

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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**AMWAY (MALAYSIA) HOLDINGS BERHAD**  
(Registration No. 199501011153 (340354-U))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED  
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**IN CONJUNCTION WITH THE SPECIAL BUSINESS**

**AT THE 27<sup>TH</sup> ANNUAL GENERAL MEETING**

*Adviser*



**PUBLIC INVESTMENT BANK BERHAD**

(Registration No. 197401002880 (20027-W))  
A Participating Organisation Of Bursa Malaysia Securities Berhad  
(Wholly-owned Subsidiary Of Public Bank Berhad)

The above proposal will be tabled as Special Business at our 27<sup>th</sup> Annual General Meeting (“AGM”). In view of the COVID-19 outbreak and as part of our safety measures, the 27<sup>th</sup> AGM will be conducted entirely through live streaming from the broadcast venue at Van Andel & DeVos Training Centre, Amway (Malaysia) Sdn. Bhd., 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“**Broadcast Venue**”) on Wednesday, 25 May 2022 at 9:30 a.m. using the Remote Participation and Voting facilities (“**RPV**”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at <https://tiih.online>. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and shareholders **will not be allowed** to attend the 27<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting. For further information, please refer to the Notice of the 27<sup>th</sup> AGM and Information for Shareholders on 27<sup>th</sup> AGM.

The Notice of the 27<sup>th</sup> AGM and the Proxy Form are set out in our 2021 Annual Report and can be downloaded at <https://www.amway.my/about-amway/investor-relations/annual-reports-announcements>.

The Proxy Form should be completed and returned in accordance with the instructions therein as soon as possible and should reach our Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on or before the date and time indicated below or any adjournment thereof. You also have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> before the Proxy Form lodgement cut-off time stated below.

Last date and time for lodging the Proxy Form : Monday, 23 May 2022 at 9.30 a.m.

Date and time of the 27th AGM : Wednesday, 25 May 2022 at 9.30 a.m.

This Circular is dated 22 April 2022

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## DEFINITIONS

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Except where the context otherwise requires, the following words and abbreviations shall apply throughout this Circular and have the following meanings:

|                             |   |   |
|-----------------------------|---|---|
| ABGIL                       | : | Access Business Group International LLC, a company incorporated in the USA, is 85%-owned by Alticor Distribution, 14%-owned by Alticor Corporate and 1%-owned by ABGL   |
| ABGIL Intellectual Property | : | Product formulae, manufacturing techniques, know-how, trade secrets and other confidential or proprietary information used or usable by ABGIL in the conduct of its business  |
| ABGL                        | : | Access Business Group LLC, a company incorporated in the USA and a wholly-owned subsidiary of Alticor Corporate   |
| Act                         | : | The Companies Act 2016, as amended from time to time and any re-enactment thereof   |
| Additional Product(s)       | : | Any product including sales aids that is neither a Product nor a Substitute Product and that the AmwaySubs obtain by contract or otherwise. The category of suppliers includes, amongst others, those supplying home appliances, automotive lubricants and other related products, food and beverages, household products and other consumer related products |
| AGH                         | : | Alticor Global Holdings Inc., a company incorporated in the USA   |
| AGM                         | : | Annual general meeting  |
| Alticor                     | : | Alticor Inc., a company incorporated in the USA and a wholly-owned subsidiary of SHI  |
| Alticor Corporate           | : | Alticor Corporate Enterprises Inc., a company incorporated in the USA and a wholly-owned subsidiary of Alticor  |
| Alticor Distribution        | : | Alticor Distribution LLC, a company incorporated in the USA and a wholly-owned subsidiary of Alticor  |
| Amway or Company            | : | Amway (Malaysia) Holdings Berhad  |
| AmwaySubs                   | : | Wholly-owned subsidiaries of Amway, namely Amway (M) and Amway (B) and depending on the context, shall also mean either both or any one of them   |
| Amway Business Owners       | : | Distributors of the AmwaySubs   |
| Amway International         | : | Amway International Inc., a company incorporated in the USA and a wholly-owned subsidiary of Alticor  |
| Amway Nederland             | : | Amway Nederland Ltd., a company incorporated in the USA and a wholly-owned subsidiary of Amway International  |
| Amway (B)                   | : | Amway (B) Sdn. Bhd., a company incorporated in Negara Brunei Darussalam and a wholly-owned subsidiary of Amway (M)  |
| Amway (M)                   | : | Amway (Malaysia) Sdn. Bhd., a company incorporated in Malaysia and a wholly-owned subsidiary of Amway   |
| Amway (S)                   | : | Amway (Singapore) Pte. Ltd., a company incorporated in the Republic of Singapore and a wholly-owned subsidiary of Amway International   |

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**DEFINITIONS (Cont'd)**

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|                                    |   |   |
|------------------------------------|---|---|
| Amway (S) Product Supply Agreement | : | The Product Supply Agreement dated 1 September 2003 entered into between Amway (M) and Amway (S) for three (3) years after that date and which is automatically renewed thereafter for successive one (1) year terms, subject to the required annual approval by our shareholders   |
| Audit Committee                    | : | Audit Committee of Amway  |
| Board                              | : | Board of Directors of Amway   |
| Bursa Securities                   | : | Bursa Malaysia Securities Berhad  |
| Circular                           | : | This circular to shareholders dated 22 April 2022 in relation to the Proposed Renewal of Shareholders' Mandate  |
| FYE                                | : | Financial year ended / financial year ending  |
| GDA                                | : | GDA B.V., a company incorporated in the Netherlands and a wholly-owned subsidiary of Amway Nederland  |
| ICT                                | : | Information and Communications Technology   |
| IT                                 | : | Information Technology  |
| Licensing Agreements               | : | The Trade Name and Trademark Licensing Agreements both dated 1 January 2002 entered into between Alticor and Amway (M); and Alticor and Amway (B) respectively, as amended by the respective First Amendment to Trade Name and Trademark Licensing Agreements both dated 25 February 2008. The Licensing Agreements are automatically renewed for successive one (1) year terms, subject to the renewal of the relevant Sublicensing Agreements and the required annual approval by our shareholders  |
| Listing Requirements               | : | Main Market Listing Requirements of Bursa Securities, as amended from time to time  |
| LPD                                | : | 31 March 2022, being the latest practicable date prior to the issuance of this Circular   |
| Merchandising Agreement            | : | The Merchandising Agreement dated 1 January 2020 entered into between ABGIL and Amway (M) for one (1) year commencing 1 January 2020 and shall, unless terminated, be automatically renewed thereafter for successive one (1) year terms  |
| Net Sales                          | : | The quantity of a product sold by the AmwaySubs multiplied by the AmwaySubs' then current published Amway Business Owners' cost for that product less the following: <ul style="list-style-type: none"><li>(i) Sales tax;</li><li>(ii) Any surcharges assessed to the Amway Business Owners; and</li><li>(iii) Any returns or refunds which are accepted and credited by the AmwaySubs, whereby customers have requested for a refund as they are not satisfied with the products purchased</li></ul> |
| PIVB                               | : | Public Investment Bank Berhad   |
| Product(s)                         | : | Product(s) that ABGIL could offer or sell to Amway (M) pursuant to the Product Supply Agreement, including sales aids and which Amway (M) could offer or sell to Amway (B)  |

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**DEFINITIONS (Cont'd)**

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|   |   |   |
|---|---|---|
| Product Supply Agreement                  | : | Product Supply Agreement dated 1 January 2002 entered into between ABGIL and Amway (M) as amended by the First Amendment to Product Supply Agreement dated 16 February 2011 and Second Amendment to Product Supply Agreement dated 1 January 2020. The Product Supply Agreement is automatically renewed for successive one (1) year terms, subject to the required annual approval by Amway (M), Amway and our shareholders  |
| Proposed Renewal of Shareholders' Mandate | : | Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature, the details of which are set out in Section 2 of this Circular   |
| Recurrent Transaction(s)                  | : | Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations entered into by us or any of the AmwaySubs with the Related Parties, which are the subject of the Proposed Renewal of Shareholders' Mandate   |
| Related Parties                           | : | Our directors, major shareholders and / or persons connected with them who are interested in the Recurrent Transactions as set out in Sections 2.3, 2.4 and 5 of this Circular  |
| RM and sen                                | : | Ringgit Malaysia and sen, respectively  |
| RRPT                                      | : | Recurrent related party transactions of a revenue or trading nature   |
| Royalty Fees                              | : | (i) Six percent (6%) of the Net Sales of any Substitute Products or Additional Products incorporating or manufactured using any ABGIL Intellectual Property and which bear any of the sublicensed trademarks; or<br><br>(ii) Five percent (5%) of the Net Sales of any Substitute Products or Additional Products bearing any of the sublicensed trademarks, but which are not manufactured using any ABGIL Intellectual Property; or<br><br>(iii) One percent (1%) of the Net Sales of all Substitute Products and Additional Products that are sold by AmwaySubs under the "AMWAY" trade name through the Amway distribution channel, but which do not physically bear a sublicensed trademark on the product or product packaging and which are not manufactured using any ABGIL Intellectual Property;<br><br>or such other amounts as the relevant parties may mutually agree, in writing, from time to time |
| Share(s) or Our Share(s)                  | : | Ordinary share(s) in Amway  |
| SHI                                       | : | Solstice Holdings Inc., a company incorporated in the USA and a wholly-owned subsidiary of AGH  |
| Sublicensing Agreements                   | : | The Exclusive Distribution and Trademark Sublicensing Agreements both dated 1 January 2002 entered into between ABGIL and Amway (M); and ABGIL and Amway (B) respectively, as amended by the respective First Amendment to Exclusive Distribution and Trademark Sublicensing Agreements both dated 25 February 2008. The Sublicensing Agreements are automatically renewed for successive one (1) year terms subject to the renewal of the relevant Licensing Agreements and the required annual approval by our shareholders   |

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**DEFINITIONS (Cont'd)**

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- Substitute Product(s) : Any product including sales aids that is identical or substantially similar to a Product and which the AmwaySubs obtain by contract or otherwise
- USA : United States of America
- 2021 Annual Report : Our annual report for the FYE 31 December 2021, including our audited consolidated financial statements and the notes to the financial statements, directors' report and auditors' report for that financial year

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any legislation is a reference to that legislation as amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

All references to "we", "us", "our", "ourselves", "our Company" or "Amway" in this Circular are to Amway (Malaysia) Holdings Berhad and references to "our Group" are to our Company and subsidiaries collectively. All references to "you" or "your" in this Circular are to the shareholders of Amway who are entitled to attend and vote at the 27<sup>th</sup> AGM and whose names appear in our Record of Depositors at the time and on the date to be determined at a later date.

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**CONTENTS**

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**LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE CONTAINING:**

|  | <b>Page</b> |
|--|-------------|
| 1. INTRODUCTION  | 1           |
| 2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE                    | 2           |
| 3. RATIONALE FOR AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE | 9           |
| 4. APPROVAL REQUIRED   | 10          |
| 5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS                                | 10          |
| 6. DIRECTORS' RECOMMENDATION   | 11          |
| 7. AGM   | 11          |
| 8. FURTHER INFORMATION   | 12          |
| <b>APPENDIX</b>  |             |
| APPENDIX I ADDITIONAL INFORMATION  | 13          |
| EXTRACT OF THE NOTICE OF ANNUAL GENERAL MEETING                                | 14          |

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## AMWAY (MALAYSIA) HOLDINGS BERHAD

(Registration No. 199501011153 (340354-U))

(Incorporated in Malaysia)

### Registered Office:

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

22 April 2022

### Board of Directors:

Tan Sri Faizah Binti Mohd Tahir (*Chairperson / Senior Independent Non-Executive Director*)

Michael Jonathan Duong (*Managing Director*)

Low Han Kee (*Non-Independent Non-Executive Director*)

Scott Russell Balfour (*Non-Independent Non-Executive Director*)

Aida Binti Md Daud (*Non-Independent Non-Executive Director*)

Dato' Abdullah Thalith Bin Md Thani (*Independent Non-Executive Director*)

Abd Malik Bin A Rahman (*Independent Non-Executive Director*)

Datin Seri Azreen Binti Abu Noh (*Independent Non-Executive Director*)

### To: Our Shareholders

Dear Sir / Madam,

### PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

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#### 1. INTRODUCTION

Our Company had at its 26<sup>th</sup> AGM held on 25 May 2021 obtained a mandate from our shareholders for the Recurrent Transactions relating to the Merchandising Agreement, Product Supply Agreement, Sublicensing Agreements, Licensing Agreements and Amway (S) Product Supply Agreement pursuant to Paragraph 10.09 of the Listing Requirements. In accordance with the Listing Requirements as detailed in Section 2.1 of this Circular, the said shareholders' mandate is subject to renewal on an annual basis.

In respect of the above, on 23 February 2022, we announced our proposal to seek your approval for the Proposed Renewal of Shareholders' Mandate in accordance with Paragraph 10.09 of the Listing Requirements.

The purpose of this Circular is to:

- (i) provide you with the details of the Proposed Renewal of Shareholders' Mandate; and
- (ii) seek your approval for the ordinary resolution to give effect to the Proposed Renewal of Shareholders' Mandate to be tabled at our forthcoming AGM.

An extract of the Notice of the 27<sup>th</sup> AGM is enclosed in this Circular for your ease of reference.

**WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AT OUR FORTHCOMING AGM.**

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

### **2.1 Listing Requirements**

Under Paragraph 10.09 of the Listing Requirements, we may seek a shareholders' mandate for related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for our day-to-day operations, subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in our annual report in respect of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
  - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
  - (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds one percent (1%),whichever is the higher;
- (iii) the issuance of a circular to our shareholders which includes information as may be prescribed by Bursa Securities;
- (iv) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution in respect of the transactions. An interested director or interested major shareholder must ensure that person(s) connected with him abstain from voting on the resolution in respect of the transactions; and
- (v) an immediate announcement shall be made to Bursa Securities when the actual value of a recurrent transaction exceeds the estimated value of the recurrent transaction disclosed in this Circular by ten percent (10%) or more.

The Proposed Renewal of Shareholders' Mandate, if approved by our shareholders at the forthcoming AGM, will be subject to annual renewal and shall continue to be in force until:

- (i) the conclusion of our next AGM following our forthcoming AGM, at which time it will lapse, unless by a resolution passed at that meeting, the authority under the Proposed Renewal of Shareholders' Mandate is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held under Section 340(2) of the Act (but shall not extend to such extension as may be allowed under Section 340(4) of the Act); or



(iii) revoked or varied by ordinary resolution passed by you in a general meeting, whichever is the earlier.

We will, where appropriate, disclose the following information in our annual report for the FYE 31 December 2022 and subsequent financial years during which the authority under the Proposed Renewal of Shareholders' Mandate is in force:

- (i) breakdown of the aggregate value of the Recurrent Transactions made during the financial year;
- (ii) type of the Recurrent Transactions entered into;
- (iii) names of the Related Parties involved; and
- (iv) nature of the relationship of the Related Parties with our Group.

**2.2 The companies within our Group to which the Proposed Renewal of Shareholders' Mandate applies**

Our principal activity is investment holding while the AmwaySubs are involved in the distribution of consumer products principally under the "AMWAY" trademark. The details of the AmwaySubs are as follows:

| <b>Subsidiaries</b> | <b>Our effective equity interest</b> | <b>Principal activities</b>   |
|---------------------|--------------------------------------|---|
| Amway (M)           | 100%                                 | Distribution of consumer products principally under the "AMWAY" trademark |
| Amway (B)           | 100%                                 | Distribution of consumer products principally under the "AMWAY" trademark |

Due to the nature of the distribution services of our Group, the AmwaySubs, in their ordinary course of business, enter into transactions of a revenue or trading nature with classes of the Related Parties as set out in Section 2.3 of this Circular.

**2.3 The Related Parties to which the Proposed Renewal of Shareholders' Mandate applies**

The Related Parties to which the Proposed Renewal of Shareholders' Mandate applies are as follows:

| <b>Related Parties</b> | <b>Relationship</b>   |
|------------------------|---|
| AGH                    | AGH is the holding company of SHI   |
| SHI                    | SHI is the holding company of Alticor   |
| Alticor                | Alticor is the holding company of Amway International, Alticor Distribution and Alticor Corporate |
| Alticor Distribution   | Alticor Distribution is a wholly-owned subsidiary of Alticor                                      |
| Alticor Corporate      | Alticor Corporate is a wholly-owned subsidiary of Alticor   |
| ABGIL                  | ABGIL is 85%-owned by Alticor Distribution, 14%-owned by Alticor Corporate and 1%-owned by ABGL   |
| ABGL                   | ABGL is a wholly-owned subsidiary of Alticor Corporate  |

| <b>Related Parties</b> | <b>Relationship</b>  |
|------------------------|--|
| Amway International    | Amway International is a wholly-owned subsidiary of Alticor  |
| Amway Nederland        | Amway Nederland is a wholly-owned subsidiary of Amway International  |
| Amway (S)              | Amway (S) is a wholly-owned subsidiary of Amway International  |
| GDA                    | GDA is a wholly-owned subsidiary of Amway Nederland and is also our immediate holding company, with a direct shareholding of 51.70% in our Company as at the LPD |

Except for transactions amongst us and the AmwaySubs, transactions of a revenue or trading nature between the AmwaySubs and Alticor and its subsidiaries (direct and indirect) are deemed related party transactions in the context of Paragraph 10.09 of the Listing Requirements.

#### **2.4 Nature of the Recurrent Transactions**

The Recurrent Transactions are related party transactions of a revenue or trading nature and are necessary for the day-to-day operations of our Group. These transactions relate to, *inter-alia*, the procurement of products and services from / to the Related Parties in the ordinary course of business of our Group.

Under the Proposed Renewal of Shareholders' Mandate, we are seeking your mandate for the Recurrent Transactions between our Group and Alticor and its subsidiaries, namely ABGIL and Amway (S).

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The details of the Recurrent Transactions after the conclusion of the forthcoming AGM to the next AGM will be as follows:

| ← Transacting parties → |                            |  | Estimated aggregate value during the validity period of mandate <sup>(a)</sup><br>RM'000 | Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 23 April 2021<br>("Estimated Values")<br>RM'000 | Actual value transacted from 25 May 2021 (the date when the existing mandate was obtained) to 31 March 2022 <sup>(b)</sup><br>("Actual Values")<br>RM'000 | Nature of transactions by companies within our Group                                     | Reference |
|-------------------------|----------------------------|--|--|---|---|--|-----------|
| Related Parties         | Companies within our Group | Name of other Related Parties  |  |   |   |  |           |
| ABGIL                   | Amway (M)                  | AGH, SHI, Alticor, Amway International, Alticor Distribution, Alticor Corporate, Amway Nederland, ABGL and GDA | 600,000  | 500,000   | 478,913   | Purchase of consumer products from ABGIL   | 2.4.1     |
| ABGIL                   | Amway (M) and Amway (B)    | AGH, SHI, Alticor, Amway International, Alticor Distribution, Alticor Corporate, Amway Nederland, ABGL and GDA | 6,500  | 5,500   | 4,433   | Payment of Royalty Fees to ABGIL on any Substitute Products and / or Additional Products | 2.4.2     |
| Amway (S)               | Amway (M)                  | AGH, SHI, Alticor, Amway International, Amway Nederland and GDA  | 1,000  | 1,000   | 47  | Sale of products to Amway (S)  | 2.4.3     |
| <b>TOTAL</b>            |                            |  | <b>607,500</b>   | <b>506,500</b>  | <b>483,393</b>  |  |           |

Notes:

(a) The estimated annual aggregate value is subject to change.

(b) Being the LPD.

It is pertinent to note that none of the Actual Values of the RRPT under the Proposed Renewal of Shareholders' Mandate, which would lapse on the conclusion of the forthcoming AGM, had exceeded the Estimated Values by more than ten percent (10%) as at the LPD.

Our Group's operations are carried out by the AmwaySubs. As disclosed above, the principal activity of both Amway (M) and Amway (B) is the distribution of consumer products principally under the "AMWAY" trademark. As a distributor of ABGIL and part of its distribution activities, Amway (M) is required to procure these consumer products from ABGIL whereas ABGIL is required to sell the consumer products to Amway (M) and provide services that ABGIL deems necessary or desirable for Amway (M) to sell the consumer products.

Due to the nature of our business, we principally distribute consumer products of our licensor under the "AMWAY" trademark. The Recurrent Transactions are essentially transactions between a licensor (i.e. ABGIL) and licensees (i.e. Amway (M) and / or Amway (B)).

ABGIL is our sole supplier for the Products, which are proprietary in nature. As such, there are no contemporaneous transactions with third parties against which we can draw a comparison with. We will benchmark our target operating margin against similarly-situated third parties and negotiate the prices of the Products with ABGIL to reflect an arms-length result. From 1 June 2022 to 31 May 2023, there shall be no change to the weighted average price of the Products, subject to review and adjustment from time to time to support the target operating margin.

In addition, Amway (M) and ABGIL will continue to maintain the practice that the Product prices are specified in RM. All purchases are payable in RM or in the event of currency controls, an equivalent amount of RM in a currency to be mutually agreed upon.

Further, the sale of the Substitute Products and the Additional Products, which bear the sublicensed trademarks or use the "AMWAY" trade name, are subject to the payment of the Royalty Fees under the Licensing Agreements and Sublicensing Agreements. In this regard, there are no equivalent transactions with third parties against which we can compare or benchmark. Nonetheless, ABGIL has represented that the rates and terms of payment of the Royalty Fees are in line with the business terms offered to other distributors of ABGIL. It has also represented that the terms are on par with those prevalent in license agreements of comparable companies, on an arms-length basis and are not more favourable to the Related Parties.

ABGIL will provide services including but not limited to general executive services, financial advisory services, legal and regulatory compliance assistance, treasury services, internal auditing services, information technology, human resources and employee benefit to Amway (M) as part of the continuing efforts of Alticor in standardising its group-wide ICT systems, administration and marketing strategies and other supporting services globally.

In summary, it is not practical or possible for us to seek comparative quotes from third parties for our products / services to assess the fairness and reasonableness of the prices and terms offered by / to the Related Parties. Nonetheless, the prices and terms of the Recurrent Transactions are negotiated on an arms-length basis and on normal business practices and policies, and are not to the detriment of our Group. Most importantly, our business model (including the price mechanism and royalty structures) and affiliation with Alticor have enabled our Group to operate profitably since the commencement of our operations in Malaysia and Brunei in 1976 and 1993 respectively.

Premised on the above, our Board, save for the Interested Directors (as defined in Section 5 below) who have all abstained from any deliberation and voting on the Proposed Renewal of Shareholders' Mandate, believes that, in the absence of unforeseen circumstances, the business terms of the Recurrent Transactions would continue to benefit us.

Further details on the nature of the Recurrent Transactions mentioned above are as follows:

#### **2.4.1 Purchase of consumer products**

Amway (M) purchases from ABGIL consumer products such as home care products, beauty care products, personal care products, nutrition and wellness products and hometech products for distribution and sale in Malaysia. We will benchmark our target operating margin against similarly-situated third parties and negotiate the prices of the Products with ABGIL to reflect an arms-length result. From 1 June 2022 to 31 May 2023, there shall be no change to the weighted average price of the Products, subject to review and adjustment from time to time to support the target operating margin.

In addition, Amway (M) and ABGIL will continue to maintain the practice that the prices of the Products are invoiced in RM. At the same time, ABGIL shall provide services that ABGIL deems necessary or desirable for Amway (M) to sell the consumer products including but not limited to general executive services, financial advisory services, legal and regulatory compliance assistance, treasury services, internal auditing services, information technology, human resources and employee benefit to Amway (M) as a distributor of the consumer products, and Amway (M) shall provide services requested by ABGIL that are necessary or desirable for the sale of the consumer products by ABGIL to Amway (M).

#### **2.4.2 Payment of the Royalty Fees**

According to the Sublicensing Agreements, the AmwaySubs pay royalty fees to ABGIL on the following:

- (i) *Any Substitute Products or Additional Products incorporating or manufactured using any ABGIL Intellectual Property and bearing any of the sublicensed trademarks*

The royalty fees have been fixed by ABGIL at six percent (6%) of the Net Sales of these products and are payable on a quarterly basis. ABGIL may, by written notice, require the royalty fees to be paid with different frequency at other times of the year;

- (ii) *Any Substitute Products or Additional Products bearing any of the sublicensed trademarks but not manufactured using any ABGIL Intellectual Property*

The royalty fees have been fixed by ABGIL at five percent (5%) of the Net Sales of these products and are payable on a quarterly basis. ABGIL may, by written notice, require the royalty fees to be paid with different frequency at other times of the year; and

- (iii) *All Substitute Products and Additional Products not manufactured using any ABGIL Intellectual Property and which do not physically bear a sublicensed trademark on the product or packaging but are distributed under the "AMWAY" trade name*

The royalty fees have been fixed by ABGIL at one percent (1%) of the Net Sales of these products and are payable on a quarterly basis. ABGIL may, by written notice, require the royalty fees to be paid with different frequency at other times of the year.

ABGIL has represented that the above rates and terms of payment of the Royalty Fees are in line with the business terms offered to other distributors of ABGIL. It has also represented that the terms are on par with those prevalent in license agreements of comparable companies, on an arms-length basis and are not more favourable to the Related Parties.

#### **2.4.3 Sale of products**

Under the Amway (S) Product Supply Agreement, Amway (M) sells products such as business literature, business kits, video cassette discs, price lists, brochures, selected products and sales aids to Amway (S) for distribution and sale in the Republic of Singapore. The terms and prices of such sales are determined by Amway (M) in consultation with Amway (S) on an arms-length basis and on normal business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders. The number of such transactions depends on the inventory level of Amway (S) and market demand for such products.

## **2.5 Amount due from the Related Parties**

The AmwaySubs, as part of their credit management practices, will carry out periodic reviews to ensure that all amounts owing by the Related Parties are paid within the credit period.

In relation to the above, for the FYE 31 December 2021, there were no amounts due to the AmwaySubs from the Related Parties pursuant to the Recurrent Transactions that exceeded the credit period. Hence, there were no late payment charges imposed on the Related Parties.

## **2.6 Review and disclosure procedures on the Recurrent Transactions**

We have established various procedures to ensure that the Recurrent Transactions are conducted on an arms-length basis and on normal commercial terms, which are consistent with our 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 are not to the detriment of our minority shareholders. Such procedures include our review and disclosure procedures as follows:

- (i) We will notify the AmwaySubs of the identities of the Related Parties. Prior to entering into any of the Recurrent Transactions, the AmwaySubs must ensure that all such transactions are consistent with our Group's normal business practices and policies, which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders;
- (ii) We will include a review of the Recurrent Transactions entered into pursuant to the shareholders' mandate as part of our internal audit plan. This is to ensure that relevant approvals have been obtained and the internal controls and procedures for the Recurrent Transactions have been adhered to;
- (iii) Our Audit Committee will review the internal audit reports to ascertain if the guidelines, processes and procedures established to monitor the RRPT have been complied with;
- (iv) We will maintain records to capture all the Recurrent Transactions which we have entered into pursuant to the Proposed Renewal of Shareholders' Mandate;
- (v) As for the thresholds of authority, our Group does not employ the conventional RM amount matrix thresholds for individual or specific products / services comprising the Recurrent Transactions that are conducted in the ordinary course of our business. We instead have in place other effective internal control measures governing all of our Group's business transactions. These internal control measures include, but are not limited to, specific monitoring parameters such as maximum allowable purchases per inventory level or order limits guided by demand forecasts and other budgetary control tools. Further, the Recurrent Transactions are reviewed quarterly at the meeting of the Audit Committee;
- (vi) Our Board and our Audit Committee will have the overall responsibility for the determination of the review procedures, including the addition of new review procedures, as and when necessary. Our Board and our Audit Committee may also appoint individuals and committees to examine the Recurrent Transactions, as they deem appropriate. If a member of our Board or our Audit Committee has an interest in a transaction, he or she will abstain from any deliberation and decision-making at meetings of our Board or Audit Committee (as the case may be) in respect of the said transaction; and
- (vii) We will, where appropriate, disclose in our annual report the breakdown of the annual aggregate value of the Recurrent Transactions conducted under the Proposed Renewal of Shareholders' Mandate during the relevant financial years, based on the type of Recurrent Transactions made, the names of the Related Parties involved in each type of Recurrent Transaction and the nature of our relationship with them.

Wherever practicable and / or possible, at least two (2) other contemporaneous transactions with third parties for substantially similar products / services and / or quantities, other than that which are proprietary in nature or unique to the Alticor group, will be used as comparison to determine whether the price and / or terms offered to / by the Related Parties are fair and reasonable and comparable to those offered to / by other third parties, bearing in mind market forces for the demand and supply of the products or services and its impact on pricing, quality, delivery schedules, preferential terms and conditions, and on the urgency that the products / services are required. Nonetheless, in the event that such quotation or comparative pricing from third parties cannot be obtained, the transaction prices will be reviewed to ensure that the RRPT are not detrimental to us.

## **2.7 Audit Committee statement**

Our Audit Committee has seen and reviewed the procedures mentioned in Section 2.6 above and views those procedures to be sufficient and effective to ensure that the Recurrent Transactions are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders.

Our Audit Committee further affirms that our Group maintains adequate procedures and processes to identify, monitor, track and disclose accurately and completely, where required the Recurrent Transactions in a timely and orderly manner, which are reviewed by our Audit Committee on a quarterly basis.

## **3. RATIONALE FOR AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The Recurrent Transactions that our Group enters into are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time or from time to time. It is impractical and also not cost effective to seek shareholders' approval on a case-by-case basis before entering into them as these recurring transactions may also be constrained by their time-sensitive and / or confidential nature.

By obtaining the shareholders' mandate and renewing the same on an annual basis, the necessity to convene separate general meetings from time to time to seek your approval as and when such Recurrent Transactions occur is eliminated. Besides facilitating efficiency in business dealings, in particular competitive prices, shorter delivery time and reliability in sourcing of materials and goods, this would substantially reduce administrative time, inconvenience, expenses associated with the convening of such meetings and would place our Group in a better position to leverage and take advantage of business opportunities as and when they may arise, without compromising our corporate objectives.

Our Group benefits from these transactions through synergies that are derived from Alticor's global research and development, its wide range of quality products and existing global distribution network, the established global "AMWAY" brand name, expertise in support services and tested sales and marketing plans. In addition, these transactions provide our Group with an established network of support to our operational needs which brings mutual benefits in terms of established dealings and stability forged by mutual support and close working relationship.

Furthermore, the products provided are competitively priced with consistent supplies which will enhance customer base and business stability. The determination of the prices for the Products in RM would also allow our Group to minimise operational and financial risks and thus enabling our Group to optimise our core competencies to concentrate and achieve the growth objectives set for the business. Although we source the Additional Products and the Substitute Products from third parties, the distribution of consumer products principally under the "AMWAY" trademark represents our Group's core business which has contributed significantly to our turnover and profitability since our presence was established in Malaysia and Brunei.

Premised on the above, the Proposed Renewal of Shareholders' Mandate is necessary and of importance for the continued success and viability of our Group.

#### 4. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to approval being obtained from our shareholders at the forthcoming AGM.

#### 5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of our Directors and / or major shareholders and persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate.

##### (i) Major Shareholders

We are a 51.70%-owned subsidiary of GDA, which in turn is wholly-owned by Amway Nederland. Amway Nederland is a wholly-owned subsidiary of Amway International, which in turn is wholly-owned by Alticor. Further, Alticor is an indirect holding company of ABGIL and is wholly-owned by SHI. SHI in turn is a wholly-owned subsidiary of AGH. Amway (S) is wholly-owned by Amway International.

ABGIL and Amway (S) are expected to engage in the Recurrent Transactions with the AmwaySubs. Based on the above, the direct and indirect shareholdings of our major shareholders who are interested in the Recurrent Transactions as at the LPD are as follows:

|                     | ← Direct →         |                            | ← Indirect →                |                            |
|---------------------|--------------------|----------------------------|-----------------------------|----------------------------|
|                     | No. of Shares held | Equity interest in Amway % | No. of Shares held          | Equity interest in Amway % |
| GDA                 | 84,990,283         | 51.70                      | -                           | -                          |
| Amway Nederland     | -                  | -                          | 84,990,283 <sup>(i)</sup>   | 51.70                      |
| Amway International | -                  | -                          | 84,990,283 <sup>(ii)</sup>  | 51.70                      |
| Alticor             | -                  | -                          | 84,990,283 <sup>(iii)</sup> | 51.70                      |
| SHI                 | -                  | -                          | 84,990,283 <sup>(iv)</sup>  | 51.70                      |
| AGH <sup>(vi)</sup> | -                  | -                          | 84,990,283 <sup>(v)</sup>   | 51.70                      |

Notes:

(i) Deemed interest by virtue of its interest in GDA pursuant to Section 8 of the Act.

(ii) Deemed interest by virtue of its interest in Amway Nederland pursuant to Section 8 of the Act.

(iii) Deemed interest by virtue of its interest in Amway International pursuant to Section 8 of the Act.

(iv) Deemed interest by virtue of its interest in Alticor pursuant to Section 8 of the Act.

(v) Deemed interest by virtue of its interest in SHI pursuant to Section 8 of the Act.

(vi) The equity interests in AGH are wholly held by certain trusts established by Jay Van Andel and Richard M. DeVos, the co-founders of the AGH group of companies or members of their immediate families.

All of our above major shareholders who are interested in the Recurrent Transactions will abstain from voting in respect of their direct and indirect shareholdings, if any, on the resolution to give effect to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM.

Further, the interested major shareholders have undertaken that they will ensure that persons connected to them, if any, will also abstain from voting, deliberating or approving the resolution relating to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM.



**(ii) Directors**

Mr Scott Russell Balfour serves as a consultant of Alticor. The remuneration of Mr Michael Jonathan Duong is subject to Alticor's employee compensation plan by virtue of his position as our Managing Director. As Mr Scott Russell Balfour and Mr Michael Jonathan Duong are also our Directors, they are deemed interested in the Proposed Renewal of Shareholders' Mandate.

Premised on the above, Mr Scott Russell Balfour and Mr Michael Jonathan Duong are collectively known as the "**Interested Directors**" as they are deemed interested in the Proposed Renewal of Shareholders' Mandate.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting on the Proposed Renewal of Shareholders' Mandate at the relevant Board meetings and will abstain from voting in respect of their direct and indirect shareholdings, if any, on the resolution relating to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM.

Based on the Company's Register of Directors' Shareholdings as at the LPD, none of the Interested Directors have any equity interests, direct or indirect, in the Company.

Further, the Interested Directors have undertaken that they will ensure that persons connected to them, if any, will also abstain from voting, deliberating or approving the resolution relating to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM.

**6. DIRECTORS' RECOMMENDATION**

Our Board, save for the Interested Directors, after careful deliberation, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of our Company. Accordingly, our Board, save for the Interested Directors, recommends that you vote in favour of the resolution to give effect to the Proposed Renewal of Shareholders' Mandate to be tabled at our forthcoming AGM.

**7. AGM**

In view of the COVID-19 outbreak and as part of our safety measures, the 27<sup>th</sup> AGM will be conducted entirely through live streaming from the broadcast venue at Van Andel & DeVos Training Centre, Amway (Malaysia) Sdn. Bhd., 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("**Broadcast Venue**") on Wednesday, 25 May 2022 at 9.30 a.m, to consider and if thought fit, pass the resolution to give effect to the Proposed Renewal of Shareholders' Mandate, amongst others.

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Act**. Shareholders **will not be allowed** to attend the 27<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting. Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 27<sup>th</sup> AGM using the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at <https://tiih.online>. For further information, please refer to the Notice of the 27<sup>th</sup> AGM and Information for Shareholders on 27<sup>th</sup> AGM.

The Notice of the 27<sup>th</sup> AGM and the Proxy Form are set out in our 2021 Annual Report and can be downloaded at <https://www.amway.my/about-amway/investor-relations/annual-reports-announcements>.

If you are unable to participate at our forthcoming AGM, you may complete, sign and return the Proxy Form enclosed in the 2021 Annual Report in accordance with the instructions therein as soon as possible so as to arrive at our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for our 27<sup>th</sup> AGM or any adjournment thereof. You also have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> before the Proxy Form lodgement cut-off time stated on the cover of this Circular.

**8. FURTHER INFORMATION**

We request that you refer to the attached appendix for further information.

Yours faithfully  
for and on behalf of the Board of Directors of  
**AMWAY (MALAYSIA) HOLDINGS BERHAD**

**Tan Sri Faizah Binti Mohd Tahir**  
Chairperson

**ADDITIONAL INFORMATION**

**1. RESPONSIBILITY STATEMENT**

Our Directors have seen and approved this Circular and all the Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

**2. CONSENT**

PIVB, being our Adviser, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and manner in which they appear.

**3. MATERIAL CONTRACTS**

As at the LPD, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the date of this Circular.

**4. MATERIAL LITIGATION**

As at the LPD, our Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Directors are not aware of any proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of our Group.

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or copies of them are available for inspection at our registered office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming AGM:

- (i) Our Constitution;
- (ii) Our audited consolidated financial statements for the FYE 31 December 2020 and 31 December 2021; and
- (iii) The letter of consent referred to in Section 2 of this Appendix.

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**AMWAY (MALAYSIA) HOLDINGS BERHAD**

(Registration No. 199501011153 (340354-U))

(Incorporated in Malaysia)

**EXTRACT OF THE NOTICE OF ANNUAL GENERAL MEETING**

**ORDINARY RESOLUTION 12**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH ACCESS BUSINESS GROUP INTERNATIONAL LLC ("ABGIL") AND AMWAY (SINGAPORE) PTE. LTD. ("AMWAY (S)") ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

"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 and Amway (S) as set out in Section 2.4 of the Circular to shareholders dated 22 April 2022, 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 and to assent to any conditions, variations and/or amendments) in the interest of the Company to give effect to the aforesaid shareholders' mandate."

## **Explanatory Notes on the Special Business**

### **ORDINARY RESOLUTION 12**

This Resolution, if passed, will allow the Group to renew its existing mandate obtained at the 26th AGM held on 25 May 2021 to enter into recurrent related party transactions of a revenue or trading nature with ABGIL and Amway (S) in the ordinary course of business, and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related transactions occur would not arise. Besides facilitating a smoother and more efficient conduct of business, this would substantially reduce administrative time, inconvenience, expenses associated with the convening of such meetings and would place the Group in a better position to leverage and take advantage of business opportunities as and when they may arise, without compromising the corporate objectives of the Group. The shareholders' mandate is subject to renewal on an annual basis.