Management, Company Secretary, auditors and advisors to the shareholders.

**NOTICE**

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

**QUORUM**

The Chairperson advised the meeting that the Constitution of the Company required the presence of at least two (2) members or proxies or corporate representatives to form a quorum. For a fully virtual general meeting, the quorum shall be determined by the number of members who logged-in at the commencement of the meeting.

The Chairperson informed the quorum requirement has been met at the start of the meeting and called the meeting to order.

The Chairperson advised that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of a general meeting must be voted by poll. Pursuant to the Constitution of the Company, the Chairperson declared that Resolutions 1 to 7 in the Notice of the 25<sup>th</sup> AGM shall be voted by poll. The poll would be conducted after all items on the agenda have been dealt with. The Chairperson then briefed the shareholders on the flow of the meeting.

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 Chairperson, Mr Michael Jonathan Duong, the Managing Director of the Company, presented the Business Review of the Group for the financial year ended 31 December 2019 and Ms Ng Ai Lee, the Chief Financial Officer, presented the financial performance of the Group for the financial year ended 31 December 2019.

**1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (“AFS 2019”) TOGETHER WITH THE DIRECTORS’ AND THE AUDITORS’ REPORTS THEREON**

The Chairperson informed that the AFS 2019 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 2019. Therefore, the item was not put forward for voting.

The Chairperson declared the AFS 2019 together with the Directors’ and Auditors’ Reports thereon be received.

2. RESOLUTION 1

**RE-ELECTION OF MR SCOTT RUSSELL BALFOUR WHO RETIRES BY ROTATION PURSUANT TO CLAUSE 76(3) OF THE CONSTITUTION OF THE COMPANY**

The Chairperson proceeded to the second item on the agenda i.e. Resolution 1 on the re-election of Mr Scott Russell Balfour. She put the following motion to the meeting for consideration:

*“THAT Mr Scott Russell Balfour retiring pursuant to Clause 76(3) 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 BY ROTATION PURSUANT TO CLAUSE 76(3) OF THE CONSTITUTION OF THE COMPANY**

As Resolution 2 was on the Chairperson’s retirement, the Chairperson passed the chair to Encik Abd Malik Bin A Rahman, the Audit Committee Chairman, to take the meeting through the resolution.

Encik Abd Malik Bin A Rahman put the following motion to the meeting for consideration:

*“THAT Tan Sri Faizah Binti Mohd Tahir retiring pursuant to Clause 76(3) of the Constitution of the Company and who being eligible, be re-elected Director of the Company.”*

He then passed the chair back to the Chairperson.

4. RESOLUTION 3

**RE-ELECTION OF MR MICHAEL JONATHAN DUONG WHO RETIRES BY ROTATION PURSUANT TO CLAUSE 76(3) OF THE CONSTITUTION OF THE COMPANY**

The Chairperson proceeded to the next item on the agenda which was on the re-election of Mr Michael Jonathan Duong. She put the following motion to the meeting for consideration:

*“THAT Mr Michael Jonathan Duong retiring pursuant to Clause 76(3) of the Constitution of the Company and who being eligible, be re-elected Director of the Company.”*

**5. RESOLUTION 4**

**RE-ELECTION OF PN. AIDA BINTI MD DAUD WHO RETIRES BY ROTATION PURSUANT TO CLAUSE 78 OF THE CONSTITUTION OF THE COMPANY**

The Chairperson moved on to the next item on the agenda i.e. Resolution 4, which was on the re-election of Pn. Aida Binti Md Daud.

The Chairperson put the following motion to the meeting for consideration:

*“THAT Pn. Aida Binti Md Daud retiring pursuant to Clause 78 of the Constitution of the Company and who being eligible, be re-elected Director of the Company.”*

**6. RESOLUTION 5**

**DIRECTORS’ FEES AND BENEFITS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020**

The next item on the agenda was on the payment of Directors’ fees and benefits.

The Chairperson put the following motion to the meeting for consideration:

*“THAT the payment of Directors’ fees and benefits of RM600,000.00 for the financial year ending 31 December 2020 be approved.”*

**7. RESOLUTION 6**

**RE-APPOINTMENT OF ERNST & YOUNG PLT AS AUDITORS OF THE COMPANY**

The Chairperson moved on to Resolution 6 on the re-appointment of Auditors.

She put the following motion to the meeting for consideration:

*“THAT Ernst & Young PLT 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**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed Renewal of Shareholders' Mandate")**

The Chairperson informed that the details on the Proposed Renewal of Shareholders' Mandate were set out in Section 2.4 of the Circular to Shareholders dated 15 May 2020.

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

The Chairperson put the following motion as set out in the Notice of the 25<sup>th</sup> AGM to the meeting for consideration:

*"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, Alticor and Amway (S) as set out in Section 2.4 of the Circular to Shareholders dated 15 May 2020, 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;*

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*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 and to assent to any conditions, variations and/or amendments) in the interest of the Company to give effect to the aforesaid shareholders' mandate."*

**ANY OTHER BUSINESS**

The Chairperson informed that no notice for other business pursuant to the Companies Act 2016 and the Constitution of the Company had been received.

**QUESTIONS & ANSWER ("Q&A") SESSION**

At the invitation of the Chairperson, Mr Michael Jonathan Duong addressed the questions submitted prior and during the 25<sup>th</sup> AGM by the shareholders.

Mr Michael Jonathan Duong informed that questions that were not addressed during the Q&A session due to time constraint would either be emailed after the 25<sup>th</sup> AGM or posted on the Company's website.

The summary of questions from the shareholders/proxies received, including those that were not addressed during the 25<sup>th</sup> AGM due to time constraint (Summary of Key Matters Discussed) is attached hereto as "Appendix A".

**CONDUCT OF POLL**

Having dealt with all the items on the agenda, the meeting then proceeded to vote on Resolutions 1 to 7 by poll. The Chairperson adjourned the meeting at 11.36 a.m. for the counting of votes.

Upon completion of the counting of votes by the Poll Administrator and verification of the results by the Scrutineer, the Chairperson resumed the meeting at 12.05 p.m. for the declaration of the results of the poll.

Based on the poll results attached hereto as "Appendix B", the Chairperson declared Resolutions 1 to 7 carried.

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**CLOSURE**

The Chairperson thanked those present for their attendance and closed the meeting at 12.08 p.m.

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**SUMMARY OF KEY MATTERS DISCUSSED AT THE 25<sup>TH</sup> ANNUAL GENERAL MEETING (“25<sup>th</sup> AGM”) OF THE COMPANY HELD ON TUESDAY, 23 JUNE 2020 AT 10.30 A.M.**

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**1. What actions will Amway take to protect Amway Business Owner (“ABO”)’s benefit due to the unauthorized selling of Amway products on online platform?**

The Company’s response:

The Group has intensified its engagement efforts with the representatives of e-Commerce websites to alert them about this issue so that they could remove Amway products from their platforms. The Group has also worked with local counsel on possible legal actions to be taken against both unauthorized sellers and e-commerce platforms, potentially on infringement of Amway Trademarks and Copyrights.

Amway continues to evaluate and use technology to identify individuals that are engaged in unauthorized selling of Amway products online. Upon identifying ABOs involved in unauthorized selling, Amway undertakes strict enforcement including the issuance of warning letters to ABOs who violate the rules, withdraw any awards conferred and terminate the ABOs as part of its efforts to deter the unauthorized selling of products online.

**2. The strengthening of the United States dollar (“USD”) against the Ringgit will lead to increase in product cost. Will Amway set-up production in Malaysia? What is the impact of the weakening of Ringgit against the USD to Amway?**

The Company’s response:

There is no plan to set up production in Malaysia. The imported products from Access Business Group International LLC (“ABGIL”) are purchased based on a fixed exchange rate with Amway Headquarters that is negotiated and agreed upon yearly. The pre-agreed exchange rate is based on an average of the next 12 month’s foreign exchange forecast as provided by a consortium of banks.

**3. Will Amway revise the dividend policy of distributing gross dividend of no less than 80% of the Group’s annual net earnings? Will the dividend payout for FY2020 be the same or better than FY2019?**

The Company’s response:

The ability for the Group to pay a dividend is dependent on its annual net earnings, level of available cash and retained earnings, projected levels of capital expenditure and the results of our business operations.

The Board reassesses this dividend policy on an ongoing basis to ensure efficient distribution of dividends to shareholders and to ensure that the Company’s dividend payment will continue to reflect the Group’s underlying financial performance.



- 4. The disclosure in Note 32(i) of the 2019 Audited Financial Statements on page 143 of the Annual Report state that the Group plan to dispose 2 properties. What is the estimated profit from this transaction? Will Amway declare special dividend from this transaction?**

The Company's response:

The proposed disposal relates to the sale of the Group's regional distribution centers ("RDC") in Perai and Sri Plentong. Following the centralization of the Group's warehouse distribution activities at the Petaling Jaya Headquarters in 2019, both RDCs have ceased operations and remained vacant.

The Group is in the process of getting potential buyers.

- 5. Does the Group plan to expand to Singapore by acquiring Amway (Singapore) Pte Ltd?**

The Company's response:

There is no plan currently to acquire Amway (Singapore) Pte Ltd.

- 6. What is the impact of Covid-19 on Amway's sales? How is Amway's financial results impacted for the first half of 2020 and whether the full year financial results can be maintained? How is Amway's future business progressing in Malaysia?**

The Company's response:

Generally, there is a surge in demand for health supplements, cleansers, air treatment system during the Covid-19 pandemic. However, the business is also impacted by the restrictions imposed during Movement Control Order ("MCO"), and the limitations post-MCO on social gatherings, shop operations, as well as overall negative economic impacts to purchasing power, confidence, and cash flow of consumers. As such the Group anticipates that sales will be flat for the year.

During the period of MCO, the Group announced various support measures to help ABOs shift their business completely online in this challenging time. Some of these support programs extend beyond the MCO period, as ABOs and society adjust to new norms from the Covid-19 pandemic. The Group will continue to invest in critical e-Commerce related infrastructure/experience as well as a more attractive incentives-linked growth strategy to better serve the ABOs and place them in a stronger position to take advantage of the future megatrends. The Group anticipates that the Covid-19 support measures, investment in infrastructure for social commerce experience, and the economic impact of Covid-19 will exert pressure on its operating margins for the first half and full year of 2020.

7. **At this unprecedented time, can the Company provide e-vouchers to shareholders who attend the virtual meeting?**

The Company's response:

The Board takes note of the shareholders' request and will consider this in future virtual AGMs.

8. **How is the 1st quarter 2020 financial results? Will it be badly affected by Covid-19? Can the Company maintain paying the same rate of dividend this year? Kindly elaborate how Amway will cope given the Covid-19 situation to shore up its bottom lines.**

**In view of the Covid-19 pandemic and since the Company has been badly affected by the MCO, in which earnings are expected to be depressed, is the Board going to lay-off staff and/or cut salaries?**

The Company's response:

The Company continues to focus on partnership with ABOs. The ability of ABOs in growing their business during this tough time has been impressive. The Company will focus on investment in growth, to provide better services and delivery to support the ABOs and their customers. The Company is not looking at the laying-off of staff. Instead, the Company will look at how it could invest for the future.

The 1st quarter 2020 financial results will be released soon.

9. **The Statement on Risk Management and Internal Control on page 73 of the Annual Report states that the Group may be impacted by the Ringgit currency fluctuation against the USD. With the weakening of the RM against the USD, has there been any impact on the import cost of products? Since the products are purchased based on fixed exchange rate yearly, does this mean that the impact will only be felt in FY2021 since the exchange rate for FY2020 has already been fixed?**

**How does the Company manage this risk?**

The Company's response:

The weighted average price decrease of 9.4% from 1 July 2020 to 30 June 2021 has been disclosed in the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. This would help the Company manage the cost of importing products from Access Business Group International LLC ("ABGIL") in the United States of America.

With the Limited Risk Distribution model, ABGIL will help to manage the foreign exchange risk of the Company.

**10. While ABO forces have been growing over the past 5 years, the sales revenue and profit before tax has been trending down over the past 5 years. This also indicated that sales per ABO has declined over the past 5 years. What is the cause of this worrying trend? What measures have Management taken to address this issue? What are the industry challenges that Amway see? What are the mid-term strategies to reverse the trend? What is the strategy of the Company going forward to grow sales and profit?**

The Company's response:

The Company had achieved RM1 billion sales revenue previously, but this was followed by an exhale period which saw a decline in sales as ABO leaders consolidated their customer base to strengthen the core aspects of their business after a few years of fantastic growth. The implementation of the Malaysian Financial Reporting Standard 15 ("MFRS 15") in FY2018 also had a negative impact on the recognition of sales. . If a comparison is made on a year-to-year basis without the effects of MFRS 15, the Company would have registered a flat growth.

The Company is looking at ways to help ABOs gain a larger customer base through enhancements in social commerce and tools and sales and marketing plan. The Company will be launching several programs to help ABOs to acquire a bigger customer base and build a more profitable and sustainable business going forward. The Company would be launching a new program, namely the Amway Privileged Customer that allows anyone to sign up to purchase products and be part of the Amway family.

**11. Our Company has 261,000 ABOs, while we only have over 5,000 shareholders. Should Management encourage ABOs to invest in our Company's shares, so that their long-term interest are more align with our Company?**

The Company's response:

Amway is not in a position to ask ABOs to invest in the Company as the decision to invest lies with the ABOs. There is a strong alignment of interest between the ABOs and the Company whereby the growth of ABOs is aligned to the Company's sales and marketing plan. The ABOs' success translates to the Company's success.

**12. When co-operating with platforms like Lazada, does Amway see the risk of channel conflict with its traditional network? How would it manage the risk?**

The Company's response:

Amway is not co-operating with Lazada to sell Amway's products directly to customers via the e-commerce platform. Sales on e-commerce platforms are unauthorized sales and this is in conflict with the Amway's business model. Amway is working with Lazada to bring greater awareness on these unauthorized sales and to remove the products from their platform to protect the ABOs.

**13. Refer to note 15 of the 2019 Audited Financial Statements on page 128 of the Annual Report, the Group had provided impairment loss for goodwill. Isn't this an indication of impairment for investment in a subsidiary?**

The Company's response:

The impairment on goodwill is in relation to Amway Brunei. The Board of Directors and Management have evaluated the declining financial performance of Amway Brunei and taken a prudent stand to impair the goodwill.

The Company has taken measures to address the declining financial performance but the results of those measures would take time. Some of the measures undertaken include lowering the sign-up fee, reducing the minimum order value for home deliveries and enhancement of programs to support the ABOs in Brunei. It was noted that there were more sign-ups during MCO than a normal average. The Board will continue to monitor the performance of Amway Brunei.

**14. Can the Board share the details of the Development Cost amounting to RM7.382 million incurred in FY2019 as disclosed in note 15 of the 2019 Audited Financial Statements on page 128 of the Annual Report?**

The Company's response:

The development cost is predominantly associated to software development cost to provide a better digital infrastructure. ABOs are able to leverage on the new website/digital order management system which is integrated with the back-end processes and systems. ABOs could get updated information on the status of their orders.

Amway has been in operation for 44 years and the existing infrastructure could no longer support the business needs. Thus, this investment is necessary to modernize the infrastructure and allow the Company to continue to compete in the future.

**15. Why none of the directors of the Company have shares in Amway? Please explain or state the reasons? Do they put in full efforts and interests in managing the Company efficiently and effectively?**

The Company's response:

The Board of Directors is actively engaged in the Company's operation and involved in the review of the Company's financial performance and outlook. The Board acts in the best interest of the shareholders and ABOs and constantly challenges Management to maximise shareholders' value and return to shareholders. The Board is fully committed to the long-term value creation of the Company.

**Questions that were not addressed during the AGM due to time constraint**

- 1. How does the Gen Y and millennials perceive Amway products - favorable or otherwise?**

The Company's response:

Amway offers an extensive portfolio of consumer goods that caters to various customer segments. The Group aspires for the products to be adopted by target segments. There are constant efforts on brand building to elevate brand perception and improve brand favorability as well. The range includes health supplements, skincare, personal care and home care products as well as the durables category. Amway's high-quality products are developed and strongly backed by extensive research and development ("R&D") capabilities across more than 100 laboratories located throughout the world. Amway's product portfolio also encompasses numerous award-winning and industry leading products and Amway is particularly proud of the range of Nutrilite supplements, the ingredients of which are grown on Amway's very own certified organic farms in the United States of America, Mexico and Brazil. In 2019, Amway launched a skincare range – essentials by ARTISTRY 3-Step Skin Care Set, specifically targeting the Gen Y and millennials younger skin needs.

- 2. How much expected profit can the Amway Privileged Customer program bring in next year?**

The Company's response:

The Company is not in a position to disclose the expected profit from the Amway Privileged Customer program

- 3. When can Amway Malaysia launch the Amway Digital Assistant ("ADA") application similar to China, which is useful and powerful? The current ADA application function is limited. Amway China uses WeChat which helps ABOs to manage their business very well. How about Malaysia?**

The Company's response:

In FY2019, Amway Malaysia launched the ADA chatbot to facilitate 24/7 customer support for ABOs' business building and product purchases activities that currently helps to answer ABOs' questions on Order/Delivery Status and Point/Business Volume enquiries. With future enhancements in the pipeline, the Company foresee the ADA chatbot evolving and growing smarter via machine learning thus becoming an indispensable part of the ABO and customer experience.

**4. How does Amway Malaysia work with corporate and other countries' Amway entities to combat illegal selling on e-commerce platforms? Is the effort coordinated globally?**

The Company's response:

As a concerted effort, Amway continuously collaborate with corporate, other Amway affiliates and local counsel to combat the unauthorized selling on e-commerce platforms. In FY2019, the Company continuously worked with the e-commerce platforms, local counsel and the relevant authorities to battle these illegal activities and the potential infringement of Amway Trademarks and Copyrights. Amway also undertakes strict enforcement towards ABOs who violate the rules by withdrawing any awards conferred and terminate the ABOs as part of Amway's efforts to deter the unauthorized selling of Amway products online.

**AMWAY (MALAYSIA) HOLDINGS BERHAD**  
(340354-U)

**25th Annual General Meeting**

Tricor Business Center, Manuka 2 & 3 Meeting Room Unit 29-01, Level 29, Tower A Vertical Business Suite, Avenue 3,  
Bangsar South No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia  
On 23-June-2020 at 10:30AM

**Result On Voting By Poll**

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
<b>Ordinary Resolution 1</b>	144,617,563	99.997	4,306	0.003	144,621,869	100.000
<b>Ordinary Resolution 2</b>	111,597,563	99.996	4,906	0.004	111,602,469	100.000
<b>Ordinary Resolution 3</b>	144,622,363	99.997	4,506	0.003	144,626,869	100.000
<b>Ordinary Resolution 4</b>	144,621,963	99.997	4,906	0.003	144,626,869	100.000
<b>Ordinary Resolution 5</b>	144,620,163	99.995	6,706	0.005	144,626,869	100.000
<b>Ordinary Resolution 6</b>	144,633,843	99.997	4,026	0.003	144,637,869	100.000
<b>Ordinary Resolution 7</b>	59,643,380	99.993	4,206	0.007	59,647,586	100.000