

Amway

NUTRILITE™
CELEBRATING
80 YEARS OF WELLNESS
ANNUAL REPORT 2014

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“2014 marks the 80th anniversary of NUTRILITE™, a vitamin and dietary supplement brand that believes in goodness from the ground up. From seed to supplement, every advancement developed by the brand ensures that the end products deliver benefits the way nature intended. Today, we celebrate 80 years of history and growth, and we thank you for making NUTRILITE the world’s No.1 selling vitamins and dietary supplements brand*.”

*Source: Euromonitor International Limited, www.euromonitor.com/amway-claims

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5-YEAR FINANCIAL HIGHLIGHTS

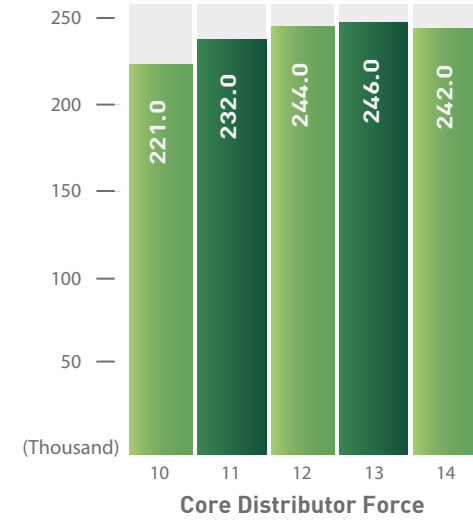
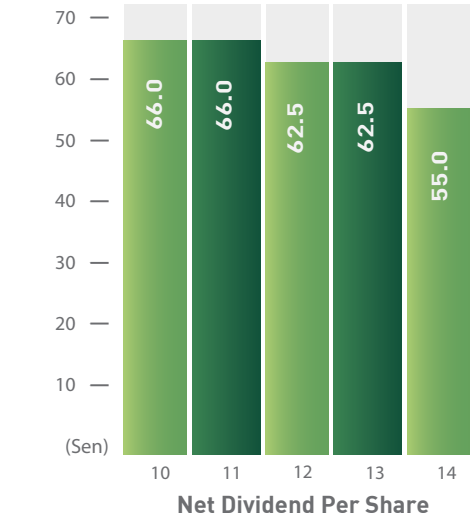
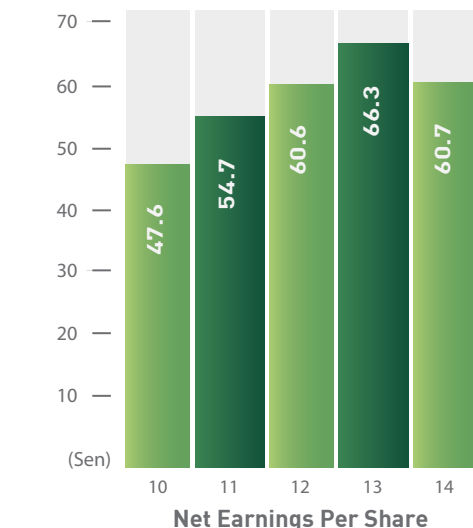
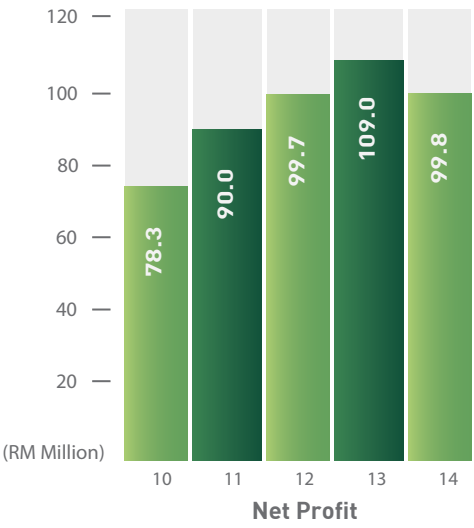
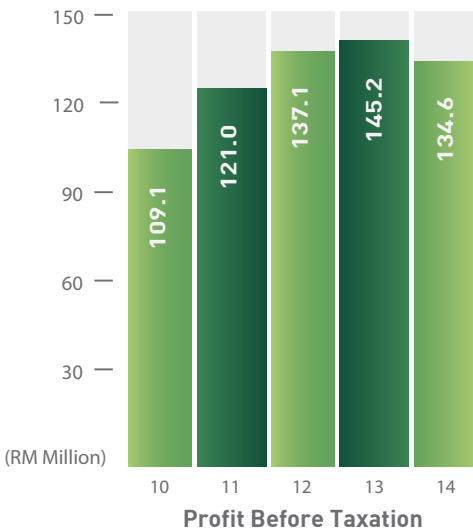
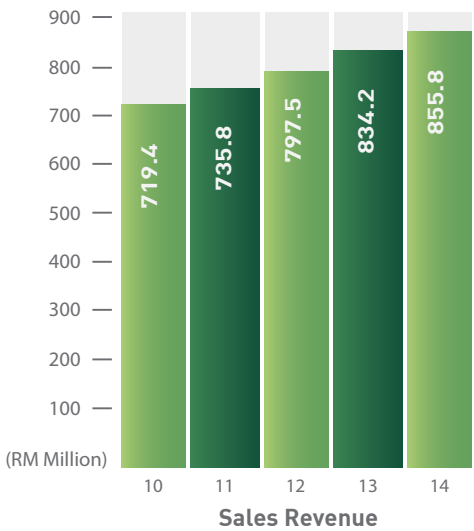


QUARTERLY PERFORMANCE



| 2014 | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | Full Year |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------|
| Sales Revenue (RM Million) | 213.3 | 193.5 | 219.1 | 229.9 | 855.8 |
| Profit Before Taxation (RM Million) | 34.3 | 35.2 | 32.6 | 32.5 | 134.6 |
| Net Profit (RM Million) | 25.5 | 26.1 | 25.0 | 23.2 | 99.8 |
| Net Earnings Per Share (Sen) | 15.5 | 15.9 | 15.2 | 14.1 | 60.7 |
| Net Dividend Per Share (Sen) | 10.0 | 10.0 | 10.0 | 25.0 | 55.0 |

| 2013 | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | Full Year |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------|
| Sales Revenue (RM Million) | 203.9 | 195.3 | 237.6 | 197.4 | 834.2 |
| Profit Before Taxation (RM Million) | 31.1 | 32.1 | 45.7 | 36.3 | 145.2 |
| Net Profit (RM Million) | 23.1 | 23.7 | 33.3 | 28.9 | 109.0 |
| Net Earnings Per Share (Sen) | 14.0 | 14.5 | 20.2 | 17.6 | 66.3 |
| Net Dividend Per Share (Sen) | 10.0 | 10.0 | 10.0 | 32.5 | 62.5 |





CHAIRMAN'S STATEMENT



Dear Shareholders,

Despite a challenging operating environment and relatively slow business momentum in the first 8 months, I am pleased to report that the Group ended the year with revenue growth of 2.6%, which is better than expected. The new Distributor qualification year starting in September saw an uptick in overall business driven by the launch of our 40th anniversary incentive programmes and, coupled with effective product promotions and new product introductions, this drove momentum through to the end of the year with revenue of RM855.8 million compared to RM834.2 million in 2013. The 2014 financial year is the 15th year of consecutive growth for Amway™ Malaysia, culminating in 35 years of growth out of 38 years of operation. Clearly this is a reflection of the resilience of our Distributors.

Profit after tax was RM99.8 million in 2014, which is lower compared to RM109.0 million in 2013, and is primarily due to a weaker ringgit against the US dollar. This resulted in higher cost of goods sold, and to a lesser extent, an increase in operating cost.

DIVIDEND

The total dividend declared for the financial year was 55.0 sen net per share. This single-tier dividend represents a net dividend payout of RM90.4 million or 91% of 2014 profit after tax, consistent with the Board's stated commitment to return no less than 80% of the annual profit after tax to shareholders.

OUR DISTRIBUTORS

Our Distributors remained committed to the business throughout the year, conducting their own business activities and supporting those initiated by the Company. Their commitment and strong partnership with the company, as we worked together through the challenging year, is to be commended and applauded.

As of December 2014, our Core Distributor Force (CDF) was 242,000, marginally below 246,000 in the prior year, primarily from a lower rate of renewal from first-year Distributors. To encourage first-year Distributors to renew, we have since May 2014 implemented the New Distributor Experience Programme (NDEP) to improve the overall Amway experience for new Distributors in their first 12 months. The NDEP has led to increased activation (i.e. first purchase) among new Distributors and the purchase of a broader range of Amway products by them.

We continue to see encouraging improvements in the two segments with strong potential, namely the adults under the age of 35 segment (AU35) and Bumiputera segment. The AU35 group made up 54% of total new Distributors who joined the business last year. The revenue contribution from the Bumiputera segment grew 8.8% over prior year, the highest for any segment in 2014. These statistics bode well for the Group's future growth and demonstrate the viability and attractiveness of the Amway Business Opportunity.



AU35 Flash Speaker

OUR EMPLOYEES

I am also proud to report on the dedication of our employees, who remained focused on supporting the Distributors and ensuring the business continues to grow. They responded to market conditions and acted quickly to mitigate the soft consumer sentiment and challenging business environment with new programmes targeted to drive retailing and sponsoring activities. These saw much traction in the last four months of the year.

In the area of training and education, last year the Company conducted 1,484 hours of training to help employees improve themselves, a 20% increase over the prior year. The key training programme for the year was the Employee Development Programme, a programme to develop employees in the areas of core job performance and soft skills, and to build a mindset for continuous self-development.

PHYSICAL PRESENCE IN THE MARKETPLACE

As part of our strategy to improve brand presence and product accessibility, and modernise our operations to meet market needs and demands, in October, we completed the conversion of our second-largest Regional Distribution Centre (RDC) outside the Klang Valley, the Johor Bahru RDC. The new Johor Bahru Amway Shop boasts a spacious and comfortable lounge for Distributors to conduct their business and a training room to support their training and education efforts at a very affordable rental rate.

We also started conversion work on our remaining last three RDCs in East Malaysia and completed it in February 2015. These were Kuching, Kota Kinabalu and Miri RDCs. With these conversions, we have successfully completed our physical presence strategy that was initiated six years ago and expanded and modernised our channel infrastructure from 13 RDCs to 25 Amway Shops located throughout the country, supported by three regional warehouse hubs for nationwide delivery.

TECHNOLOGY

Although we have expanded our physical presence, we are cognisant that technology is also an efficient enabler for our business. We have constantly used technology in our operations and to support our Distributors' business building efforts.

Among the key digital initiatives for the year is the "We Are Amway" digital publication to help Distributors tell the Amway story in a more impressive way and thus sponsor in a more systematic manner, and the "MyBiz" app that enables our Distributor leaders to keep track of their business performance and that of their network.

CELEBRATING 80 YEARS OF WELLNESS

To support our products and brands, we built a new brand site for our NUTRILITE™ dietary supplements brand, in conjunction with the celebration of the brand's 80th anniversary. Digital product recommenders were also released for the NUTRILITE, ARTISTRY™ and AMWAY HOME™ brands. To promote ATMOSPHERE™ Air Purifiers, the world's number one selling brand of residential air treatment systems*, we launched a mobile app that is able to pull and display the latest Air Pollutant Index readings based on the location of the user.

To further enhance the security of our Distributors' online transactions, an improved ePayment gateway was introduced on our website at www.amway.my in July 2014.

*Source: Based on a Verify Markets study of 2012 global sales.



NUTRILITE Brand Site Screenshots

BRANDS

The financial year 2014 was a "happening" year for our two major brands, NUTRILITE and ARTISTRY. In Malaysia, we kicked off the year-long NUTRILITE 80th anniversary celebrations with the visit of Dr Sam Rehnberg, President of the NUTRILITE Health Institute and son of NUTRILITE founder, the late Carl Rehnberg. To coincide with his visit, we held a NUTRILITE brand Colour Fun Run and Carnival on 12 October 2014, which attracted more than 9,000 Distributors and their family members, friends and supporters. This was followed by a night rally with Dr Sam that drew more than 3,000 Distributors who came to celebrate the world's No. 1 selling vitamins and dietary supplements brand.*

We launched eight new products last year. Of these, three key new launches were from our beauty brand, ARTISTRY, starting with the ARTISTRY Intensive Skincare Advanced Skin Refinisher, followed by the ARTISTRY HYDRA-V™ deep hydration skin care range and our debut into men's skin care with ARTISTRY MEN. All three key launches performed above our expectations. For NUTRILITE, the M-Plus Tablet supplement with the main ingredients of *cistanche tubulosa* and *ginkgo biloba* was the star new product.

*Source: Euromonitor International Limited, www.euromonitor.com/amway-claims



Colour Fun Run & Carnival

CORPORATE RESPONSIBILITY

Ensuring the Company continues to positively impact the community in which it operates remains a priority for us. In 2014 we embarked on a fresh three-year project, aptly entitled Program Harapan (Hope Programme) under the aegis of the Amway One by One Campaign for Children. In a way, this brought us back to the project we started 28 years ago with the Ministry of National Unity and Social Development (as it was then known) when we built the first Rumah Tunas Harapan foster home in Kuala Selangor.

Program Harapan aims to enrich the lives of more than 100 children in the four Rumah Tunas Harapan foster homes in Selangor. Among the key initiatives are the Program Harapan Saturday Shows to encourage the children, a theme song "Harapan" to raise the profile of the foster homes, and the Project HeadSTART apprentice programme to give 18-year-old foster home leavers a head start in the working world through a six-month apprenticeship at Amway Malaysia headquarters in Petaling Jaya.

Program Harapan was officially launched by the Minister of Women, Family & Community Development, Dato' Sri Rohani Abdul Karim in Putrajaya. She was very impressed with the project and the work done by our Company in corporate responsibility.

Aside from the company-led initiatives, our Distributor groups also made five separate Cheer Visits to Rumah Tunas Harapan and other foster homes during the year, giving the children treats as well as financial support. We are very proud of our Distributors for these efforts and have recognised them with the Amway Friends of the Community awards.



Official Launch of Program Harapan

OUTLOOK

With the downward revision of the economic outlook as a result of falling oil prices, a weaker ringgit against the US dollar, and the expected pullback in consumer spending after the implementation of the Goods and Services Tax (GST), the Board expects 2015 to be an extremely challenging year. In particular, we are concerned by the adverse impact of the weakened ringgit on the cost of our products which we envisage to exert considerable pressure on our margins. Notwithstanding this, we will stay focused to support our Distributors to grow their business with various sales and marketing initiatives both pre- and post-GST implementation. Longer term, our strategic priorities are to enhance the overall Distributor experience with greater focus on digital initiatives, training and education, reward and recognition, and integrated product offerings. We are confident that with good execution of such initiatives, we will stay at the forefront of our industry.

CHANGE TO BOARD COMPOSITION

I would like to notify that on 8 May 2014, Ms. Eva Cheng Li Kam Fun resigned as an Independent Non-Executive Director of the Group. Eva has been a Director of the Group since 19 October 2005. She has contributed vastly to the Board and the Group through her experience, as well as through her wisdom. We wish Eva all the very best in her endeavours and thank her for her strong contribution.

At the same time, I would also like to welcome Tan Sri Faizah Binti Mohd Tahir as an Independent Non-Executive Director to the Board. Her rich experience in the civil service will no doubt be an invaluable resource to Amway in the years to come.

APPRECIATION

On behalf of the Board, I would like to express my deepest appreciation to our Distributors who have once again shown tremendous drive, dedication and tenacity in 2014, leading to another record year for us.

I would also like to thank the management and staff of the Group for their determination and diligence. My thanks and gratitude also extends to our Shareholders and business partners for their faith in the company.

Finally, I would like to thank my fellow Board members for their commitment, enthusiasm and judicious counsel in 2014 and I look forward to another fruitful year in 2015.

Dato' Ab. Halim Bin Mohyiddin,
Chairman and Senior Independent
Non-Executive Director

PENYATA PENGERUSI



Pemegang Saham yang Dihormati Sekalian,

Walaupun menghadapi persekitaran operasi yang mencabar dan momentum perniagaan yang agak lembap sepanjang tempoh 8 bulan pertama, saya dengan sukacitanya melaporkan bahawa Kumpulan mengakhiri tahun ini dengan pertumbuhan hasil yang lebih baik daripada jangkaan iaitu sebanyak 2.6%. Tahun kelayakan Pengedar baharu yang bermula pada bulan September menyaksikan peningkatan aktiviti dalam keseluruhan perniagaan yang dipacu oleh pelancaran program-program insentif ulang tahun ke-40 berserta dengan promosi produk yang berkesan dan pengenalan produk baharu telah berjaya mengekalkan momentum hingga ke akhir tahun dengan catatan hasil berjumlah RM855.8 juta berbanding RM834.2 juta pada tahun 2013. Tahun kewangan 2014 adalah tahun pertumbuhan ke-15 berturut-turut bagi Amway™ Malaysia dan kemuncaknya ialah pertumbuhan selama 35 tahun daripada 38 tahun beroperasi. Ini jelas menggambarkan kekentalan semangat para Pengedar kami.

Keuntungan selepas cukai adalah sebanyak RM99.8 juta pada tahun 2014. Catatan jumlah yang lebih rendah berbanding RM109.0 juta pada tahun 2013 sebahagian besarnya adalah disebabkan oleh nilai ringgit yang lemah berbanding dolar Amerika yang telah mengakibatkan kos barangan jualan yang lebih tinggi dan kesan kecilnya ialah kenaikan dalam kos operasi.

DIVIDEN

Jumlah dividen yang diisytiharkan bagi tahun kewangan ini adalah sebanyak 55.0 sen sesaham bersih. Dividen satu peringkat ini mewakili pembayaran dividen bersih berjumlah RM90.4 juta atau 91% daripada keuntungan selepas cukai bagi tahun 2014. Jumlah ini adalah selaras dengan tekad Lembaga Pengarah untuk mengembalikan tidak kurang daripada 80% daripada keuntungan selepas cukai tahunan kepada para pemegang saham.

PARA PENGEDAR KAMI

Para Pengedar kami kekal komited terhadap perniagaan sepanjang tahun ini dengan menjalankan aktiviti perniagaan masing-masing sambil menyokong aktiviti yang dilaksanakan oleh syarikat. Komitmen dan perkongsian mereka yang teguh dengan syarikat dalam pada kami berganding bahu mengharungi tahun yang mencabar ini, selayaknya mendapat pujian dan penghargaan.

Setakat bulan Disember 2014 bilangan Tenaga Pengedar Teras (CDF) kami mengalami penurunan kecil daripada 246,000 pada tahun sebelumnya kepada 242,000. Ini sebahagian besarnya disebabkan oleh kadar pembaharuan Pengedar tahun pertama yang lebih rendah. Bagi menggalakkan Pengedar tahun pertama memperbaharui Pengedaran, kami telah melaksanakan Program Pengalaman Pengedar Baru (NDEP) sejak bulan Mei 2014 untuk menambah baik pengalaman Amway secara keseluruhan bagi para Pengedar baharu kami sepanjang 12 bulan pertama mereka. NDEP telah berjaya menghasilkan peningkatan dalam pengaktifan (iaitu pembelian pertama) dalam kalangan para Pengedar baharu dan pembelian rangkaian produk Amway yang lebih luas oleh mereka.



Kami terus menyaksikan peningkatan yang memberangsangkan dalam dua segmen yang menunjukkan potensi sungguh menggalakkan, iaitu segmen dewasa di bawah usia 35 tahun (AU35) dan segmen Bumiputera. Kumpulan AU35 membentuk 54% daripada Pengedar baharu yang menyertai perniagaan pada tahun lepas. Sumbangan hasil daripada segmen Bumiputera bertambah sebanyak 8.8% lebih tinggi berbanding tahun sebelumnya iaitu pencapaian paling tinggi berbanding segmen-segmen lain pada tahun 2014. Statistik ini merupakan petanda baik bagi pertumbuhan masa depan Kumpulan dan menampilkan daya maju dan daya tarikan Peluang Perniagaan Amway.



Konvensyen Keusahawanan 2014

KAKITANGAN KAMI

Saya turut berasa bangga untuk melaporkan tentang dedikasi yang ditampilkan oleh kakitangan kami yang kekal fokus dalam menyokong para Pengedar dan memastikan agar perniagaan terus berkembang. Mereka bertindak balas terhadap suasana pasaran dan bertindak pantas untuk mengimbangi sentimen pengguna yang merudum dan persekitaran perniagaan yang mencabar dengan pelbagai program baharu yang disasarkan untuk memacu aktiviti peruncitan dan penajaan. Usaha ini telah menyaksikan hasil yang memberangsangkan sepanjang empat bulan terakhir tahun ini.

Dalam bidang latihan dan pendidikan, pada tahun lepas syarikat kami telah menjalankan latihan selama 1,484 jam bagi membantu kakitangan memperbaiki diri masing-masing, iaitu peningkatan sebanyak 20% berbanding tahun sebelumnya. Program latihan utama bagi tahun ini adalah Program Pembangunan Kakitangan, iaitu sebuah program untuk pembangunan kakitangan dalam bidang-bidang prestasi kerja teras dan kemahiran insaniah serta untuk membina corak pemikiran yang mampu memacu perkembangan diri.

KEHADIRAN FIZIKAL DALAM PASARAN

Sebagai sebahagian daripada strategi kami untuk meningkatkan kehadiran jenama dan tahap kebolehpasaran produk serta pemodenan operasi untuk memenuhi keperluan dan permintaan pasaran, pada bulan Oktober kami telah melengkapkan penukaran Pusat Pengedaran Daerah (RDC) kami yang kedua terbesar di luar Lembah Klang, iaitu RDC Johor Bahru. Kedai Amway Johor Bahru kami yang baharu menawarkan ruang legar yang luas dan selesa untuk para Pengedar menjalankan aktiviti perniagaan mereka dan sebuah bilik latihan untuk menyokong usaha latihan dan pendidikan mereka dengan kadar sewa yang amat berpatutan.

Kami juga telah melakukan kerja penukaran tiga lagi RDC di Malaysia Timur yang telah siap pada bulan Februari 2015. RDC tersebut ialah Kuching, Kota Kinabalu dan Miri. Dengan penukaran tersebut, kami telah berjaya menyempurnakan strategi kehadiran fizikal yang dimulakan enam tahun lalu dan meluaskan dan memodenkan prasarana salurannya daripada 13 buah RDC kepada 25 buah Kedai Amway

di seluruh negara yang disokong oleh tiga hab gudang daerah untuk penghantaran ke seluruh negara.

TEKNOLOGI

Walaupun kami telah meluaskan kehadiran fizikal, kami juga sedar bahawa teknologi juga merupakan suatu pemboleh yang cekap bagi perniagaan kami. Justeru, kami telah menggunakan teknologi secara berterusan dalam operasi kami dan untuk menyokong perniagaan para Pengedar dalam usaha mereka membina perniagaan.

Antara inisiatif digital utama pada tahun ini ialah aplikasi “Kamilah Amway” untuk membantu para Pengedar menceritakan kisah Amway dalam cara yang lebih hebat dan dengan itu menaja dengan cara yang lebih sistematik dan aplikasi “MyBiz” yang membolehkan pemimpin Pengedar kami memantau prestasi perniagaan masing-masing dan rangkaian mereka.

Bagi menyokong produk dan jenama kami, kami telah membina tapak jenama baharu untuk jenama suplemen diet NUTRILITE™ sempena sambutan ulang tahun ke-80 jenama ini. Saranan produk digital turut dilancarkan bagi jenama NUTRILITE, ARTISTRY™ dan AMWAY HOME™. Untuk mempromosikan Penulen Udara ATMOSPHERE™, jenama sistem rawatan udara kediaman paling laris di dunia*, kami telah melancarkan sebuah aplikasi mudah alih yang mampu mencari dan memaparkan bacaan Indeks Pencemaran Udara terkini di lokasi pengguna.

Bagi mempertingkatkan lagi keselamatan transaksi dalam talian para Pengedar, get laluan e-Pembayaran telah diperkenalkan di laman web kami www.amway.my pada bulan Julai 2014.

*Sumber: Berdasarkan kajian Verify Markets bagi jualan global 2012.



Saranan NUTRILITE



Logo Amway Home

JENAMA

Tahun kewangan 2014 merupakan satu tahun yang “meriah” bagi dua jenama terkemuka kami iaitu NUTRILITE dan ARTISTRY. Di Malaysia, kami telah memulakan sambutan sepanjang tahun bagi ulang tahun ke-80 NUTRILITE dengan lawatan Dr. Sam Rehnberg, Presiden Institut Kesihatan NUTRILITE yang merupakan anak kepada pengasas NUTRILITE, mendiang Carl Rehnberg. Sempena lawatan beliau, kami telah mengadakan Colour Fun Run dan Karnival jenama NUTRILITE pada 12 Oktober 2014 yang telah menarik minat lebih 9,000 orang Pengedar serta ahli keluarga, rakan dan penyokong mereka. Acara tersebut disusuli dengan rali pada sebelah malam bersama Dr. Sam yang telah menarik lebih 3,000 Pengedar untuk datang meraikan jenama vitamin dan suplemen diet No. 1 dari segi jualan di dunia* itu.

Kami telah melancarkan lapan produk baharu tahun lalu. Daripada semua produk tersebut, tiga pelancaran baharu yang utama adalah daripada jenama kecantikan kami, ARTISTRY yang bermula dengan ARTISTRY Intensive Skincare Advanced Skin Refinisher, diikuti oleh rangkaian penjagaan kulit penghidratan mendalam ARTISTRY HYDRA-V™ dan produk penjagaan kulit lelaki pertama kami, ARTISTRY MEN. Ketiga-tiga pelancaran penting tersebut telah mencatat prestasi melebihi jangkaan kami. Bagi NUTRILITE, suplemen M-Plus Tablet yang mengandungi ramuan utama seperti *cistanche tubulosa* dan *ginkgo biloba* telah muncul sebagai produk bintang yang terbaharu.

*Sumber: Euromonitor International Limited, www.euromonitor.com/amway-claim



ARTISTRY MEN



ARTISTRY HYDRA-V CLEANSER & ARTISTRY HYDRA-V SERUM

TANGGUNGJAWAB KORPORAT

Memastikan syarikat terus memberikan impak positif kepada komuniti di tempat ia beroperasi tetap menjadi keutamaan kami. Pada tahun 2014, kami telah memulakan projek tiga tahun yang baharu dinamakan Program Harapan di bawah naungan Amway One by One Campaign for Children. Secara tidak langsung, projek ini mengingatkan kami kepada projek yang kami mulakan 28 tahun lalu bersama Kementerian Perpaduan Negara dan Pembangunan Masyarakat (dahulu dikenali dengan nama tersebut) semasa kami membina rumah angkat Rumah Tunas Harapan yang pertama di Kuala Selangor.

Program Harapan bertujuan memperkayakan kehidupan lebih 100 orang kanak-kanak di empat buah rumah angkat Rumah Tunas Harapan di Selangor. Antara inisiatif utama ialah Program Harapan Saturday Shows untuk memberi galakan kepada kanak-kanak, sebuah lagu tema “Harapan” untuk meningkatkan profil rumah-rumah angkat tersebut dan program perantis Projek HeadSTART yang bertujuan memberikan landasan dalam alam pekerjaan kepada penghuni berusia 18 tahun yang bakal meninggalkan rumah angkat menerusi program perantisan selama enam bulan di ibu pejabat Amway Malaysia di Petaling Jaya.

Program Harapan telah dilancarkan secara rasminya oleh Menteri Pembangunan Wanita, Keluarga dan Masyarakat, Dato’ Sri Rohani Abdul Karim di Putrajaya. Beliau amat kagum dengan projek dan usaha yang telah dilaksanakan oleh syarikat dari sudut tanggungjawab korporat.

Selain inisiatif yang diterajui oleh syarikat, beberapa kumpulan Pengedar kami turut mengadakan lima Kunjungan Ceria yang berasingan ke Rumah Tunas Harapan dan rumah-rumah angkat yang lain sepanjang tahun ini. Mereka datang memberikan layanan dan bantuan kewangan kepada kanak-kanak tersebut. Kami amat bangga dengan para Pengedar kami atas usaha ini dan telah mengiktiraf mereka menerusi anugerah Sahabat Masyarakat Amway.

TINJAUAN MASA DEPAN

Berikutan semakan menurun tinjauan ekonomi akibat kejatuhan harga minyak, nilai ringgit yang lebih lemah berbanding dolar Amerika dan jangkaan pengurangan perbelanjaan pengguna selepas pelaksanaan Cukai Barangan dan Perkhidmatan (GST), Lembaga Pengarah menjangkakan bahawa tahun 2015 akan menjadi tahun yang amat mencabar.

Kami bimbang khususnya terhadap kesan buruk nilai ringgit yang lemah ke atas kos produk kami yang dijangka akan memberi tekanan besar terhadap margin kami. Walau bagaimanapun, kami akan kekal fokus untuk menyokong para Pengedar membangunkan perniagaan mereka dengan pelbagai inisiatif penjualan dan pemasaran sebelum dan selepas pelaksanaan GST. Bagi jangka panjang, keutamaan strategik kami ialah untuk mempertingkatkan pengalaman Pengedar secara keseluruhan dengan memberikan tumpuan yang lebih besar terhadap inisiatif digital, latihan dan pendidikan, ganjaran dan pengiktirafan serta penawaran produk bersepadu. Kami yakin bahawa pelaksanaan inisiatif-inisiatif tersebut dengan baik akan mengekalkan kami di barisan hadapan industri.

PERUBAHAN KOMPOSISI LEMBAGA PENGARAH

Saya ingin memaklumkan bahawa pada 8 Mei 2014, Cik Eva Cheng Li Kam Fun telah meletak jawatan sebagai Pengarah Bebas Bukan Eksekutif Kumpulan. Eva telah menyandang jawatan Pengarah Kumpulan sejak 19 Oktober 2005. Beliau telah memberikan sumbangan besar kepada Lembaga Pengarah dan Kumpulan melalui pengalaman dan juga kebijaksanaan beliau. Kami mengucapkan selamat maju jaya kepada Eva dalam apa jua bidang yang beliau ceburi dan ribuan terima kasih atas sumbangan beliau yang tidak ternilai.

Pada masa yang sama, saya juga ingin mengalu-alukan penyertaan Tan Sri Faizah Binti Mohd Tahir sebagai Pengarah Bebas Bukan Eksekutif dalam Lembaga Pengarah. Pengalaman luas beliau dalam perkhidmatan awam pasti akan menjadi aset yang tidak ternilai kepada Amway dalam tahun-tahun mendatang.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin menyampaikan ucapan penghargaan yang tidak terhingga kepada para Pengedar kami yang sekali lagi telah menampilkan daya usaha, dedikasi dan keketatan semangat yang tinggi pada tahun 2014 yang telah membawa satu lagi tahun yang mencatatkan rekod untuk kami.

Saya juga ingin mengucapkan setinggi-tinggi terima kasih kepada pihak pengurusan dan kakitangan Kumpulan atas keazaman dan usaha gigih mereka. Ucapan terima kasih dan penghargaan juga saya tujukan kepada para Pemegang Saham dan rakan-rakan kongsi perniagaan kami atas kepercayaan mereka terhadap syarikat.

Akhirnya, saya ingin mengucapkan terima kasih kepada rakan-rakan ahli Lembaga Pengarah atas komitmen, semangat dan saranan yang bernas pada tahun 2014. Saya amat teruja untuk melalui satu lagi tahun yang berdaya maju pada tahun 2015.

Dato’ Ab. Halim Bin Mohyiddin
Pengerusi dan Pengarah Kanan Bebas Bukan Eksekutif

BOARD OF DIRECTORS



- 1. Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham**
Independent Non-Executive Director
- 2. Yee Kee Bing**
Executive Director
- 3. Tan Sri Faizah Binti Mohd Tahir**
Independent Non-Executive Director
- 4. Dato' Ab. Halim Bin Mohyiddin**
Chairman, Senior Independent Non-Executive Director
- 5. Mohammad Bin Hussin**
Non-Independent Non-Executive Director
- 6. Low Han Kee**
Managing Director
- 7. Scott Russell Balfour**
Non-Independent Non-Executive Director
- 8. Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof**
Independent Non-Executive Director
- 9. James Bradley Payne**
Non-Independent Non-Executive Director

CORPORATE INFORMATION

COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)
Kuan Hui Fang (MIA 16876)

REGISTERED OFFICE

Level 18 The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 8888 Fax: 03-2282 2733

SHARE REGISTRARS

Tricor Investor Services Sdn. Bhd.
Level 17 The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 3883 Fax: 03-2282 1886

COMPANY WEBSITE

www.amway.my

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

Public Bank Berhad
Standard Chartered Bank Malaysia Berhad

PRINCIPAL BUSINESS ADDRESS

28 Jalan 223
46100 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7946 2288 Fax: 03-7946 2399
E-mail: ir@amway.com

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Code: 6351
Stock Name: AMWAY

PROFILE OF DIRECTORS



Dato' Ab. Halim Bin Mohyiddin
Chairman, Senior Independent
Non-Executive Director

Dato' Ab. Halim Bin Mohyiddin, a Malaysian, aged 69, was appointed Director of Amway (Malaysia) Holdings Berhad ("AMHB") on 25 November 2002. He was appointed the Chairman of AMHB on 12 January 2006 and is also the Senior Independent Director of AMHB. He also serves as the Chairman of the Audit Committee and member of the Remuneration Committee and Nominating Committee.

He graduated with a Bachelor of Economics (Accounting) from Universiti Malaya in 1971 and thereafter joined

Universiti Kebangsaan Malaysia as a Faculty member of the Faculty of Economics. He obtained his Masters of Business Administration Degree from University of Alberta, Canada in 1973. He retired from KPMG/KPMG Desa Megat & Co. on 1 October 2001, a firm he joined in 1977 and had his early accounting training in both Malaysia and the United States of America. He was made partner of the Firm in 1985.

At the time of his retirement, he was Partner-in-Charge of the Assurance and Financial Advisory Services Divisions and was also looking after the Secured e-Commerce Practice of the Firm.

He is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and Malaysian Institute of Accountants ("MIA"). He is currently the Chairman of the Education and Training Committee of MICPA. He served as a member of the Education Committee of the International Federation of Accountants ("IFAC") from 2001 to 2005. He was the President of MICPA from June 2004 to June 2007 and a council member of MIA from 2001 to 2007.

Presently, he is a Board member of DiGi.Com Berhad and Group, KNM Group Berhad, Petronas Gas Berhad and MISC Berhad.

Dato' Ab. Halim is a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten years.

Dato' Ab. Halim attended all the four Board meetings held during the financial year ended 31 December 2014.



Low Han Kee
Managing Director

Low Han Kee, a Malaysian, aged 55, was appointed Director of AMHB and Amway (Malaysia) Sdn. Bhd. ("AMSB") on 6 June 1996 and 16 October 1995 respectively. On 1 September 1998, he took over the helm as the Managing Director of AMHB. He is also a Director of Amway (B) Sdn. Bhd. ("ABSB"), a subsidiary of AMSB since 1998.

He joined AMSB in 1990 as Divisional Manager, Finance & Administration and was promoted to General Manager responsible for Amway operations in Malaysia and Brunei in January 1993. He qualified as a Certified Public Accountant in 1984 whilst serving in Ernst & Whinney (now known as Ernst & Young), an international accounting firm.

He has since accumulated more than 25 years of financial expertise, having held senior positions in finance in companies listed on Bursa Malaysia Securities Berhad ("Bursa Securities"), including Mulpha International Trading Corporation Berhad, a group involved in trading, construction and engineering, where he last held the position of Group Chief Accountant, from 1985 to 1990 before leaving to join AMSB.

Low Han Kee is a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten years.

Low Han Kee attended all the four Board meetings held during the financial year ended 31 December 2014.



Scott Russell Balfour
Non-Independent Non-Executive Director

Scott Russell Balfour, an American, aged 53, was appointed Director of AMHB on 15 January 2004. He also serves as a member of the Audit Committee and the Chairman of the Nominating Committee. He is a member of the American, Michigan and Grand Rapids Bar Associations. He has authored several articles regarding Korean and Asian jurisprudence and co-authored the book entitled "Korean Labor and Employment Laws".

Currently, he is also the Vice President and Deputy General Counsel – Lead Regional Counsel Asia and Greater China Regions and Vice President – Global Business Conduct and Rules of Alticor Inc. He coordinates and oversees Alticor's diverse legal issues for all of its Asian affiliates, including Australia, China, Korea, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam. Scott Russell Balfour also leads the legal team responsible for global compliance and issues in direct selling law, customs and rules governing the more than three million Amway Distributors.

Prior to joining Alticor in 1998, he spent 8 years as a Senior Foreign Legal Consultant for the law firm of Kim & Chang in Seoul, South Korea. His clients included Amway, Citibank, Pepsico, Morgan Stanley, Nike, McDonald, Gerber, Unilever, P&G and Duracell to name a few.

He graduated with a Bachelor of Science Degree from Michigan State University in 1983. After serving in the US military, he attended the University of Detroit where he received a Juris Doctorate Degree cum laude in 1990. He is currently a member of the Board of Directors of the West Michigan World Affairs Council.

Scott Russell Balfour is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten years.

Scott Russell Balfour attended all the four Board meetings held during the financial year ended 31 December 2014.



Yee Kee Bing
Executive Director

Yee Kee Bing, a Malaysian, aged 55, was appointed Director of AMSB on 28 November 2000. He was appointed Executive Director of AMHB on 16 July 2004. On 1 September 2004, he assumed his responsibility as the General Manager of AMSB.

He started his career as the Accounts Servicing Executive at Art Beat Communications Sdn. Bhd. in July 1983. He joined

AMSB as Communications Executive, in November 1984 before being promoted to Communications Co-ordinator in 1988, and assuming the position of Communications Manager in 1990.

In 1992, he moved over to take the position of Group Product Manager and later became the Manager of Business Development Department in January 1993. He was subsequently promoted to Divisional Manager – Marketing Division in August 1994, and promoted again to Assistant General Manager for Marketing & Business Development in 1999 before taking over as General Manager (Operations) in January 2000.

Presently he is a Board member of the Direct Selling Association of Malaysia.

He graduated with a Bachelor's Degree in Social Science (Major: Communications) from Universiti Kebangsaan Malaysia in 1983.

Yee Kee Bing is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten years.

Yee Kee Bing attended all the four Board meetings held during the financial year ended 31 December 2014.



Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof

Independent Non-Executive Director

Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof, a Malaysian, aged 68, was appointed Director of AMHB on 9 February 2006. He also serves as a member of the Audit Committee and Remuneration Committee. He graduated with a Bachelor of Arts (Honours) from Universiti Malaya in 1969. He obtained a Master of Arts from the University of Wisconsin, Madison, United States of America in 1979 and later gained a PhD in Law from the University of Kent, Canterbury, United Kingdom in 1989.

He attended a business course at Harvard Business School in 1999 and attended a land economy course at Cambridge University in 2001.

Presently, Prof Datuk Dr. Nik Mohd Zain is a Board member of Fututech Berhad. He is the Chairman of Yayasan Peneroka Negara, Malaysia since 2000 and an Adjunct Prof for Universiti Putra Malaysia since 2006.

Prof Datuk Dr. Nik Mohd Zain has vast local and international working experience through his years of involvement in various councils, committees and land settlement schemes. He was a past-Chairman of the Prime Ministers Quality Award committee for both the public sector and the social economy. He has also been the examiner for the Prime Ministers Quality Award and was the alternate chairman to the evaluation committee for public sector from 1996 to 1997. He previously held key positions in both private and government bodies including being the Secretary General of the Ministry of Land and Co-operative Development, Director of Land Settlement Scheme of Perlis, Director of Land Settlement Scheme of Kelantan and a Board member of FELDA Group of Companies.

Prof Datuk Dr. Nik Mohd Zain is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten years.

Prof Datuk Dr. Nik Mohd Zain attended all the four Board meetings held during the financial year ended 31 December 2014.



Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham

Independent Non-Executive Director

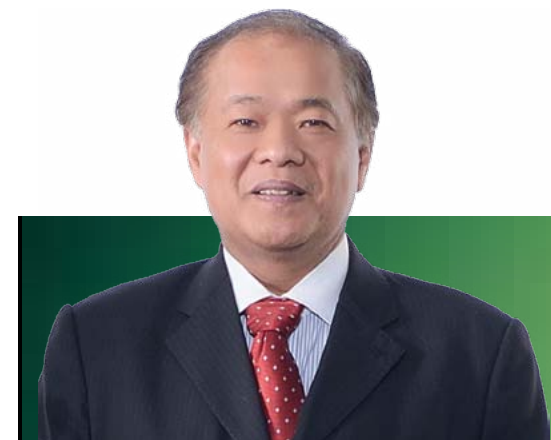
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, a Malaysian, aged 69, was appointed Director of AMHB on 9 February 2006. He also serves as a member of the Audit Committee and Nominating Committee.

Tan Sri Dato' Cecil had his tertiary education in Malaysia and the schools which he attended include, inter-alia, the Royal Military College. He read law at Queen Mary College, University of London and graduated with an LL.B Hons. in 1968. He was called by the Honourable Society of Middle Temple as a Barrister at Law in May 1969. He was admitted as an Advocate & Solicitor of the High Court of Malaya in February 1970. He is a Fellow of Queen Mary College and a Bencher of the Honourable Society of Middle Temple.

He is currently Head of Dispute Resolution at Messrs Zul Rafique & Partners. He has an extensive litigation and arbitration practice.

Tan Sri Dato' Cecil is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten years.

Tan Sri Dato' Cecil attended all the four Board meetings held during the financial year ended 31 December 2014.



Mohammad Bin Hussin

Non-Independent Non-Executive Director

Mohammad Bin Hussin, a Malaysian, aged 54, was appointed Director of AMHB on 10 June 2009.

He obtained a Bachelor of Business Administration from University of Portland, Oregon, United States of America in

1986 and later gained a Master of Business Administration from Cranfield University, United Kingdom in 1990.

He is currently the Senior Vice President of the Unit Trust Division of Permodalan Nasional Berhad ("PNB"). He is also the Executive Director of Amanah Saham Nasional Berhad with effect from 15 December 2014.

Prior to his current position, he had previously held various senior management positions in PNB. From 1990 to 2002, he held various management positions in corporations amongst others, Edaran Otomobil Nasional Berhad and UMW Toyota Sdn. Bhd.

Presently, Mohammad is a Board member of Sime Darby Industrial Holdings Sdn. Bhd. and Federation of Investment Managers Malaysia.

Mohammad is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten years.

Mohammad attended all the four Board meetings held during the financial year ended 31 December 2014.



James Bradley Payne

Non-Independent Non-Executive Director

James Bradley Payne, an American, aged 61, was appointed Director of AMHB on 17 November 2011. He also serves as the Chairman of the Remuneration Committee. He has taken the role of Vice Chairman of Alticor Inc. effective 1 January 2015.

Prior to his current position, James Bradley Payne served as the President of Amway Asia Pacific Region of Alticor Inc. responsible for leading growth in some of Amway's biggest direct selling markets, including Australia, Japan, Korea,

Brunei, Indonesia, Malaysia, New Zealand, Philippines, Singapore, Thailand and Vietnam. He also served as Executive Vice President overseeing Amway affiliate operations in Europe, the Americas, India, Australia, New Zealand and most Asia Pacific markets. From 1999 through 2000, he served as President and Representative Director of Amway Japan G.K., where he remains on the Board of Directors. Since 1980, his Amway career has taken him around the world, including positions as Director and then Vice President of New Market Development, responsible for expanding Amway markets, some of which include Brazil, China, India, Russia and Ukraine. He also served as General Manager of Amway of Australia and Amway Germany, Regional Manager for the Poland and Switzerland affiliates, and Managing Director of Amway operations in Latin America, North America, Korea and Thailand.

A native of Grand Rapids, Michigan, he earned a Bachelor of Science Degree in Business Administration from Aquinas College in Grand Rapids. He is a member of the West Michigan World Affairs Council and the Economics Club of Grand Rapids. He is also a member of the Board of Directors of the Van Andel Global Trade Center, Ele's Place and the Board of Operation Smile-Michigan.

James Bradley Payne is not a shareholder of the Company. He does not have any family relationship with any other Director and/or other major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten years.

James Bradley Payne attended three of the four Board meetings of the Company held during the financial year ended 31 December 2014.

OPERATIONS REVIEW



Tan Sri Faizah Binti Mohd Tahir
Independent Non-Executive Director

Tan Sri Faizah Binti Mohd Tahir, a Malaysian, aged 64 was appointed Director of AMHB on 8 May 2014. She also serves as a member of the Audit Committee. She graduated with a Bachelor of Economics (Honours) from Universiti Malaya. She obtained a Master of Arts (Development Economics) from Williams College, United States of America.

Presently, Tan Sri Faizah is the Chairman of Agrobank and a Board member of Goodyear Malaysia Berhad. She is also the Chairman of OrphanCare Foundation and Yayasan Sejahtera, Deputy Chairman of Yayasan Chow Kit, Board of Trustees of Yayasan Kebajikan Negara Malaysia and Temasek Foundation, Singapore.

She joined the Economic Planning Unit ("EPU"), Prime Minister's Department in 1973 and served in the Agriculture, Distribution and Human Resource Sections in various capacities. Her last position in EPU was as Director, Trade and Industry Section before she was promoted to the post of Secretary-General of the Ministry of Women, Family and Community Development, which she held from 2001 until her retirement in 2009.

Tan Sri Faizah is not a shareholder of the Company. She does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no convictions for offences within the past ten years.

During the financial year ended 31 December 2014, Tan Sri Faizah attended all the two Board meetings since her appointment as a Director on 8 May 2014.

Amway (Malaysia) Holdings Berhad (Amway) registered its 15th year of consecutive revenue growth in 2014, despite a difficult operating environment. Our revenue increased by 2.6% to RM855.8 million compared to RM834.2 million in 2013 while profit after tax came in at RM99.8 million compared with RM109.0 million in 2013. The lower profitability was due primarily to a weaker ringgit against the US dollar which resulted in higher cost of goods sold, and to a lesser extent, an increase in operating cost. Since we began operations in Malaysia 38 years ago, this company has had 35 years of revenue growth.

PEOPLE

We ended the year with a Core Distributor Force (CDF) of 242,000. In terms of the two key focus segments, namely the AU35 (adults under the age of 35) and Bumiputera segments, we continue to make headway.

Of all the new Distributors who signed up during the year, about 54% were AU35. Consistently over the past 5 years, more than 50% of the new Distributors who joined us have been AU35, indicating the continued relevance of the Amway™ Business Opportunity to "Gen Y". This augurs well for continuity.

Our Bumiputera segment reported revenue contribution growth of 8.8% over the prior year, much higher than our overall revenue growth rate of 2.6%. Also, this segment ended the year with one new Diamond and two new Executive Diamonds added to its leadership pool, a testament to the continued strength of our Bumiputera segment.

In terms of field support, we organised 36 Leadership Meetings and Forums with Distributor Leaders to strengthen engagement with them. We also conducted 64 Distributor Rallies (including 11 recognition rallies for new Diamonds and above) which were attended by almost 50,000 Distributors and prospects.

Our Distributors were also equipped with the necessary product knowledge with 343 training sessions conducted during the year for NUTRILITE™, ARTISTRY™ and Home Technology products. Also, to give Distributors first-hand knowledge of our products, especially new products, we brought in scientists and researchers from Amway Headquarters in the USA as keynote speakers at five of our product launches and rallies. These invited guests, who were greeted like rock stars by Distributors, did more than just impart information; they also inspired confidence in our Distributors as to the value, efficacy and uniqueness of the Amway products that they sell. These products and the invited speakers were also actively promoted in the media, resulting in a 70% increase in media coverage for Amway products in 2014.

We also conducted 98 sessions of the Amway Entrepreneurship Series, providing more than 8,000 Distributors the skills necessary to grow their business as well as inculcate in them the high ethical standards to uplift their professionalism for the long-term sustainability of the business.

In terms of training, Amway employees continued to be the company's focus. Last year, we conducted 64 training sessions for employees. In total, 1,484 hours of training to help employees improve themselves, a 20% increase over 2013. The key training programme for the year was the Employee Development Programme, a programme to develop employees in the areas of core job performance and soft skills, and to build a mindset for continuous self-development.

To recognise Distributors who achieved their targets, more than 530 were invited to attend the Amway Leadership Seminar in Auckland, New Zealand, where they participated in motivational business sessions and also took time off to see the local attractions.



Amway Leadership Seminar 2014, Auckland, New Zealand

PRODUCTS

During the year, we launched 8 new products and made 5 product revisions. The two highlights were our new deep hydration skincare range, ARTISTRY HYDRA-V™ and our debut men's skincare range, ARTISTRY Men.

ARTISTRY HYDRA-V excited the field with 6 products specially designed to deliver both immediate and long-term deep hydration benefits while ARTISTRY Men boasted a synergistic range of high-performance products created with the DERMASYNCTM Complex, an exclusive, dual-phased formula developed especially to address the key needs of men's skin – hydration and oil control.

Other key new products included the ARTISTRY Intensive Skincare Advanced Skin Refinisher, ARTISTRY IDEAL RADIANCE™ UV Protect and two new colour collections – ARTISTRY Café Mélange Spring Collection and ARTISTRY Little Black Dress Fall Collection. The Café Mélange Spring Collection was inspired by coffee as a trend in the lifestyle and beauty markets while the Little Black Dress Fall Collection was inspired by the Little Black Dress, an iconic fashion classic.

In Hair Care, having received a strong response in late 2013, we introduced the second phase of the new SATINIQUE™ range to help energise hair and stimulate the scalp to control hair fall.



INFRASTRUCTURE

Since the launch of our Amway Shop strategy in 2008, we have seen the Shops gain strong acceptance with our Distributors, even with the advent of online e-commerce. Building on this success, beginning in 2012, we began the conversion of our Regional Distribution Centres (RDCs) into Shops in phases.

In October 2014, we completed the conversion of our second-largest RDC outside the Klang Valley, the Johor Bahru RDC. This would help Amway improve its brand presence and product accessibility, and modernise our operations to meet market needs and demands in the southern region of Peninsular Malaysia. The new Johor Bahru Amway Shop boasts a spacious and comfortable Distributor lounge and a training room which is available for rental at a very affordable rate.



Training Room at the Amway Shop in Johor Bahru

With the conversion of the Johor Bahru RDC, that left us with the final three RDCs which are all located in East Malaysia – Kuching, Kota Kinabalu and Miri and subsequently were converted to shops in February 2015.

With the completion, we have thus expanded and modernised our channel infrastructure from the original 13 RDCs into 25 Amway Shops located throughout the country, supported by three regional warehouse hubs for nationwide delivery.

Closer to our Headquarters, we are happy to report that our Brand Experience Centre (BEC) in Petaling Jaya attracted a record 25,000 visitors in 2014, with Distributors bringing their customers and prospects to hear the Amway story and experience Amway products in a vivid, memorable way.



NUTRILITE 80TH ANNIVERSARY

For Amway as a global brand, the highlight of 2014 was the 80th anniversary celebration of NUTRILITE. Founded in 1934, and widely recognised as the first company to sell multivitamins, NUTRILITE has gone on to become the world's best-selling brand of vitamins and dietary supplements, as well as the only global vitamin and mineral brand to grow, harvest and process plants on its own certified organic farms (both claims certified by Euromonitor).

In Malaysia, we kicked off the year-long anniversary celebrations on 12 October 2014 with the visit of Dr Sam Rehnberg, President of the NUTRILITE Health Institute and son of NUTRILITE founder, the late Carl Rehnberg. To coincide with his visit we held a NUTRILITE Colour Fun Run & Carnival, which attracted more than 9,000 Distributors and their family, friends and prospects.

One of the highlights of the event was the "Raise Your Hand" activity which collected about 1,200 handprints for the NUTRILITE Power of 5TM campaign. For each handprint, Amway Global will donate US\$1 to produce and supply NUTRILITE Little BitsTM to help undernourished children survive to reach their fifth birthday. NUTRILITE Little Bits is a micronutrient supplement for children providing essential vitamins and minerals envisioned by Carl Rehnberg. This campaign has helped 3,000 malnourished children in Mexico and Zambia since 2009 and is to be expanded to cover another 13 other countries by 2016.

The Colour Fun Run and Carnival was followed by a night rally with Dr Sam that drew more than 3,000 Distributors who came to celebrate the world's No. 1 selling vitamins and dietary supplements brand.



Colour Fun Run & Carnival

TECHNOLOGY

The utilisation of technology to improve our operations continued to be our focus for the year. Among the key initiatives for 2014, we incorporated an ePayment Gateway in the amway.my e-commerce facility in July 2014. This makes online shopping and payment more secure for our Distributors.

We also continued to improve and expand our digital presence in 2014 with new apps and e-publications to

make the retailing and sponsoring experience more interactive and effective. The "MyBiz" mobile app launched during the year gives Distributor leaders a convenient dashboard to keep track of their own personal business performance and that of their Distributor organisation.

Another major digital initiative was the "Amway Central" digital library mobile app to offer Distributors one-stop access to Amway interactive digital publications such as "We Are Amway". This is a digital publication that serves as a sponsoring tool to help Distributors tell the Amway story and present the Amway Business Opportunity seamlessly from a tablet.

On top of the added convenience, these apps and e-publications also support our paper reduction initiatives to reduce our carbon footprint.

We also produced digital tools to help Distributors to retail. For NUTRILITE, we built a responsive brand site to give Distributors and their customers a highly interactive way to learn about the brand and products. This was supplemented with a digital "product recommender" app for NUTRILITE, accessible from any mobile or desktop device, to help users choose the most appropriate NUTRILITE products to fill their nutrition gaps based on age, gender, lifestyle and state of health.

Product recommender apps were also launched for ARTISTRY and AMWAY HOMETM to help Distributors and customers identify the products that best suit their needs. The ARTISTRY Virtual Makeover conveniently showcases ARTISTRY cosmetics – just a few clicks enable potential customers to "try on" different shades of skin foundation, eye colour or lip colour. The AMWAY HOME recommender helps users find the right product from Amway's well-established premium products.

For the newly redesigned ATMOSPHERETM, the world's best-selling home air purifier, we launched a mobile app that presents the key features of the product and is able to display the latest Air Pollutant Index readings based on the location of the user in Malaysia.



Amway MyBiz Mobile App



SATINIQUE

In Nutrition, we introduced the NUTRILITE M-Plus Tablet supplement with the key ingredients *cistanche tubulosa* and *ginkgo biloba*. These two ingredients have traditionally been used for general health.



NUTRILITE M-Plus Tablet

AWARDS

In terms of our products, a testimony that Amway's core brands have penetrated consumer consciousness are the Reader's Digest Trusted Brand designation accorded to NUTRILITE and eSpringTM from the popular magazine. NUTRILITE was named for the 10th consecutive year while the eSpring Water Treatment System was named for the 9th year. Also, eSpring received the Frost & Sullivan Asia Pacific Water Filtration Company of the Year Award for the 5th consecutive year.

Besides products, we received recognition from the financial community as well. In FinanceAsia magazine, our company was ranked the 2nd in the Best Mid-Cap Category (Malaysia) and 4th in the Most Committed to a Strong Dividend Policy Category in a survey of more than 3,000 fund managers and investment analyst from across the Asia-Pacific.

The Jabatan Kebajikan Masyarakat (Social Welfare Department), part of the Ministry of Women, Family and Community Development, also recognised our Corporate Responsibility efforts with an Appreciation Award for our contribution to the building of the first Rumah Tunas Harapan foster home in Kuala Selangor in 1986 and our subsequent strong support for the home since then.

LOOKING FORWARD

Looking forward to 2015, the implementation of the Goods and Services Tax (GST) on 1 April 2015 will be a major factor for consideration. We are well on-track for compliance but expect consumers to be cautious, especially in the months immediately following the start of GST. Thus, our key strategy would be to spur and encourage consumption and retailing during this period.

Overall, we expect a very challenging year in 2015 with the downward revision of the economic outlook for Malaysia, a weaker ringgit against the US dollar, and the expected pullback in consumer spending after the implementation of the GST. In particular, we anticipate the weaker ringgit to continue into 2015 and exert considerable pressure on our margins due to higher cost of goods.

Longer term, our strategic priorities are to enhance Distributors' total experience with Amway, renew and deepen our partnership with Distributors, and energise the Amway culture.

As 2016 is Amway's 40th anniversary in Malaysia, we are taking this opportunity to strengthen our partnership with Distributors and consumers. With our long track record of resilience, we are confident that well-executed plans and strategies will maintain our leading position in the industry.



Johor Bahru Amway Shop

CORPORATE RESPONSIBILITY & SUSTAINABILITY

WORKPLACE

Amway™ believes in providing a conducive working atmosphere that is based on mutual respect, performance and professionalism in line with our values – partnership, integrity, personal worth, achievement, personal responsibility and free enterprise. We recruit employees based on the same principles without discrimination.

EMPLOYEE FEEDBACK

The company continues to listen to employees' feedback. In 2014, Amway participated in the biennial global Employee Opinion Survey (EOS) administered for Amway by Towers Watson. While we showed a distinct improvement compared to the prior survey in 2012, management is mindful of the need to continuously improve, especially in areas where we are relatively weaker. The feedback helped us manage our key business priorities and resources to become an employer of choice. Also, this survey allows management to determine how strategy will be executed in the coming years.

TRAINING

We conducted learning and development programmes for our employees throughout the year, such as the Amway Leadership Programme (ALP) and Virtual Situational Leadership® II (SLII®) Programme - Pilot Programme. We had a total of 22 participants in the ALP, a training programme to enable employees to understand the overall Amway leadership journey, to communicate more effectively for leadership success, to coach for peak performance, and to delegate with impact. The online SLII programme was conducted for 5 members of management. This development model offers a set of tools for effective communication and developing others. It is designed to increase the frequency and quality of conversations about performance and development between people managers and employees so that competence is developed, commitment is gained, and talented individuals are retained.

AMWAY UNIVERSITY

To help Amway employees continue to improve their skills and leadership abilities at work, Amway University was launched in August 2014. This online learning portal (at amwayu.amway.com) is a collaborative, connected and continuous learning environment where employees can grow and share their expertise with others. It is unique because employees contribute to the content of the University and also have the opportunity to learn from colleagues around the world. The first module centred on working in a matrix reporting structure. Another nine modules will be rolled out over the coming months.

EMPLOYEE ACTIVITIES

As the saying goes, "All work and no play makes Jack a dull boy". So, in Amway, we also encourage our employees to lead fun and healthy lifestyles. In addition to our well-equipped gymnasium and yoga classes, our Sports and Recreation Club also plays a key role to

encourage employees to be physically active. Competitions and outdoor team-building events are regularly organised to build camaraderie. The activities organised in 2014 included an Origami workshop, Laser Tag game and Paintball game. To further build camaraderie and strengthen working relationships, we organised a 2-Day-1-Night trip to Gold Coast Morib Resort which attracted 160 participants from Amway Malaysia Headquarters.

We also organised a well-attended Family Day in June at the i-City recreation park in Shah Alam. Amway employees brought their spouses and children to the fun activity and everybody got to know each other's families. There was something for everybody and the fellowship was evident. After the morning's event, most stayed back to enjoy the attractions like the Trick Art Museum, Snowwalk and Waterworld.

RECOGNISING SERVICE

To recognise long-serving employees for their service to the company, we presented them with certificates, pins and monetary awards. In 2014, we recognised 38 employees for 5-years of service, 23 employees for 10-years of service, 6 employees for 15-years of service, 7 employees for 20-years service, 6 employees for 25-years of service, 7 employees for 30-years of service, and 1 employee for 35-years of service.

NEW EMPLOYEES

We hired a total of 99 new employees in 2014 and paired them up with "AmBuddies" to help them transit smoothly into Amway family. In 2014, a total of 60 employees took on the AmBuddy role, with the male buddies called "AmBrothers" and the female ones, "AmSisters".

WORK-LIFE BALANCE

Since 2012, Amway has a flexible working hours scheme to give employees more control over their working hours and better balance between work and personal life. Employees have the flexibility to determine their arrival and departure time from the office as long as they are in the office during the "Core Hours" of 10 a.m. to 4 p.m. This scheme has worked very well for us, and is one of the major reasons for employees staying at Amway.

INCLUSIVE RECRUITMENT

Amway is mindful to be inclusive in its recruitment. The recruitment process for our workforce is mainly dependent on the nature of the work and the requisite skills for it.





As at 31 December 2014, the breakdown of our employees are as follows:

| EXECUTIVE | | | | | | | | |
|-----------|---------|--------|---------|--------|---------|--------|---------|--------|
| Age Range | 20 > 30 | | 30 > 40 | | 40 > 50 | | 50 > 60 | |
| Gender | Male | Female | Male | Female | Male | Female | Male | Female |
| Malay | 0.2% | 0.7% | 0.9% | 0.7% | 0.9% | 0.5% | 0.7% | 0.5% |
| Chinese | 1.6% | 3.4% | 3.4% | 7.0% | 2.0% | 2.9% | 1.6% | 2.0% |
| Indian | - | - | 0.7% | 0.2% | 0.2% | - | - | 0.5% |
| Others | - | - | - | 0.2% | - | - | - | - |
| Total | 1.8% | 4.1% | 5.0% | 8.1% | 3.1% | 3.4% | 2.3% | 3.0% |

| NON-EXECUTIVE | | | | | | | | |
|---------------|---------|--------|---------|--------|---------|--------|---------|--------|
| Age Range | 20 > 30 | | 30 > 40 | | 40 > 50 | | 50 > 60 | |
| Gender | Male | Female | Male | Female | Male | Female | Male | Female |
| Malay | 7.9% | 8.5% | 7.9% | 4.8% | 3.2% | 2.5% | 2.3% | 2.5% |
| Chinese | 0.9% | 3.9% | 1.4% | 4.8% | 1.1% | 0.7% | 0.2% | 1.6% |
| Indian | 1.6% | 1.8% | 1.1% | 1.4% | 1.1% | 2.0% | 0.7% | 0.9% |
| Others | 0.9% | 1.4% | 0.5% | 0.2% | 0.5% | 0.2% | 0.5% | 0.2% |
| Total | 11.3% | 15.6% | 10.9% | 11.2% | 5.9% | 5.4% | 3.7% | 5.2% |

MARKETPLACE

For Amway Malaysia, corporate responsibility includes the manner in which we conduct business. We are an active member of the Direct Selling Association of Malaysia (DSAM) which we have a leadership role as a Board member. We are committed to adhere to the DSAM Code of Conduct and expect our Distributors to uphold high standards of behaviour, as detailed in the Amway Rules of Conduct. Apart from our business conduct in the field, we have established policies and procedures to ensure the integrity of the company’s internal control system. One such policy is our Investor Relations Policy, which ensures that we communicate ethically and effectively, and give equal access to information to our shareholders, prospective investors and other stakeholders.

TRAINING & EDUCATION

Our staff and Distributors undergo training to ensure that business is done ethically and that they adhere to industry best practices such as not making exaggerated claims, and abide by the highest ethical and legal standards. Within Amway, we strictly enforce Distributors’ rules of conduct and monitor Distributors’ behaviour to ensure compliance for the long-term sustainability of our business.

CONSUMER PROTECTION

Amway also offers a high level of protection to consumers. In addition to the “cooling-off period” required by the Direct Selling Act, we also offer a comprehensive satisfaction guarantee for Amway core products. We stand by the high quality of our core products and want

to give consumers recourse should they find the product below their expectations.

New Distributors are also protected with the option to opt-out for a full refund of their joining fee during their first year. Also, Amway pledges to buy back their purchased coreline products provided they are still in saleable condition.

AWARDS & RECOGNITION

As an indication of the high regard with which Amway is held in Malaysia, we were accorded the Reader’s Digest Trusted Brand 2014 for NUTRILITE and eSpring. Our brand, eSpring, was also named the Asia Pacific Water Filtration Company of the Year by market research company Frost & Sullivan. International sector, FinanceAsia magazine ranked Amway 2nd in the Best Mid-Cap Category (Malaysia) and 4th in the Most Committed to a Strong Dividend Policy Category.



FinanceAsia Award 2014

COMMUNITY

Amway as a global company has long been mindful of its role in supporting the communities in which it operates. Since 2003, Amway’s focus has been to enhance the well-being of children under the Amway One by One Campaign for Children.

In Malaysia, our support for children began in earnest 28 years ago in 1986 when the company donated RM555,000 to build the first Rumah Tunas Harapan (RTH) foster home, in Kuala Selangor. The RTH concept, to give children without parental support a real family, was novel at the time and has since been expanded by the Government to another 8 locations in Malaysia. Since 1986, we have supported the RTH home in Kuala Selangor and in 2013 we expanded our scope to cover all four RTH homes in the state of Selangor, about 105 children in all.

In 2014, the company decided to deepen its commitment and involvement with the children of the four Rumah Tunas Harapan (RTH) foster homes in the state of Selangor through Program Harapan (“Hope Programme”), a three-year programme from 2014 to 2016 to address the difficult challenges and emerging needs of the RTH children, and to encourage volunteerism among Amway Distributors and employees.

As its name suggests, the key aim of Program Harapan is to Deliver Hope to underprivileged children, something Amway has done for the past 28 years and intends to continue to do. A Memorandum of Understanding (MoU) was signed with the Jabatan Kebajikan Negeri Selangor (Selangor State Social Welfare Department) at the official launch of Program Harapan in November.

Four main needs were identified and addressed through Program Harapan:

1. Encouragement & Life Skills: Through monthly “Program Harapan Saturday Shows”, interesting guest speakers (like a rock musician, chef, fitness instructor) were invited to impart life skills and give the children some idea of a possible vocation for their future.

2. Publicity & Awareness: We officially launched Program Harapan on Universal Children’s Day on 20 November 2014 together with the theme song for the programme, “Harapan”. The signing of the Memorandum of Understanding (MoU) between Jabatan Kebajikan Masyarakat Negeri Selangor (JKMNS) and Amway was witnessed by Minister of Women, Family and Community Development Y.B. Dato’ Sri Rohani Abdul Karim.

3. Funding for Operating Expenditure: We plan to raise funds for the homes in 2015 to fund specific needs.



Amway pledged our support to all 12 foster home families of Rumah Tunas Harapan for a year from August 2014 with bi-monthly supplies of three SA8 Laundry Care products

4. Help for 18-year-olds Transitioning to Working Life: HeadSTART, a 6-month apprenticeship programme at Amway Headquarters, will be launched in April 2015 to help foster home children who have just completed their SPM examinations adapt successfully to working life. This programme is believed to be the first of its kind in Malaysia.

Our Distributors are also active in giving back to their communities. They continued to bring cheer to children within the community through Cheer Visits. In 2014, 5 visits were organised and their efforts were recognised with the Amway Friends of the Community (AFC) Award.

Program Harapan and Cheer Visits in 2014 collectively impacted 313 children with Amway Distributors and employees committing a total of 1,852 hours to volunteerism.

In July 2014, Amway received an Appreciation Award from the Jabatan Kebajikan Masyarakat (Social Welfare Department) in recognition of our contribution to the building of the first Rumah Tunas Harapan foster home in Kuala Selangor in 1986 and our subsequent support of the home.



Program Harapan Movie Day with RTH Children and Volunteers





BLOOD DONATION

The blood donation campaign which is an annual affair at Amway was held at the Brand Experience Centre in October 2014 in collaboration with the National Blood Centre. Employees as well as Distributors were invited to join in the donation drive. We set a new record with 72 donors!



Blood Donation Campaign

ENVIRONMENT

Amway and the environment have been firm friends and partners since the company's founding in 1959 in Ada, Michigan. This commitment to environmental sustainability has not wavered since the launch of our first biodegradable product, the L.O.C.™ Multi-Purpose Cleaner. Since then, our household cleaning products with the BIOQUEST FORMULA™ Technology continue to use completely biodegradable active ingredients sourced from nature.

In our NUTRILITE vitamins and dietary supplements line, we continue to grow the bulk of our ingredients on our own certified organic farms in Brazil, Mexico and the USA, which not only ensures freshness and phytonutrient integrity but also helps protect the surrounding ecosystem with sustainable farming methods. NUTRILITE is the only global brand of vitamins and dietary supplements to have been certified by third-party verification companies (Euromonitor) to grow, harvest, and process plants on their own certified organic farms.

Amway continues to recycle cartons to reduce our carbon footprint. Used cartons are reused to package bulk orders made by Distributors, thus saving on plastic bags and new cartons. Also, some used cartons are put through a special machine to produce 'dunnage' which is a soft packing material used to stabilise, secure and protect products during transportation. Besides helping preserve the environment, these measures also result in savings in terms of distribution and packing costs.

In Malaysia, we continue to encourage conservation by reducing the use of plastic bags with "No Plastic Bags Day" on Saturdays and encouraging Distributors to use reusable bags. We also educate employees in ways to reduce electricity consumption at our Petaling Jaya Headquarters and Amway Shops.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of Amway (Malaysia) Holdings Berhad (the "Company") supports the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). The Board recognises the importance of enhancing shareholder value through building a sustainable business by implementing and maintaining high standards of corporate governance in managing the business affairs of the Company.

PRINCIPLE 1

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Company's business;
- overseeing the conduct of the Company's business and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the Company and its subsidiaries and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board and Executive Directors;
- overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company;
- reviewing the adequacy, integrity and effectiveness of the Group's internal control and management information systems;
- determining the remuneration of Executive Directors and recommending the fees of Non-Executive Directors of the Company for shareholders' approval, with the individuals concerned abstaining from discussions of their own remuneration; and
- ensuring that the Group adheres to high standards of ethics and corporate behaviour.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Remuneration Committee and Nominating Committee, to examine specific matters within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

BOARD CHARTER

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. Key matters reserved for the Board include the approval of strategic plans, annual operating and capital budgets, quarterly and annual financial statements for announcement and monitoring of financial and operating performance. Such delineation of roles is clearly set out in the Board Charter ("Charter") which serves as a reference point for Board activities.

The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.

CODE OF ETHICS AND WHISTLEBLOWER POLICY

The Board has in place a Code of Ethics, setting out the standards of ethics and conduct expected from Directors and employees to engender good corporate behaviour. To augment the Code of Ethics, the Company's whistleblower policy which was formalised in 2007, outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of ethics involving employee, Management or Director in the Group. It allows the whistleblower the opportunity to raise concern outside the Management line. The identity of whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. All concerns reported by the whistleblower are made to the Legal Counsel or Chairman of the Audit Committee and shall be set forth in writing, orally or via electronic mail.

The Board recognises the importance on adherence to the Code of Ethics by all personnel in the Group and takes measures to put in place a process to ensure its compliance.

SUSTAINABILITY OF BUSINESS

The Board is mindful of the importance of business sustainability and, in developing the corporate strategy of the Group, its impact on the environmental, social and governance aspects is taken into consideration. The Company's activities on corporate responsibilities for the year under review are disclosed on pages 21 to 24 of this Annual Report.



STATEMENT ON CORPORATE GOVERNANCE

SUPPLY OF AND ACCESS TO INFORMATION

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for informed decision making and effective discharge of Board’s responsibilities.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least one (1) week prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company’s expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

Directors have unrestricted access to the advice and services of both the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries keep abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

PRINCIPLE 2

STRENGTHEN COMPOSITION OF THE BOARD

The Board consists of nine (9) members, comprising two (2) Executive Directors and seven (7) Non-Executive Directors, four (4) of whom are Independent. This composition fulfils the requirements as set out under the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 12 to 16 of this Annual Report.

The Board believes that the current Board composition is appropriate for its purpose, and is satisfied that it adequately safeguards the interests of minority shareholders of the Company. The Board shall continue to monitor and review the Board size and composition from time to time.

NOMINATING COMMITTEE –

SELECTION AND ASSESSMENT OF DIRECTORS

The Company has a Nominating Committee, which comprises exclusively Non-Executive Directors, a majority of whom are Independent Directors. The members are as follows:

- Scott Russell Balfour (Chairman of Committee, Non-Independent Non-Executive Director – appointed on 8 May 2014);
- Dato’ Ab. Halim Bin Mohyiddin (Senior Independent Non-Executive Director – appointed on 19 October 2005);
- Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham (Independent Non-Executive Director – appointed on 9 February 2006); and
- Eva Cheng Li Kam Fun (Chairperson of Committee, Independent Non-Executive Director – resigned on 8 May 2014).

The Nominating Committee was formed by the Board with specific terms of reference, which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointment of Directors to Board Committees and training programmes for the Board. In discharging its responsibilities, the Nominating Committee has developed certain criteria used in the recruitment process and annual assessment of Directors.

APPOINTMENT OF DIRECTORS

A selection process for new appointees to the Board as recommended by the Nominating Committee has been adopted by the Board. The Committee assesses the suitability of candidates based on the criteria adopted before recommending to the Board for appointment. Following the appointment of new Directors to the Board, the Committee ensures that an induction programme is arranged, including visits to the Group’s significant businesses and meetings with Senior Management personnel, as appropriate, to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

DIVERSITY POLICY

The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group. In evaluating the suitability of candidates, the Nominating Committee considers, inter-alia, gender, ethnicity, age, competency, character, integrity, experience, commitment (including time commitment), contribution and performance of the candidates, including, where appropriate, the criteria on assessing the independence of candidates’ appointment as Independent Non-Executive Directors. The Board strongly supports the need for board diversity to facilitate optimal decision-making by harnessing different insights and perspective.

The Nominating Committee will continue to ensure that suitable women candidates are sought and considered as part of its recruitment exercise. Currently, the Board has a female Independent Non-Executive Director on Board.

STATEMENT ON CORPORATE GOVERNANCE

ANNUAL ASSESSMENT

The assessment and evaluation process is led by the Nominating Committee Chairman and supported by the Company Secretary annually. The Directors complete a questionnaire regarding the effectiveness of the Board and its Board Committees.

This process includes a peer review where Directors assess their own and also their fellow Directors’ performance. The assessment and comments by all Directors are summarised and discussed at the Nominating Committee meeting and reported at a Board Meeting by the Nominating Committee Chairman. All assessments and evaluations carried out by the Nominating Committee in the discharge of its functions are properly documented.

The activities of the Nominating Committee during the financial year under review include the following:

- reviewed the Board’s succession plans;
- reviewed the required mix of skills, experience, size and composition of the Board of Directors;
- reviewed and assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment, character, experience, integrity and competency;
- assessed the effectiveness and performance of the Executive Directors;
- assessed the independence of Independent Directors based on criteria set out in the Listing Requirements of Bursa Securities;
- reviewed and made recommendations to the Board of Directors on the re-election of Directors based on the assessment conducted;
- reviewed and recommended for Board’s approval the appointment of member of Board and Board Committee arising from the vacancy of resigning director; and
- reviewed the character, experience, integrity, competency and time to effectively discharge the roles of Managing Director and Chief Financial Officer.

The Nominating Committee meets at least once every year. Two meetings were held during the financial year under review. All recommendations of the Nominating Committee are subject to the approval of the Board.

REMUNERATION COMMITTEE – DIRECTORS’ REMUNERATION

The Remuneration Committee, established by the Board, is responsible for setting the policy, framework and determining the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors’ remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. The Remuneration Committee adopts the ultimate holding company’s employee compensation plan to set the remuneration of its Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

During the financial year under review, the Remuneration Committee comprised the following members:

- James Bradley Payne (Chairman of Committee, Non-Independent Non-Executive Director – appointed on 27 August 2012);
- Dato’ Ab. Halim Bin Mohyiddin (Senior Independent Non-Executive Director – appointed on 19 October 2005); and
- Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof (Independent Non-Executive Director – appointed on 9 February 2006).

The Remuneration Committee is entrusted to recommend to the Board, the remuneration of Executive Directors and Non-Executive Directors of the Group in all its forms. The Executive Directors concerned play no part in deciding their own remuneration but may attend the committee meetings at the invitation of the Chairman of the Committee if their presence is required. The determination of remuneration of Independent Non-Executive Directors is a matter for the Board, as a whole, with individual Director abstaining from discussion of his/her own remuneration. The Company’s Articles of Association provide that any payment of Directors’ fees should be approved at a general meeting.

During the financial year under review, one (1) Remuneration Committee meeting was held and attended by all its members. The Remuneration Committee reviewed and recommended to the Board, the remuneration for the Executive Directors of the Company and further recommended the Non-Executive Directors’ fees to the Board for shareholders’ approval at the Company’s Annual General Meeting.

Details of remuneration of Directors of the Company for the financial year ended 31 December 2014 are as follows:

| | Executive RM’000 | Non-Executive RM’000 |
|-------------------------------|---------------------|-------------------------|
| Fees | - | 368 |
| Salaries and other emoluments | 975 | - |
| Bonus | 273 | - |
| EPF | 206 | - |
| Allowances | 38 | 22 |
| Benefits-in-kind | 40 | - |
| Total | 1,532 | 390 |

Bonuses payable to Executive Directors are performance based and relate to individual and Company achievement of specific goals. The Non-Executive Directors do not receive any performance related remuneration.

The number of Directors of the Company in each remuneration band is as follows:

| | Executive | Non-Executive |
|-----------------------|-----------|---------------|
| RM0 - RM50,000 | - | 4 |
| RM50,001 - RM100,000 | - | 3 |
| RM100,001 - RM150,000 | - | 1 |
| RM700,001 - RM750,000 | 1 | - |
| RM750,001 - RM800,000 | 1 | - |
| Total | 2 | 8 |



STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 3

REINFORCE INDEPENDENCE OF THE BOARD

There is clear division of responsibilities between the Chairman and the Managing Director to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The Chairman is responsible for ensuring the adequacy and effectiveness of the Board’s governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. The Managing Director, supported by the Senior Management team, implements the Group’s strategic plan, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Board recognises the importance of independence and objectivity in the decision making process. In line with the MCCG 2012 and to enable a balance of power and authority in the Board, the Board Charter states that the Board should comprise a majority of Independent Directors in the event the Chairman of the Board is a Non-Independent Non-Executive Director.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgement on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company’s decision making by bringing in the quality of detached impartiality. Dato’ Ab. Halim Bin Mohyiddin is the Chairman of the Board and also the Senior Independent Non-Executive Director, to whom concerns may be conveyed by shareholders and other stakeholders.

During the financial year under review, the Board has assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the interest of the Company.

In line with the MCCG 2012, the Company’s Board Charter restricts the tenure of an Independent Director to a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director’s re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders’ approval at general meeting. In justifying the decision, the Nominating Committee is entrusted to assess the candidate’s suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

Following an assessment by the Nominating Committee and the Board, the Board recommended for Dato’ Ab. Halim Bin Mohyiddin and Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham to continue to act as Independent Non-Executive Directors

of the Company subject to shareholders’ approval at the 20th Annual General Meeting of the Company.

Key justifications for the recommended continuance as Independent Non-Executive Director for the Directors are reflected in the Notice of Annual General Meeting on pages 79 to 81 of the Annual Report.

PRINCIPLE 4

FOSTER COMMITMENT OF DIRECTORS

The Board meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers are prepared by Management which provides the relevant facts and analysis for the convenience of Directors. The agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial matters. The Chairman of the Audit Committee informs the Directors at each Board meetings of any salient matters noted by the Audit Committee and which require the Board’s attention or direction. All pertinent matters discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

During the financial year under review, four (4) meetings were held and details of attendance of members are as follows:

| Directors | Number of Meetings Attended |
|--|-----------------------------|
| Dato’ Ab. Halim Bin Mohyiddin Chairman, Senior Independent Non-Executive Director | 4/4 |
| Low Han Kee Managing Director | 4/4 |
| Scott Russell Balfour Non-Independent Non-Executive Director | 4/4 |
| Yee Kee Bing Executive Director | 4/4 |
| Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof Independent Non-Executive Director | 4/4 |
| Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham Independent Non-Executive Director | 4/4 |
| Mohammad Bin Hussin Non-Independent Non-Executive Director | 4/4 |
| James Bradley Payne Non-Independent Non-Executive Director | 3/4 |
| Tan Sri Faizah Binti Mohd Tahir Independent Non-Executive Director - appointed on 8 May 2014 | 2/2 |
| Eva Cheng Li Kam Fun Independent Non-Executive Director - resigned on 8 May 2014 | 2/2 |

STATEMENT ON CORPORATE GOVERNANCE

It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board’s policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Paragraph 15.06 of Listing Requirements of Bursa Securities allows a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

DIRECTORS’ TRAINING

The Board, via the Nominating Committee, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Group.

All Directors, including Tan Sri Faizah Binti Mohd Tahir who was appointed on 8 May 2014 had successfully completed the Mandatory Accreditation Programme within the stipulated timeframe as required by the Listing Requirements of Bursa Securities. As an integral element of the process of appointing new Directors, the Board ensures that there is an induction programme for its new Board members, hence, an induction programme was held for Tan Sri Faizah Binti Mohd Tahir. During the financial year under review, all Directors attended development and training programmes as well as conferences in areas of finance, tax, corporate governance, risk management, leadership, legal, business intelligence, industry and regulatory developments. Some of the Directors have also participated as speakers at local and international conventions on topics relevant to their expertise.

Conferences, seminars and training programmes attended by Directors in 2014 included the following:

| Corporate Governance/Risk Management |
|--|
| 1 Risk Management and Internal Control |
| 2 The Role of Chairman Programme |
| 3 Enterprise Risk Management |
| Strategic/Leadership/Business Intelligence |
| 1 Business Transformation Workshop |
| 2 Global Growth Conference on Enterprise Strategic Direction and Broader Landscape |
| 3 Managing Generation Y |
| 4 Senior Executive Programme |
| 5 Great Companies Deserve Great Boards And Great Board Leading The Way for Highly Innovative Company |
| 6 Situational Leadership |
| Industry/Legal & Regulatory Development |
| 1 Legislative Trends in Direct Selling |
| 2 Global Competitiveness and The Malaysian Experience |
| 3 Anti-Money Laundering Act Compliance and Monitoring Effectiveness |
| 4 Global Business Conduct and Rules Conference |
| Finance/Tax |
| 1 MFRS/FRS Update 2014 |
| 2 Goods and Service Tax and Budget 2014 |

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board’s reference and brief the Board on these updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group’s financial statements during the year. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge.

PRINCIPLE 5

UPHOLD INTEGRITY IN FINANCIAL REPORTING BY COMPANY

The Board has established an Audit Committee, comprising wholly Non-Executive Directors, the majority of whom are Independent, with Dato’ Ab. Halim Bin Mohyiddin as the Audit Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities are set out on pages 31 to 34 of this Annual Report. One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial reports announced to Bursa and the annual statutory financial statements.

The Board upholds the integrity of financial reporting by the Company. As such, it has established procedures, via the Audit Committee, in assessing the suitability and independence of the external auditors. Such procedures entail the provision of written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The Audit Committee, having assessed the independence of Messrs Ernst & Young as well as reviewed the level of non-audit services rendered by them for the financial year ended 31 December 2014, was satisfied with their competency and independence. The Audit Committee has recommended their re-appointment to the Board, upon which the shareholders’ approval will be sought at the forthcoming AGM.

PRINCIPLE 6

RECOGNISE AND MANAGE RISKS

Recognising the importance of risk management, the Board has in past years formalised a structured risk management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

In line with the MCCG 2012 and the Listing Requirements of Bursa Securities, the Board established an independent internal audit function that reports directly to the Audit Committee. This internal audit function is outsourced to an independent professional firm, namely KPMG Management & Risk Consulting Sdn. Bhd.. The scope of work covered by the internal audit function during the financial year under review is provided in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE 7

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to the regulators, shareholders and stakeholders. The Board formalised pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa Securities, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

To augment the process of disclosure, the Board established a dedicated section for corporate information on the Company’s website where information on the Company’s announcements, financial information, share prices, and the Company’s Annual Report may be accessed.

PRINCIPLE 8

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

SHAREHOLDER PARTICIPATION AT GENERAL MEETING

The Annual General Meeting (“AGM”), which is the principal forum for shareholder dialogue, allows shareholders to review the Group’s performance via the Company’s Annual Report and pose questions to the Board for clarification. The Notice of AGM is circulated twenty four (24) clear days before the date of the meeting to enable shareholders to go through the Annual Report, fulfilling the 21-day requirement under the Companies Act 1965 and the Listing Requirements of Bursa Securities. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group’s operations in general. During the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board. All the resolutions set out in the Notice of the 19th AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day. At the AGM, shareholders participated in deliberating on resolutions being proposed.

At the last AGM, the Executive Director also provided shareholders with an overview of the Group’s operations for the financial year while the Chief Financial Officer provided a financial overview of the financial year’s performance. The Chairman also shared with shareholders at the meeting responses to questions submitted in advance by the Minority Shareholder Watchdog Group.

COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS

The Company recognises the importance of being transparent and accountable to its investors and, as such, has maintained an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, bi-annual briefings to the financial community, Annual General Meeting and through the Group’s website at www.amway.my where shareholders can access amongst others the corporate information, annual reports, press releases, financial information, company announcements and share prices.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

INVESTOR RELATIONS

An Investor Relations Policy enables the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group’s performance and operations. To maintain transparency and to effectively address any matters and concerns, the Company has a dedicated electronic mail, i.e. ir@amway.com to which stakeholders can direct their queries.

The Company has in place a dividend policy with a dividend payout ratio of no less than 80% of the Company’s current year net earnings. The Board will re-assess this policy on an ongoing basis to ensure efficient distribution of dividend to shareholders and to ensure that the Company’s dividend payment will continue to reflect the Group’s underlying financial performance.

This statement was approved by the Board on 10 February 2015.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2014.

MEMBERSHIP

The Company’s Audit Committee, appointed by the Board from amongst its members, comprises five (5) Directors, in compliance with Paragraph 15.09(1)(a) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

In line with Paragraph 15.09(1)(b) of the Listing Requirements of Bursa Securities, all the five (5) Committee members are Non-Executive Directors, four (4) of whom are Independent Directors. The Independent Directors satisfy the test of independence under Paragraph 1.01 of the Listing Requirements. Dato’ Ab. Halim Bin Mohyiddin is a member of The Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). He also serves as the Chairman of the Education and Training Committee of the Institute of MICPA. In this regard, the Company is in compliance with Paragraph 15.09(1)(c)(i) of the Listing Requirements.

COMPOSITION

| Chairman of the Audit Committee | | |
|---------------------------------|--|--|
| | Dato’ Ab. Halim Bin Mohyiddin – appointed on 25 November 2002 | Senior Independent Non-Executive Director |
| Members of the Audit Committee | | |
| i) | Scott Russell Balfour – appointed on 19 October 2005 | Non-Independent Non-Executive Director |
| ii) | Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof – appointed on 9 February 2006 | Independent Non-Executive Director |
| iii) | Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham – appointed on 14 February 2006 | Independent Non-Executive Director |
| iv) | Tan Sri Faizah Binti Mohd Tahir – appointed on 8 May 2014 | Independent Non-Executive Director |
| v) | Eva Cheng Li Kam Fun – resigned on 8 May 2014 | Independent Non-Executive Director |

TERMS OF REFERENCE

1. OBJECTIVES

The primary function of the Audit Committee (the “Committee”), formed by the Board, is to assist the Board of Directors in fulfilling its fiduciary duties as well as the following oversight objectives on the activities of the Group:

- oversee financial reporting; and
- evaluate the internal and external audit processes, including issues pertaining to the system of internal control and risk management within the Group.

2. COMPOSITION

The Board shall elect the Committee members from amongst themselves, comprising no fewer than three (3) Directors (none of whom shall be Executive) and the majority shall be Independent Non-Executive Directors. In this respect, the Board adopts the definition of “independent directors” under the Listing Requirements of Bursa Securities.

All the members shall be financially literate and at least one (1) member of the Committee shall be:

- a member of the Malaysian Institute of Accountants (“MIA”); or
- if he is not a member of the MIA, he must have at least three (3) years of working experience and:
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he must be a member of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - fulfils such other requirements as prescribed or approved by Bursa Securities.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once in every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.

3. QUORUM AND MEETING PROCEDURES

Meetings shall be conducted at least four (4) times annually, and more frequently as circumstances dictate. The Chairman may call for a meeting of the Committee if a request is made by any Committee member, the Managing Director, or the internal or external auditors.

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee (“the Secretary”). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes of all Committee meetings shall be circulated to the members of the Board.



AUDIT COMMITTEE REPORT

The Committee may, as and when deemed necessary, invite other Board members and Senior Management to attend the meetings.

The Chairman shall submit an annual report to the Board, summarising the Committee’s activities during the year and the related significant results and findings thereof, including details of relevant training attended by each Committee member.

The Committee shall meet at least twice annually with the external and internal auditors without the presence of any executive Board members, Management or employees. In addition, Management, the external and internal auditors may request for a private session with the Committee to discuss any matter of concern.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

4. AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is also authorised to seek any information it requires from any employee and employees are directed to co-operate with any request made by the Committee. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary in the discharge of its responsibilities.

The Committee shall have full and unlimited access to any information pertaining to the Group. The Committee shall have direct communication channels with the internal and external auditors and with Senior Management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary. The Committee shall have the resources that are required to perform its duties.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to Bursa Securities.

5. RESPONSIBILITIES AND DUTIES

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- review the Committee’s terms of reference as conditions dictate;
- review with the external auditors, the audit scope and plan, including any changes to the scope of the audit plan;
- ensure the internal audit function is independent of the activities it audits and the head of internal audit reports functionally to the Committee directly and reviews their performance on an annual basis. The head of internal audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Group;

- take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider (for out-sourced internal audit) and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning;
- review the adequacy of the internal audit scope and plan, including the internal audit programme; functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that are identified;
- review major audit findings and Management’s response during the year with Management, external and internal auditors, including the status of previous audit recommendations;
- review the assistance given by the Group’s officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;
- review the non-audit services provided by the external auditors and/or its network firms to the Company for the financial year, including the nature of the non-audit services, fee of the non-audit services, individually and in aggregate, relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided;
- review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- review the risk profile of the Group (including risk registers) and the Risk Management team’s plans to mitigate business risks as identified from time to time;
- review the adequacy and integrity, including effectiveness, of risk management and internal control systems, management information system, and the internal auditors’ and/or external auditors’ evaluation of the said systems;
- direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- review the quarterly results and the year-end financial statements, prior to approval by the Board, focusing particularly on:

- changes in or implementation of major accounting policy changes;
 - significant or unusual events; and
 - compliance with accounting standards and other legal requirements;
-
- review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Listing Requirements of Bursa Securities and other legislative and reporting requirements;
 - review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on Management’s integrity;
 - prepare reports, at least once (1) a year, to the Board summarising the activities/work performed in fulfilling the

AUDIT COMMITTEE REPORT

- Committee’s primary responsibilities, including details of relevant training attended by each Committee member; and
- any other activities, as authorised by the Board.

The Chairman of the Committee shall engage on a continuous basis with Senior Management, such as the Managing Director, Chief Financial Officer, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.

MEETINGS

During the financial year ended 31 December 2014, four (4) meetings were held and details of attendance of members are as follows:

| Members | Number of Meetings Attended |
|--|-----------------------------|
| Dato’ Ab. Halim Bin Mohyiddin Chairman, Senior Independent Non-Executive Director | 4/4 |
| Scott Russell Balfour Non-Independent Non-Executive Director | 4/4 |
| Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof Independent Non-Executive Director | 4/4 |
| Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham Independent Non-Executive Director | 4/4 |
| Tan Sri Faizah Binti Mohd Tahir Independent Non-Executive Director - appointed on 8 May 2014 | 2/2 |
| Eva Cheng Li Kam Fun Independent Non-Executive Director - resigned on 8 May 2014 | 2/2 |

The Executive Directors, Senior Management, external and internal auditors were in attendance at the meetings, upon invitation by the Committee, to brief the members on specific issues. The Committee had also met with the external and internal auditors separately on two occasions without the presence of the Executive Directors and Senior Management to discuss the audit findings and any other concerns or observations they may have during the audit.

The Board assessed the performance of the Committee and its members through an annual Audit Committee evaluation and is satisfied that the Committee and its members have been able to discharge their functions, duties and responsibilities in accordance to the Terms of Reference.

SUMMARY OF ACTIVITIES

Below is a summary of principal activities carried out by the Committee during the year:

- reviewed the revised Operating and Capital Expenditure Budget for year 2014;
- approved the Internal Audit Plan for financial year 2014;
- reviewed the adequacy and effectiveness of the internal audit process, resource requirements of the internal audit function for the year and assessed the performance, effectiveness and efficiency of its function;
- reviewed the external auditors’ scope of work and audit plan prior to the commencement of the audit for the financial year 2014;
- reviewed with the external auditors the results of the audit of the Financial Statements and their report as well as the Management’s responses;
- reviewed the independence, objectivity and effectiveness of the external auditors and the services provided, including non-audit services;

- deliberated the internal audit reports prepared by KPMG Management & Risk Consulting Sdn. Bhd., an independent professional services firm, which highlighted the audit observations, recommendations and Management’s response. Discussed with Management the actions taken to improve the internal controls based on improvement opportunities identified in the internal audit reports;
- reviewed the effectiveness of the risk management framework and internal control system;
- reviewed the risk assessment reports from the Risk Management Committee. Significant risk issues were summarised and communicated to the Board for consideration and resolution;
- reviewed the audited financial statements of the Group and Company with the external auditors prior to submission to the Board for their consideration and approval;
- reviewed the quarterly unaudited financial results for announcements to Bursa Securities as well as declaration of dividends before recommending them to the Board for approval;
- reviewed the related party transactions entered into by the Group to ensure compliance with the Listing Requirements of Bursa Securities; and
- reviewed the Annual Strategic Plan, the Operating and Capital Expenditure Budget for the year 2015.

AUDIT COMMITTEE TRAINING AND EDUCATION

During the year, the Committee members have attended the relevant development and training programmes as well as conferences relating to areas of finance, tax, corporate governance, risk management, leadership, legal, business intelligence, industry and regulatory developments to enhance their knowledge to enable them to discharge their duties more effectively.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is supported by the Internal Audit Charter and is outsourced to an independent professional services firm, namely KPMG Management & Risk Consulting Sdn. Bhd., to carry out internal audit on the Group. The Head of Internal Audit reports directly to the Committee. Internal audit reports are presented, together with Management’s response and proposed action plans, to the Committee quarterly.

To further complement the above in maintaining a sound system of internal controls, the Internal Audit team from Alticor Inc. (the parent company of the Group) carries out rotational audits guided by the global Internal Audit Programme and enterprise risk assessment of the Group. This team is staffed by highly competent personnel with wide knowledge of the industry to assess business and operational risks of the Group and to benchmark global affiliates’ efficiencies and controls to good corporate governance practices.

The internal auditors undertake internal audit based on the operational, compliance and risk-based audit plan that is reviewed and approved by the Committee. The risk-based audit plan covers the review of key operational and financial activities, including the efficacy of risk management practices, efficiency and effectiveness of operational controls and compliance with relevant laws and regulations. The Head of Internal Audit is responsible for providing assurance to the Board that the internal controls are operating effectively.

AUDIT COMMITTEE REPORT

During the year, the internal audit function carried out internal audit projects to assess the adequacy and integrity of the system of internal controls as established by the Management. The scope of work, as approved by the Committee, was essentially based on the risk profiles of significant companies in the Group, where areas of key risk were included for internal audit. The internal audit covered key operational, financial and compliance controls, including the risk management process deployed by Management.

The total cost incurred in outsourcing of the internal audit function to an independent professional firm, namely KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG"), during the financial year amounted to approximately RM114,000.

KPMG had served the Company since 2007. Its term of services which was subject to renewal every two years had expired on 31 December 2014. The Company rotates its internal auditor with the objective of infusing fresh views and new perspectives on its internal audit processes. A number of firms were approached in June 2014. The Company reviewed each of the audit firms' proposals and recommended to the Committee that Deloitte Enterprise Risk Services Sdn. Bhd. ("Deloitte") be proposed for appointment with effect from 1 January 2015. Deloitte is also the internal auditor for Alticor Inc. Group. After due consideration, the Committee approved the appointment of Deloitte.

ENTERPRISE RISK MANAGEMENT

The Group has in place an ongoing process of identifying, evaluating and managing the risks faced by the Group in pursuing its business objectives and strategies throughout the financial year.

The Risk Management Committee ("RMC"), led by the Executive Director and represented by divisional/departmental heads and managers from all functions, is entrusted with the responsibility of assisting the Board in overseeing the Company's risk management practices. In this manner, the Company's risk management activities are embedded at the management level and hence enable risks to be addressed on a timely basis. The level of risk tolerance of the Company is expressed through the use of a risk impact and likelihood matrix. For each of the risks identified, the divisional head or manager is assigned to ensure appropriate mitigating actions are carried out in a timely manner.

Management certify annually that they are responsible for managing their business objectives and that the internal controls are such that they provide reasonable but not absolute assurance that the risks in their areas of responsibility are appropriately identified, evaluated and managed.

The RMC's responsibilities include the following:

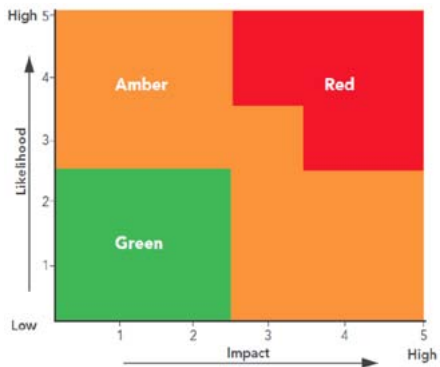
- review and recommend overall risk management policies and processes, risk tolerance and the parameters used in establishing the risk tolerance;
- review risk profile and the mitigation plans to address significant residual risks;
- monitor significant risks through the review of risk-related performance measures, and progress on action plans;
- ensure risk management processes are integrated into all core business processes; and

- provide a consolidated risk and assurance report to the Committee and Board to support its system of internal control.

The Group's Enterprise Risk Management process comprises five (5) phases as follows:



A risk map depicting the positioning of the risks in terms of the impact and likelihood of occurrence would be updated accordingly after the review.



The location of the risks in each quadrant depicts the following:

| | |
|----------------|---|
| Red Quadrant | - high possibility of occurring; significant impact |
| Amber Quadrant | - low possibility of occurring; significant impact - high possibility of occurring; insignificant impact |
| Green Quadrant | - low possibility of occurring; insignificant impact |

During the financial year under review, the Risk Management Team met four (4) times to review the Group's risk profile. At the meeting, the Risk Management Team updated the Group's risk register and risk mitigation action plans.

Selected divisional business continuity plans were tested to enhance the Group's crisis readiness during the financial year under review.

During the year, an independent professional firm was engaged to review the Enterprise Risk Management process with the purpose of continuous improvement towards greater effectiveness in managing its risks.

The Committee was briefed by the Senior Management on the Group's risk register in February 2014, May 2014, August 2014 and November 2014.

During the financial year, the Committee was of the view that the Company was in compliance with the Listing Requirements and as such, the reporting to Bursa Securities under paragraph 15.16 of the Listing Requirements was not required.

This report was approved by the Board on 10 February 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to maintaining a sound risk management framework and internal control system and is pleased to provide this Statement on Risk Management and Internal Control ("Statement"). This Statement outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2014. For the purpose of disclosure, the Board has taken into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Principle 6 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's risk management and internal control system to safeguard shareholders' investment and the Group's assets as well as reviewing its adequacy, integrity and effectiveness.

The system of internal control covers financial, operational and compliance controls. In view of the inherent limitations in any system of internal controls, it should be noted that such a system is designed to manage, rather than to eliminate, the risk of not achieving the Group's business objectives. The system can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

The Board has in place an ongoing process for identifying, evaluating and managing the significant risks encountered by the Group. The Board, through its Audit Committee, regularly reviews the results of this process, including mitigating measures taken by Management, via the Risk Management Committee ("RMC") to address areas of key risks as identified.

The Audit Committee assists the Board to review the adequacy, integrity and effectiveness, of the risk management and internal control system in the Group and to ensure that an appropriate mix of techniques is used to obtain the level of assurance required by the Board.

RISK MANAGEMENT

Risk management is firmly embedded in the Group's key processes through its Enterprise Risk Management ("ERM") framework. This framework includes a risk management process which is ongoing and results in the compilation of a Corporate Risk Register with specific risk profile and action plans for mitigating the identified risks. The level of risk tolerance of the Group is expressed through the use of a risk impact and likelihood matrix. The risk responses and internal controls that Management has taken and/or is taking are documented in the minutes of the RMC meetings. Any new risk will not be accepted without the Board's approval. Such new risk together with control strategy will be evaluated and promptly reported to the RMC. The RMC is led by the Executive Director and represented by

divisional/departmental heads and managers from all functions. For each of the risks identified, the divisional head or manager is assigned to ensure appropriate risk response actions are carried out in a timely manner.

The Group is committed to a process of continuous development and improvement through developing systems in response to any relevant reviews and developments on good governance in compliance with the MCCG 2012.

During the year, the RMC met to review the risk register in accordance with the terms of reference enshrined in the ERM framework. Existing risks were reassessed and categorised based on the different levels of risks and appropriate actions were identified to mitigate the risks discussed at these quarterly meetings. During the year, an independent professional firm was engaged to review the risk management process with the purpose of continuous improvement towards greater effectiveness in managing its risks.

The risk profile and register are reviewed quarterly by the Board through the Audit Committee, focusing on the progress of mitigation plans for the key business risks identified.

INTERNAL AUDIT FUNCTION

The Audit Committee evaluates the internal audit function to assess its effectiveness in the discharge of its responsibilities. The independent internal audit function, which is outsourced to a professional services firm, namely KPMG Management & Risk Consulting Sdn. Bhd., provides assurance to the Audit Committee through the execution of internal audit based on an approved risk-based internal audit plan. Observations from these audits are presented, together with Management's response and proposed action plans, to the Audit Committee for its review. The internal audit function also follows up and reports to the Audit Committee the status of implementation by Management on the recommendations highlighted in the internal audit reports. During the financial year under review, the internal audit function conducted three (3) internal audit cycles and reported to the Audit Committee. Further details of the activities of the internal audit function are provided in the Audit Committee Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The other key elements of the Group’s internal control system are described as below:

(a) Authority and Responsibility

Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the relevant charters/terms of reference, organisational structures and appropriate authority limits. These enhance the Group’s ability to achieve its strategies and operational objectives. The divisional structure further enhances the ability of each division to focus on its assigned core or support functions within the Group.

(b) Written Policies and Procedures

Clearly defined internal policies and procedures as set out in the Standard Practice Bulletins are regularly updated to reflect changing risks or to resolve operational deficiencies. These help to ensure that internal control principles and mechanisms are embedded in the operations within the Group. Group policies and procedures are available on the Group’s intranet for easy access by staff.

(c) Planning, Monitoring and Reporting

- there is an established strategic planning and budgeting process, requiring all functional divisions to prepare the annual strategic plan, capital and operating expenditure budgets for discussion and approval by the Board;
- the Audit Committee reviews the Group’s quarterly financial results, together with Management, which is subsequently reported to the Board;
- the Board has received assurance from the Managing Director and Chief Financial Officer that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects;
- comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to key Management for monitoring of performance against strategic plan;
- a reporting system generates monthly performance and variance reports for review by Management and actions to be taken, where necessary;
- Management Team meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues;
- established management information systems with documented processes, including change request to computer programmes and access to data files; and
- written declaration by all employees confirming their compliance with the Group’s Code of Ethics to promote ethical conduct in the workplace.

BUSINESS CONTINUITY PLANNING

Established Business Continuity and Disaster Recovery Plans are in place to ensure that the essential business functions are able to continue in the event of unforeseen circumstances or calamity befalling the Group.

INSURANCE

Sufficient insurance and physical safeguards on major assets and contingencies are in place to ensure that the assets of the Group are adequately covered against any mishap that may result in material losses to the Group. An annual insurance renewal exercise is undertaken in which management reviews the relevance and adequacy of the insurance coverage.

CONCLUSION

The Board is of the view that the risk management and internal control system is satisfactory for the financial year under review and up to the date of approval of this Statement, and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group’s Annual Report. The Group continues to take measures to strengthen the internal control environment.

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2014 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

This Statement was approved by the Board on 10 February 2015.

COMPLIANCE WITH MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information are provided:

Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2014.

Share Buy-Back

There was no share buy-back effected during the financial year ended 31 December 2014.

Options or Convertible Securities

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2014.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2014.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management, by the relevant regulatory bodies during the financial year ended 31 December 2014.

Non-audit Fees

The amount of non-audit fees incurred for services rendered to the Company or its subsidiaries for the financial year amounted to RM10,700 by the Company’s auditors or a firm or a company affiliated to the auditor’s firm.

Variation in Results

There was no profit forecast issued by the Company or its subsidiaries during the financial year ended 31 December 2014.

Profit Guarantee

There was no profit guarantee during the financial year ended 31 December 2014.

Material Contracts

There were no material contracts by the Company or its subsidiaries involving the Directors’ and major shareholders’ interests entered into since the end of the previous financial year.

Contracts Relating to Loans

There were no contracts relating to loans by the Company involving Directors’ and major shareholders’ interests.

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the 19th Annual General Meeting (“AGM”) held on Wednesday, 7 May 2014, the Company obtained a shareholders’ mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2014 is set out on pages 77 to 78 of the Annual Report.

Corporate Social Responsibility

The disclosure on the Corporate Social Responsibility (“CSR”) activities or practices undertaken during the financial year ended 31 December 2014 is stated on pages 21 to 24 of the Annual Report.

Employee Share Scheme

The Company has not implemented any Employee Share Scheme.

Statement of Directors’ Responsibility for Preparing the Annual Audited Financial Statements (“Financial Statements”)

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and, the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year, and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured that applicable approved accounting standards have been followed; and
- prepared the financial statements on a going concern basis.





DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries consist of distribution of consumer products principally under the "Amway" trademark. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

| | Group | Company |
|-------------------|----------|-----------|
| | RM'000 | RM'000 |
| Profit net of tax | RM99,848 | RM102,282 |

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2013 were as follows:

In respect of the financial year ended 31 December 2013 as reported in the directors' report of that year:

Fourth interim tax exempt (single-tier) dividend of 10.0 sen per share, on 164,385,645 ordinary shares, declared on 25 February 2014 and paid on 21 March 2014.

Special interim tax exempt (single-tier) dividend of 22.5 sen per share, on 164,385,645 ordinary shares, declared on 25 February 2014 and paid on 21 March 2014.

In respect of the financial year ended 31 December 2014 were as follows:

- (i) First interim tax exempt (single-tier) dividend of 10.0 sen per share, on 164,385,645 ordinary shares, declared on 7 May 2014 and paid on 5 June 2014;
- (ii) Second interim tax exempt (single-tier) dividend of 10.0 sen per share, on 164,385,645 ordinary shares, declared on 13 August 2014 and paid on 11 September 2014; and
- (iii) Third interim tax exempt (single-tier) dividend of 10.0 sen per share, on 164,385,645 ordinary shares, declared on 12 November 2014 and paid on 9 December 2014.

Total dividends paid

| RM'000 |
|---------|
| 16,439 |
| 36,985 |
| 53,424 |
| 16,439 |
| 16,439 |
| 16,439 |
| 49,317 |
| 102,741 |

Subsequent to reporting date on 10 February 2015, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2014, of 10.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM16,439,000 and special interim tax exempt dividend of 15.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM24,658,000.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

DIRECTORS' REPORT

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

| | |
|---|---------------------------|
| Dato' Ab. Halim Bin Mohyiddin | (Chairman) |
| Low Han Kee | (Managing Director) |
| Scott Russell Balfour | |
| Yee Kee Bing | |
| Prof. Datuk Dr. Nik Mohd Zain Bin Nik Yusof | |
| Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham | |
| Mohammad Bin Hussin | |
| James Bradley Payne | |
| Tan Sri Faizah Binti Mohd Tahir | (Appointed on 8 May 2014) |
| Eva Cheng Li Kam Fun | (Resigned on 8 May 2014) |

REMUNERATION COMMITTEE

The Remuneration Committee comprises wholly non-executive directors with the majority being independent directors.

The members of the Remuneration Committee comprise the following directors:

James Bradley Payne
Dato' Ab. Halim Bin Mohyiddin
Prof. Datuk Dr. Nik Mohd Zain Bin Nik Yusof

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the Note 9 of the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

| Number of ordinary shares of RM1 each | | | |
|---------------------------------------|----------|------|------------------|
| As at 1.1.2014 | Acquired | Sold | As at 31.12.2014 |
| The Company | | | |
| Direct interest: | | | |
| Dato' Ab. Halim Bin Mohyiddin | - | - | 1,000 |
| Low Han Kee | - | - | 20,000 |

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS’ REPORT

OTHER STATUTORY INFORMATION

- a. Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b. At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- c. At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d. At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e. As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- f. In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10 February 2015.

Dato’ Ab. Halim Bin Mohyiddin

Low Han Kee

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato’ Ab. Halim Bin Mohyiddin and Low Han Kee, being two of the directors of Amway (Malaysia) Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 44 to 73 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 29 on page 74 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10 February 2015.

Dato’ Ab. Halim Bin Mohyiddin

Low Han Kee

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Ho Kim Poi, being the officer primarily responsible for the financial management of Amway (Malaysia) Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 44 to 74 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Ho Kim Poi
at Kuala Lumpur in Federal Territory
on 10 February 2015

Ho Kim Poi

Before me,

Gurdeep Singh A/L Jag Singh
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS’ REPORT

To the members of Amway (Malaysia) Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Amway (Malaysia) Holdings Berhad, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 73.

Directors’ responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b. We have considered the financial statements and the auditors’ report of a subsidiary of which we have not acted as auditors, which is indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- c. We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- d. The auditors’ reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS’ REPORT

To the members of Amway (Malaysia) Holdings Berhad (Incorporated in Malaysia)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 29 on page 74 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (“MIA Guidance”) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
10 February 2015

Loke Siew Heng
No. 2871/07/15(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Revenue | 4 | 855,804 | 834,222 | 101,172 | 101,172 |
| Cost of sales | 5 | (597,341) | (568,185) | - | - |
| Gross profit | | 258,463 | 266,037 | 101,172 | 101,172 |
| Other income | 6 | 7,007 | 5,530 | 2,812 | 2,704 |
| Distribution expenses | | (40,201) | (42,410) | - | - |
| Selling and administrative expenses | | (90,655) | (83,961) | (1,019) | (875) |
| Profit before tax | 7 | 134,614 | 145,196 | 102,965 | 103,001 |
| Income tax expense | 10 | (34,766) | (36,173) | (683) | (673) |
| Profit net of tax | | 99,848 | 109,023 | 102,282 | 102,328 |
| Other comprehensive income: | | | | | |
| Foreign currency translation | | 102 | 59 | - | - |
| Other comprehensive income for the year, net of tax | | 102 | 59 | - | - |
| Total comprehensive income for the year | | 99,950 | 109,082 | 102,282 | 102,328 |
| Profit attributable to owners of the parent | | 99,848 | 109,023 | 102,282 | 102,328 |
| Total comprehensive income attributable to owners of the parent | | 99,950 | 109,082 | 102,282 | 102,328 |
| Earnings per share attributable to owners of the parent (sen per share) | | | | | |
| - Basic | 11 | 60.74 | 66.32 | | |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Assets | | | | | |
| Non-Current assets | | | | | |
| Property, plant and equipment | 13 | 66,704 | 71,583 | - | - |
| Intangible asset | 14 | 4,782 | 4,782 | - | - |
| Investment in subsidiaries | 15 | - | - | 86,202 | 86,202 |
| Deferred tax asset | 16 | 4,938 | 4,832 | - | - |
| | | 76,424 | 81,197 | 86,202 | 86,202 |
| Current assets | | | | | |
| Inventories | 17 | 84,429 | 64,651 | - | - |
| Trade and other receivables | 18 | 28,434 | 30,209 | 150 | 107 |
| Cash and cash equivalents | 19 | 173,272 | 152,883 | 88,001 | 88,561 |
| | | 286,135 | 247,743 | 88,151 | 88,668 |
| Total assets | | 362,559 | 328,940 | 174,353 | 174,870 |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| Share capital | 20 | 164,386 | 164,386 | 164,386 | 164,386 |
| Share premium | | 685 | 685 | 685 | 685 |
| Other reserves | | 1,608 | 1,506 | 1,365 | 1,365 |
| Retained earnings | 21 | 64,841 | 67,734 | 7,443 | 7,902 |
| Total equity attributable to owners of the parent | | 231,520 | 234,311 | 174,379 | 174,338 |
| Non-current liability | | | | | |
| Deferred tax liability | 16 | 25 | 30 | - | - |
| Current liabilities | | | | | |
| Trade and other payables | 22 | 124,378 | 86,470 | 289 | 342 |
| Current tax payable | | 6,636 | 8,129 | 185 | 190 |
| | | 131,014 | 94,599 | 474 | 532 |
| Total liabilities | | 131,039 | 94,629 | 474 | 532 |
| Total equity and liabilities | | 362,559 | 328,940 | 174,353 | 174,870 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

| | ----- Non-Distributable ----- | | | | | |
|--|-------------------------------|-------------------------|--------------------------------------|--|---|------------------------|
| Group | Share capital RM'000 | Share premium RM'000 | Capital redemption reserve RM'000 | Foreign currency translation reserve RM'000 | Distributable retained earnings RM'000 | Total equity RM'000 |
| At 1 January 2014 | 164,386 | 685 | 1,365 | 141 | 67,734 | 234,311 |
| Total comprehensive income | - | - | - | 102 | 99,848 | 99,950 |
| Transaction with owners | | | | | | |
| Dividends on ordinary shares (Note 12) | - | - | - | - | (102,741) | (102,741) |
| At 31 December 2014 | 164,386 | 685 | 1,365 | 243 | 64,841 | 231,520 |
| At 1 January 2013 | 164,386 | 685 | 1,365 | 82 | 61,453 | 227,971 |
| Total comprehensive income | - | - | - | 59 | 109,023 | 109,082 |
| Transaction with owners | | | | | | |
| Dividends on ordinary shares (Note 12) | - | - | - | - | (102,742) | (102,742) |
| At 31 December 2013 | 164,386 | 685 | 1,365 | 141 | 67,734 | 234,311 |

| | ---- Non-Distributable ---- | | | | |
|--|-----------------------------|-------------------------|--------------------------------------|---|------------------------|
| Company | Share capital RM'000 | Share premium RM'000 | Capital redemption reserve RM'000 | Distributable retained earnings RM'000 | Total equity RM'000 |
| At 1 January 2014 | 164,386 | 685 | 1,365 | 7,902 | 174,338 |
| Total comprehensive income | - | - | - | 102,282 | 102,282 |
| | 164,386 | 685 | 1,365 | 110,184 | 276,620 |
| Transaction with owners | | | | | |
| Dividends on ordinary shares (Note 12) | - | - | - | (102,741) | (102,741) |
| At 31 December 2014 | 164,386 | 685 | 1,365 | 7,443 | 173,879 |
| At 1 January 2013 | 164,386 | 685 | 1,365 | 8,316 | 174,752 |
| Total comprehensive income | - | - | - | 102,328 | 102,328 |
| | 164,386 | 685 | 1,365 | 110,644 | 277,080 |
| Transaction with owners | | | | | |
| Dividends on ordinary shares (Note 12) | - | - | - | (102,742) | (102,742) |
| At 31 December 2013 | 164,386 | 685 | 1,365 | 7,902 | 174,338 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2014

Cash flows from operating activities

| | | | | |
|--|---------|---------|-----------|-----------|
| Profit before tax | 134,614 | 145,196 | 102,965 | 103,001 |
| Adjustments for: | | | | |
| Property, plant and equipment | | | | |
| - depreciation | 7,804 | 7,802 | - | - |
| - gain on disposals | (1,164) | (291) | - | - |
| - written off | 341 | 34 | - | - |
| Interest income | (5,662) | (5,112) | (2,812) | (2,704) |
| Dividend income | - | - | (101,172) | (101,172) |
| Net impairment loss on trade receivables | 94 | 20 | - | - |
| (Reversal of)/allowance for inventory obsolescence | (11) | 1,677 | - | - |
| Unrealised foreign exchange (gain)/loss | (54) | 29 | - | - |

| | | | | |
|--|----------|---------|---------|-------|
| Operating profit/(loss) before working capital changes | 135,962 | 149,355 | (1,019) | (875) |
| Decrease/(increase) in receivables | 43 | 2,758 | (43) | 19 |
| (Increase)/decrease in inventories | (19,767) | 1,691 | - | - |
| Increase/(decrease) in payables | 14,328 | (5,142) | (53) | 89 |

| | | | | |
|--|----------|----------|---------|---------|
| Cash generated from/(used in) operations | 130,566 | 148,662 | (1,115) | (767) |
| Tax paid | (36,370) | (37,245) | (688) | (677) |
| Net cash generated from/(used in) operating activities | 94,196 | 111,417 | (1,803) | (1,444) |

Cash flows from investing activities

| | | | | |
|--|---------|---------|---------|---------|
| Purchase of property, plant and equipment (Note A) | (3,263) | (2,212) | - | - |
| Proceeds from disposals of property, plant and equipment | 1,706 | 300 | - | - |
| Dividend received | - | - | 101,172 | 101,172 |
| Interest received | 5,662 | 5,112 | 2,812 | 2,704 |
| Net cash generated from investing activities | 4,105 | 3,200 | 103,984 | 103,876 |

Cash flows from financing activities

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Dividends paid | (102,741) | (102,742) | (102,741) | (102,742) |
| Repayment from/(to) related companies | 23,710 | (4,551) | - | - |
| Payment made on behalf by/(repayment to) penultimate holding company | 1,021 | (3,384) | - | - |
| Net cash used in financing activities | (78,010) | (110,677) | (102,741) | (102,742) |

Net increase/(decrease) in cash and cash equivalents

Effects of foreign exchange rate changes

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year (Note 19)

Note A:

| | | | | |
|---|-------|-------|---|---|
| Purchase of property, plant and equipment during the year by way of:- | | | | |
| - Cash | 3,263 | 2,212 | - | - |
| - Other payables | 541 | - | - | - |
| | 3,804 | 2,212 | - | - |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



| Group | | Company | |
|----------------|----------------|----------------|----------------|
| 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| 134,614 | 145,196 | 102,965 | 103,001 |
| 7,804 | 7,802 | - | - |
| (1,164) | (291) | - | - |
| 341 | 34 | - | - |
| (5,662) | (5,112) | (2,812) | (2,704) |
| - | - | (101,172) | (101,172) |
| 94 | 20 | - | - |
| (11) | 1,677 | - | - |
| (54) | 29 | - | - |
| 135,962 | 149,355 | (1,019) | (875) |
| 43 | 2,758 | (43) | 19 |
| (19,767) | 1,691 | - | - |
| 14,328 | (5,142) | (53) | 89 |
| 130,566 | 148,662 | (1,115) | (767) |
| (36,370) | (37,245) | (688) | (677) |
| 94,196 | 111,417 | (1,803) | (1,444) |
| (3,263) | (2,212) | - | - |
| 1,706 | 300 | - | - |
| - | - | 101,172 | 101,172 |
| 5,662 | 5,112 | 2,812 | 2,704 |
| 4,105 | 3,200 | 103,984 | 103,876 |
| (102,741) | (102,742) | (102,741) | (102,742) |
| 23,710 | (4,551) | - | - |
| 1,021 | (3,384) | - | - |
| (78,010) | (110,677) | (102,741) | (102,742) |
| 20,291 | 3,940 | (560) | (310) |
| 98 | 88 | - | - |
| 152,883 | 148,855 | 88,561 | 88,871 |
| 173,272 | 152,883 | 88,001 | 88,561 |
| 3,263 | 2,212 | - | - |
| 541 | - | - | - |
| 3,804 | 2,212 | - | - |



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

1. CORPORATE INFORMATION

Amway (Malaysia) Holdings Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpur, Malaysia. The principal place of business of the Company is located at 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The immediate holding company is GDA B.V., a company incorporated in Netherlands. The ultimate and penultimate holding companies are Alticor Global Holdings Inc. and Alticor Inc. respectively. Both companies are incorporated in the United States of America.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consist of distribution of consumer products principally under the “Amway” trademark.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements for the financial year ended 31 December 2014 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 10 February 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and the requirements of the Companies Act, 1965 in Malaysia. These financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

2.2 Standards and Interpretations issued and adopted

On 1 January 2014, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

| Description | Effective for annual periods beginning on or after |
|---|--|
| IC Interpretation 21 levies | 1 January 2014 |
| Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities | 1 January 2014 |
| Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets | 1 January 2014 |
| Amendments to MFRS 139 Novation of derivatives and Continuation of Hedge Accounting | 1 January 2014 |

The adoption of the standards and interpretations above have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

| Description | Effective for annual periods beginning on or after |
|--|--|
| Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions | 1 July 2014 |
| Amendments to MFRS 2 Share based Payment (Annual Improvements to MFRSs 2010-2012 Cycle) | 1 July 2014 |
| Amendments to MFRS 3 Business Combinations (Annual Improvements to MFRSs 2010-2012 Cycle) | 1 July 2014 |
| Amendments to MFRS 3 Business Combinations (Annual Improvements to MFRSs 2011-2013 Cycle) | 1 July 2014 |
| Amendments to MFRS 8 Operating Segments (Annual Improvements to MFRSs 2010-2012 Cycle) | 1 July 2014 |
| Amendments to MFRS 13 Fair Value Measurement (Annual Improvements to MFRSs 2011-2013 Cycle) | 1 July 2014 |
| Amendments to MFRS 116 Property, Plant & Equipment | 1 July 2014 |
| Amendments to MFRS 138 Intangible Assets (Annual Improvements to MFRSs 2010-2013 Cycle) | 1 July 2014 |
| Amendments to MFRS 124 Related Party Disclosures (Annual Improvements to MFRSs 2010-2012 Cycle) | 1 July 2014 |
| Amendments to MFRS 140 Investment Property (Annual Improvements to MFRSs 2011-2013 Cycle) | 1 July 2014 |
| Amendments to MFRS 5 Non-current Asset Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012-2014 Cycle) | 1 January 2016 |
| Amendments to MFRS 7 Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012-2014 Cycle) | 1 January 2016 |
| Amendments to MFRS 10 Consolidated Financial Statements (Applying the Consolidation Exception) | 1 January 2016 |
| Amendments to MFRS 12 Disclosure of Interest in Other Entities (Applying the Consolidation Exception) | 1 January 2016 |
| Amendments to MFRS 101 Presentation of Financial Statements (Disclosure Initiative) | 1 January 2016 |
| Amendments to MFRS 119 Employee Benefits (Annual Improvements to MFRSs 2012-2014 Cycle) | 1 January 2016 |
| Amendments to MFRS 128 Investment in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and Associate or Joint Venture) | 1 January 2016 |
| Amendments to MFRS 128 Investment in Associates and Joint Ventures (Applying the Consolidation Exception) | 1 January 2016 |
| Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements to MFRSs 2012-2014 Cycle) | 1 January 2016 |
| Amendments to MFRS 11 Accounting for Acquisitions of Interest in Joint Ventures | 1 January 2016 |
| MFRS 14 Regulatory Deferral Account | 1 January 2016 |
| Amendments to MFRS 116 and 138 Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to MFRS 116 and 141 Agriculture: Bearer Plants | 1 January 2016 |
| MFRS 15 Revenue from Contracts with Customers | 1 January 2017 |
| MFRS 9 Financial Instrument | 1 January 2018 |

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.



NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.4 Basis of consolidation (contd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power over the investee:

- i. The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- ii. Potential voting rights held by the Company, other vote holders or other parties;
- iii. Rights arising from other contractual arrangements; and
- iv. Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary’s cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

a. Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.5.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.4 Basis of consolidation (contd.)

b. Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- i. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- ii. Exposure, or rights, to variable returns from its investment with the investee; and
- iii. The ability to use its power over the investee to affect its returns.

In the Company’s separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.5 Intangible asset

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| Leasehold land | Over lease period |
|-------------------------------------|-------------------|
| Buildings | 2% |
| Building improvements | 10% |
| Leasehold fixtures and improvements | 33% |
| Furniture, fittings and equipment | 10% - 33% |
| Motor vehicles | 25% |

Capital work in progress comprises the renovation in progress which have not been commissioned. Capital work in progress is not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.6 Property, plant and equipment and depreciation (contd.)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.7 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost comprises purchase price of inventories plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Lease assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.9 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.10 Income taxes

a. Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

b. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

a. Sale of goods

Revenue is recognised net of discounts upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

b. Interest income

Interest is recognised on an accrual basis using the effective interest method.

c. Dividend income

Dividend income is recognised when the Group’s right to receive payment is established.

2.12 Foreign currencies

The Group’s consolidated financial statements are presented in RM, which is also the Company’s functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

a. Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

b. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.12 Foreign currencies (contd.)

b. Group companies (contd.)

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

| | 2014 RM | 2013 RM |
|-------------------------|------------|------------|
| United States Dollar | 3.50 | 3.28 |
| Singapore/Brunei Dollar | 2.65 | 2.59 |
| Euro | 4.24 | 4.52 |

2.13 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statements in expense categories consistent with the function of the impaired asset, except for a property previously revalued when the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.14 Employee benefits

a. Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

b. Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

c. Long-Term Incentive Plan

The Company has a Long-Term Incentive Plan (“LTIP”) Scheme for key management personnel of the Company. At the beginning of each fiscal year, a new three-year class will begin where incentive plan will be established for each LTIP participant. The incentive based upon the achievement of financial performance measures are distributed at the end of the three-year class.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.15 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All financial assets of the Group and of the Company are classified as loans and receivables.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

2.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. All financial liabilities of the Group and of the Company are classified as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.18 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.19 Fair Value Measurement

The Group measures financial instruments, such as, derivatives financial assets at fair value at each reporting date.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to or by the Group.

The fair value of an asset or liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participants that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement if directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement unobservable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.19 Fair Value Measurement (contd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2.20 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 14 – measurement of the recoverable amounts of cash-generating units.

4. REVENUE

| | Group | | Company | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Sales of consumer products | 855,804 | 834,222 | - | - |
| Dividends | - | - | 101,172 | 101,172 |
| | 855,804 | 834,222 | 101,172 | 101,172 |

5. COST OF SALES

Cost of sales represent cost of inventories sold and attributable cost relating to the sale of consumer products.

6. OTHER INCOME

Included in other income are the following:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Interest income on deposits with licensed bank and licensed financial institutions | 5,662 | 5,112 | 2,812 | 2,704 |
| Net unrealised gain on foreign exchange | 54 | - | - | - |
| Realised foreign exchange gain | 42 | 117 | - | - |
| Gain on disposal of property, plant and equipment | 1,164 | 291 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

7. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Employee benefits expense (Note 8) | 41,015 | 41,602 | - | - |
| Non-executive directors' remuneration excluding benefits-in-kind (Note 9) | 416 | 363 | 390 | 338 |
| Auditors' remuneration | | | | |
| - statutory | 149 | 148 | 29 | 29 |
| - other services | 11 | 11 | 11 | 11 |
| (Reversal of)/allowance for inventory obsolescence | (11) | 1,677 | - | - |
| Rental of premises | 2,733 | 2,608 | - | - |
| Net unrealised loss on foreign exchange | - | 29 | - | - |
| Property, plant and equipment | | | | |
| - depreciation (Note 13) | 7,804 | 7,802 | - | - |
| - written off | 341 | 34 | - | - |
| Net impairment loss on trade receivables (Note 18) | 94 | 20 | - | - |
| Support charges received/receivable from related companies | (9,914) | (6,628) | - | - |
| Support charges paid/payable to related companies | 13,784 | 10,121 | - | - |

8. EMPLOYEE BENEFITS EXPENSE

| | Group | |
|---|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 |
| Wages, salaries and bonus | 30,134 | 32,213 |
| Contribution to defined contribution plan | 4,663 | 5,041 |
| Social security contributions | 243 | 547 |
| Other benefits | 5,975 | 3,801 |
| | 41,015 | 41,602 |

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM1,492,000 (2013: RM1,795,000) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

The directors' remuneration are as follows :

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Executive directors' remuneration (Note 8): | | | | |
| - Other emoluments | 1,492 | 1,795 | - | - |
| Non-executive directors' remuneration (Note 7): | | | | |
| - Fees | 394 | 344 | 368 | 319 |
| - Other emoluments | 22 | 19 | 22 | 19 |
| | 416 | 363 | 390 | 338 |
| Total directors' remuneration | 1,908 | 2,158 | 390 | 338 |
| Estimated money value of benefits-in-kind | 40 | 40 | - | 1 |
| Total directors' remuneration including benefits-in-kind | 1,948 | 2,198 | 390 | 339 |



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

9. DIRECTORS' REMUNERATION (contd.)

The details of remuneration receivable by directors of the Company during the year are as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Executive: | | | | |
| - Salaries and other emoluments | 975 | 870 | - | - |
| - Bonus | 273 | 641 | - | - |
| - Defined contribution plan | 206 | 248 | - | - |
| - Allowances | 38 | 36 | - | - |
| - Estimated money value of benefits-in-kind | 40 | 39 | - | - |
| | 1,532 | 1,834 | - | - |
| Non-executive: | | | | |
| - Fees | 394 | 344 | 368 | 319 |
| - Allowances | 22 | 19 | 22 | 19 |
| - Estimated money value of benefits-in-kind | - | 1 | - | 1 |
| | 1,948 | 2,198 | 390 | 339 |

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

| | Number of directors Company | |
|---------------------------------|--------------------------------|------|
| | 2014 | 2013 |
| Executive directors: | | |
| RM700,001 - RM750,000 | 1 | - |
| RM750,001 - RM800,000 | 1 | - |
| RM800,001 - RM850,000 | - | 1 |
| RM 1,000,001 - RM1,050,000 | - | 1 |
| Non-executive directors: | | |
| RM0 - RM50,000 | 4 | 3 |
| RM50,001 - RM100,000 | 3 | 3 |
| RM100,001 - RM150,000 | 1 | 1 |
| | 10 | 9 |

10. INCOME TAX EXPENSE

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Current tax expense: | | | | |
| - Malaysian income tax | 33,327 | 37,286 | 699 | 673 |
| - Foreign tax | 218 | 308 | - | - |
| | 33,545 | 37,594 | 699 | 673 |
| Under/(over) provision in prior years | | | | |
| - Malaysian income tax | 1,264 | (523) | (16) | - |
| - Foreign tax | 68 | (42) | - | - |
| | 34,877 | 37,029 | 683 | 673 |
| Deferred tax (Note 16): | | | | |
| - Relating to origination and reversal of temporary differences | 1,191 | 145 | - | - |
| - Overprovision in prior year | (1,302) | (1,001) | - | - |
| | (111) | (856) | - | - |
| Total income tax expense | 34,766 | 36,173 | 683 | 673 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. INCOME TAX EXPENSE (contd.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction. Companies in Brunei are taxed where for the first BND100,000 of the chargeable income, only 25% is taxable, the next BND150,000 only 50% is taxable and 100% is taxable for any remaining balance. The income tax rate applicable to companies in Brunei is 18.5% (2013: 20%).

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Profit before tax | 134,614 | 145,196 | 102,965 | 103,001 |
| Taxation at Malaysian statutory tax rate of 25% (2013: 25%) | 33,654 | 36,299 | 25,741 | 25,750 |
| Different tax rate and tax structure in other jurisdiction | (180) | (174) | - | - |
| Income not subject to tax | - | - | (25,293) | (25,293) |
| Expenses not deductible for tax purposes | 1,262 | 1,614 | 251 | 216 |
| Overprovision of deferred tax in prior year | (1,302) | (1,001) | - | - |
| Under/(over) provision of tax expense in prior years | 1,332 | (565) | (16) | - |
| Income tax expense | 34,766 | 36,173 | 683 | 673 |

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

| | Group | |
|--|------------|------------|
| | 2014 RM | 2013 RM |
| Profit attributable to ordinary equity holders of the Company (RM'000) | 99,848 | 109,023 |
| Weighted average number of ordinary shares in issue (number '000) | 164,386 | 164,386 |
| Basic earnings (sen per share) | 60.74 | 66.32 |

There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. DIVIDENDS

Recognised in the financial year ended 31 December 2014

Interim tax exempt (single-tier):

Fourth quarter interim 2013 ordinary

First quarter interim 2014 ordinary

Second quarter interim 2014 ordinary

Third quarter interim 2014 ordinary

Recognised in the financial year ended 31 December 2013

Interim tax exempt (single-tier):

Fourth quarter interim 2012 ordinary

First quarter interim 2013 ordinary

Second quarter interim 2013 ordinary

Third quarter interim 2013 ordinary

| Sen per share | Total amount RM'000 | Date of payment |
|---------------|------------------------|-------------------|
| | | |
| 32.50 | 53,424 | 21 March 2014 |
| 10.00 | 16,439 | 05 June 2014 |
| 10.00 | 16,439 | 11 September 2014 |
| 10.00 | 16,439 | 09 December 2014 |
| | 102,741 | |
| | | |
| 32.50 | 53,425 | 29 March 2013 |
| 10.00 | 16,439 | 27 June 2013 |
| 10.00 | 16,439 | 27 September 2013 |
| 10.00 | 16,439 | 06 December 2013 |
| | 102,742 | |

Subsequent to reporting date on 10 February 2015, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2014, of 10.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM16,439,000 and special interim tax exempt dividend of 15.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM24,658,000.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

13. PROPERTY, PLANT AND EQUIPMENT

Group

At 31 December 2014

Cost

At 1 January 2014

Additions

Disposals

Write-offs

Effect of movements

in exchange rates

At 31 December 2014

Accumulated depreciation

At 1 January 2014

Charge for the year (Note 7)

Disposals

Write-offs

Effect of movements

in exchange rates

At 31 December 2014

Net carrying amount

At 31 December 2013

Cost

At 1 January 2013

Additions

Disposals

Write-offs

Reclassification

Effect of movements

in exchange rates

At 31 December 2013

Accumulated depreciation

At 1 January 2013

Charge for the year (Note 7)

Disposals

Write-offs

Effect of movements

in exchange rates

At 31 December 2013

Net carrying amount

| Freehold land RM'000 | Long term leasehold land RM'000 | Buildings RM'000 | Building improvements RM'000 | Leasehold fixtures and improvements RM'000 | Furniture, fittings and equipment RM'000 | Motor vehicles RM'000 | Capital work-in- progress RM'000 | Total RM'000 |
|----------------------------|--|---------------------|------------------------------------|---|---|-----------------------------|---|-----------------|
| | | | | | | | | |
| 1,420 | 17,493 | 33,912 | 21,656 | 4,274 | 33,969 | 2,157 | - | 114,881 |
| - | - | - | 15 | 409 | 2,069 | 770 | 541 | 3,804 |
| - | (137) | (621) | (1,113) | (301) | (445) | (879) | - | (3,496) |
| - | - | - | - | - | (455) | - | - | (455) |
| - | - | - | - | 7 | 11 | - | - | 18 |
| 1,420 | 17,356 | 33,291 | 20,558 | 4,389 | 35,149 | 2,048 | 541 | 114,752 |
| | | | | | | | | |
| - | 2,623 | 3,391 | 9,640 | 3,362 | 22,803 | 1,479 | - | 43,298 |
| - | 541 | 672 | 1,770 | 554 | 3,871 | 396 | - | 7,804 |
| - | (25) | (218) | (1,106) | (301) | (424) | (879) | - | (2,953) |
| - | - | - | - | - | (114) | - | - | (114) |
| - | - | - | - | 6 | 7 | - | - | 13 |
| - | 3,139 | 3,845 | 10,304 | 3,621 | 26,143 | 996 | - | 48,048 |
| 1,420 | 14,217 | 29,446 | 10,254 | 768 | 9,006 | 1,052 | 541 | 66,704 |
| | | | | | | | | |
| | | | | | | | | |
| 1,420 | 17,493 | 33,912 | 21,569 | 4,094 | 32,680 | 2,328 | 542 | 114,038 |
| - | - | - | 85 | 55 | 1,639 | 433 | - | 2,212 |
| - | - | - | - | (152) | (606) | (604) | - | (1,362) |
| - | - | - | - | - | (35) | - | - | (35) |
| - | - | - | 2 | 267 | 273 | - | (542) | - |
| - | - | - | - | 10 | 18 | - | - | 28 |
| 1,420 | 17,493 | 33,912 | 21,656 | 4,274 | 33,969 | 2,157 | - | 114,881 |
| | | | | | | | | |
| - | 2,014 | 2,993 | 7,798 | 2,733 | 19,604 | 1,691 | - | 36,833 |
| - | 609 | 398 | 1,842 | 773 | 3,788 | 392 | - | 7,802 |
| - | - | - | - | (152) | (597) | (604) | - | (1,353) |
| - | - | - | - | - | (1) | - | - | (1) |
| - | - | - | - | 8 | 9 | - | - | 17 |
| - | 2,623 | 3,391 | 9,640 | 3,362 | 22,803 | 1,479 | - | 43,298 |
| 1,420 | 14,870 | 30,521 | 12,016 | 912 | 11,166 | 678 | - | 71,583 |

Included in the cost of property, plant and equipment of the Group are cost of fully depreciated plant and equipment which are still in use amounting to RM18,633,000 (2013: RM14,502,000).



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

14. INTANGIBLE ASSET

| | Group | |
|-----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 |
| Goodwill | | |
| Carrying amount | 4,782 | 4,782 |

- i. This represents the goodwill arising from consolidation of Amway (B) Sdn. Bhd..
- ii. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:
- Cash flows were projected based on actual operating results.
 - The subsidiary will continue its operation indefinitely.
 - The size of operation will remain with at least or not lower than the current results.

The key assumptions represent management's assessment of future trends in the direct selling industry and are based on both external and internal sources (historical data) and that no reasonably possible change in any of the above assumptions would cause the carrying values of the cash flows generated to materially affect the recoverable amount.

15. INVESTMENT IN SUBSIDIARIES

| | Company | |
|-------------------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 |
| Unquoted shares at cost | 86,202 | 86,202 |

Details of the subsidiaries are as follows:

| Name of subsidiaries | Issued and paid-up share capital | Proportion of ownership interest | | Principal activities |
|--|----------------------------------|----------------------------------|-----------|---|
| | | 2014 % | 2013 % | |
| Held by the Company: | | | | |
| Amway (Malaysia) Sdn. Bhd., incorporated in Malaysia | RM35,499,000 | 100 | 100 | Distribution of consumer products principally under the "Amway" trademark |
| Held by Amway (Malaysia) Sdn. Bhd. : | | | | |
| Amway (B) Sdn. Bhd., incorporated in Negara Brunei Darussalam* | BND10,000 | 100 | 100 | Distribution of consumer products principally under the "Amway" trademark |

* Audited by a member firm of Ernst & Young Global in Brunei Darussalam

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

16. DEFERRED TAX

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| At beginning of financial year | 4,802 | 3,946 | - | - |
| Recognised in profit or loss (Note 10) | 111 | 856 | - | - |
| At end of financial year | 4,913 | 4,802 | - | - |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax asset | 4,938 | 4,832 | - | - |
| Deferred tax liability | (25) | (30) | - | - |
| | 4,913 | 4,802 | - | - |

The components and movements of deferred tax liability and asset during the financial year prior to offsetting are as follows:

Deferred tax liability of the Group:

| | Property, plant and equipment RM'000 |
|------------------------------|---|
| At 1 January 2013 | (5,124) |
| Recognised in profit or loss | (105) |
| At 31 December 2013 | (5,229) |
| Recognised in profit or loss | (263) |
| At 31 December 2014 | (5,492) |

Deferred tax asset of the Group:

| | Accrued expenses RM'000 |
|------------------------------|----------------------------|
| At 1 January 2013 | 9,070 |
| Recognised in profit or loss | 961 |
| At 31 December 2013 | 10,031 |
| Recognised in profit or loss | 374 |
| At 31 December 2014 | 10,405 |

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

17. INVENTORIES

| | Group | |
|---------------------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 |
| Consumer products: | | |
| At cost | 84,090 | 64,484 |
| At net realisable value | 339 | 167 |
| | 84,429 | 64,651 |

During the financial year, inventories recognised as cost of sales amounted to RM361,039,000 (2013: RM328,611,000).

18. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Trade receivables | | | | |
| Third parties | 4,555 | 6,633 | - | - |
| Due from related companies | 553 | 1,198 | - | - |
| | 5,108 | 7,831 | - | - |
| Less: Allowance for impairment on amounts due from third parties | (527) | (433) | - | - |
| Trade receivables, net | 4,581 | 7,398 | - | - |
| Other receivables | | | | |
| Amounts due from related companies | 17,201 | 18,194 | - | - |
| Sundry receivables | 3,635 | 2,560 | 146 | 102 |
| Deposits | 1,171 | 1,096 | 4 | 5 |
| Prepayments | 1,846 | 961 | - | - |
| | 23,853 | 22,811 | 150 | 107 |
| Total trade and other receivables | 28,434 | 30,209 | 150 | 107 |
| Add: Cash and cash equivalents (Note 19) | 173,272 | 152,883 | 88,001 | 88,561 |
| Less: Prepayments | (1,846) | (961) | - | - |
| Total loans and receivables | 199,860 | 182,131 | 88,151 | 88,668 |

a. Trade receivables

Trade receivables are non-interest bearing and a significant amount of the outstanding balance is repayable by way of monthly instalment plans within 120 (2013: 120) days. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The Group maintains its ageing within 30 days by monitoring the instalments payments from distributors and any amounts which are due and not settled will be offset against the distributors' bonuses.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

| | Group | |
|-------------------------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 |
| Neither past due nor impaired | 4,581 | 7,398 |
| Impaired | 527 | 433 |
| | 5,108 | 7,831 |

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

18. TRADE AND OTHER RECEIVABLES (contd.)

a. Trade receivables (contd.)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Movement in allowance accounts:

| | Group Individually impaired | |
|--------------------------------|--------------------------------|----------------|
| | 2014 RM'000 | 2013 RM'000 |
| At beginning of financial year | 433 | 413 |
| Charge for the year (Note 7) | 826 | 475 |
| Recovered (Note 7) | (732) | (455) |
| At end of financial year | 527 | 433 |

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

b. Due from related companies

Related companies are companies within the Alticor Global Holdings Inc. group of companies. Amounts due from certain related parties are unsecured and bear interest equal to the Base Lending Rate set by the Central Bank of Malaysia plus 0.5% per annum, compounded on a monthly basis on overdue balances exceeding 30 to 90 (2013: 30 to 90) days from the date of invoice. The non-trade amounts due from related companies are mainly in respect of leases, support charges and payments made on behalf. These amounts are to be settled in cash.

Further details on related party transactions are disclosed in Note 26.

Other information on financial risks of other receivables are disclosed in Note 27.

19. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Cash on hand and at banks | 15,495 | 14,598 | 337 | 580 |
| Deposits with licensed banks | 157,777 | 138,285 | 87,664 | 87,981 |
| Total cash and cash equivalents | 173,272 | 152,883 | 88,001 | 88,561 |

Deposits with licensed banks are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and the Company. Other information on cash and cash equivalents are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. SHARE CAPITAL

| | Group/Company | | | |
|------------------------------------|---------------------------------------|--------------|----------------|----------------|
| | Number of ordinary shares of RM1 each | | Amount | |
| | 2014 '000 | 2013 '000 | 2014 RM'000 | 2013 RM'000 |
| Authorised | | | | |
| At beginning/end of financial year | 250,000 | 250,000 | 250,000 | 250,000 |
| Issued and fully paid | | | | |
| At beginning/end of financial year | 164,386 | 164,386 | 164,386 | 164,386 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

21. RETAINED EARNINGS

The Company may distribute dividends on a single-tier basis out of its entire retained earnings as at 31 December 2014 without any restrictions.

22. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Trade payables | | | | |
| Third parties | 27,243 | 13,788 | - | - |
| Due to related companies | 29,471 | 9,530 | - | - |
| | 56,714 | 23,318 | - | - |
| Other payables | | | | |
| Amounts due to: | | | | |
| - Penultimate holding company | 2,750 | 1,729 | - | - |
| - A subsidiary | - | - | 14 | 6 |
| - Related companies | 2,951 | 874 | - | - |
| Sundry payables | 821 | 1,051 | 24 | 28 |
| Accruals | 61,142 | 59,498 | 251 | 308 |
| | 67,664 | 63,152 | 289 | 342 |
| Total financial liabilities carried at amortised cost | 124,378 | 86,470 | 289 | 342 |

a. Trade payables

Amounts due to third parties are non-interest bearing and the normal credit term granted to the Group range from 30 to 90 (2013: 30 to 90) days.

b. Due to related companies

The amounts due to related companies are unsecured and bear interest at the federal rate as defined by the United States Treasury Regulation and Internal Revenue Code on overdue balances exceeding 90 (2013: 90) days from the date of invoice. The non-trade amounts due to related companies are mainly in respect of payments made on behalf. These amounts are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

22. TRADE AND OTHER PAYABLES (contd.)

c. Due to penultimate holding company

The amount due to penultimate holding company is in respect of support charges payable, which are unsecured and bear interest at the federal rate as defined by the United States Treasury Regulation and Internal Revenue Code on overdue balances exceeding 90 (2013: 90) days from the date of invoice. These amounts are to be settled in cash.

d. Due to a subsidiary

The amount due to a subsidiary is in respect of advances, which is unsecured, non- interest bearing and repayable on demand.

e. Accruals

Accruals amounting to RM47,694,000 (2013: RM44,400,000) are in respect of distributors' bonuses, seminars and other expenses.

Further details on related parties transactions are disclosed in Note 26. Other information on financial risks of other payables are disclosed in Note 27.

23. SEGMENT REPORTING

Although the Group has an operation in Negara Brunei Darussalam, there is no disclosure of this operation as a separate geographical segment as the revenue contributed by this foreign incorporated company is not material to constitute an independent geographical segment as stipulated under MFRS 8: Operating Segments. Accordingly, information on geographical and business segments of the Group's operations are not presented.

24. CAPITAL COMMITMENTS

| Group | |
|--|----------------|
| 2014 RM'000 | 2013 RM'000 |
| Capital expenditure in respect of | |
| Property, plant and equipment: | |
| - Approved and contracted for | 60 |
| - Approved and not contracted for | 4 |
| 1,562 | |
| 5 | |

25. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land, building and equipment. These leases have an average life of between three (3) and five (5) years with renewal option included in the contracts. There are no restrictions placed upon the Group by entering into the leases.

The future aggregate minimum lease payments under the non-cancellable operating lease contracted as at the reporting date but not recognised as liabilities are as follows:

| Group | |
|--|----------------|
| 2014 RM'000 | 2013 RM'000 |
| Future minimum rental payments | |
| Not later than 1 year | 2,186 |
| Later than 1 year and not later than 5 years | 1,083 |
| 3,990 | 3,269 |

The lease payments recognised in profit or loss during the financial year are disclosed in Note 7.



NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

25. OPERATING LEASE ARRANGEMENTS (contd.)

The Group as lessee (contd.)

The Group leases a number of shop offices cum warehouse and shop lots under operating leases. The leases typically run for initial periods ranging from three (3) to five (5) years with the following options upon expiry of the initial lease periods:

| | |
|------------------------|---|
| One (1) lease | - renew the lease for a further term by notifying the lessor in writing at least (3) months before expiry. |
| Nine (9) leases | - renew the lease for a period of twenty-four (24) months by notifying the lessor in writing at least three (3) months before expiry. |
| Twenty-two (22) leases | - renew the lease for a period of thirty-six (36) months by notifying the lessor in writing at least three (3) months before expiry. |
| Three (3) leases | - renew the lease for a period of thirty-six (36) months by notifying the lessor in writing at least two (2) months before expiry. |

The Group has also leased a shop lot where it will only be terminated upon the lessee’s written notice of one month period.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

a. In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year.

| | Group | |
|---|----------------|----------------|
| | 2014 RM’000 | 2013 RM’000 |
| Sales of goods and services: | | |
| - Related company, Amway (Singapore) Pte. Ltd. | (2,486) | (2,446) |
| Purchases: | | |
| - Related company, Access Business Group International L.L.C. | 241,311 | 224,896 |
| Support charges: | | |
| - Penultimate holding company, Alticor Inc. | 7,473 | 5,748 |
| - Intermediate holding company, Amway International Inc. | 3,831 | 3,360 |
| - Related company, Amway Vietnam Co. Ltd. | (2,323) | (1,613) |
| - Related company, Amway (Singapore) Pte. Ltd. | (1,563) | (1,366) |
| - Related company, P.T. Amway Indonesia | (1,846) | (1,269) |
| - Related company, Amway Philippines L.L.C. | (953) | (586) |
| - Related company, Amway (Thailand) Ltd. | (2,595) | (1,411) |
| - Related company, Amway of Australia | (634) | (383) |
| - Related company, Amway Business Services Asia Pacific Sdn. Bhd. | 2,480 | 1,013 |
| Royalties paid: | | |
| - Related company, Access Business Group International L.L.C. | 1,483 | 1,495 |

The transactions with related parties are at rates mutually agreed by the parties concerned.

Information regarding outstanding balances arising from related party transactions as at 31 December 2014 are disclosed in Notes 18 and 22.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (contd.)

b. The remuneration of directors and other members of key management during the year was as follows:

| | Group | |
|---|----------------|----------------|
| | 2014 RM’000 | 2013 RM’000 |
| Short-term employee benefits | 3,377 | 2,539 |
| Post-employment benefits: | | |
| - Defined contribution plan | 785 | 1,290 |
| - Allowances | 926 | 225 |
| | 5,088 | 4,054 |
| Included in the remuneration of key management personnel are: | | |
| - Executive directors’ remuneration (Note 9) | 1,492 | 1,795 |

27. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the year under review, the Group’s policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s financial instruments will fluctuate because of changes in market interest rates.

The Group’s exposure to interest rate risk arises primarily from deposits with licensed banks and financial institutions.

The weighted average effective interest rates (“WAEIR”) during the year and the remaining maturities of the Group’s and the Company’s financial instruments that are exposed to interest rate risk are as follows:

| | WAEIR % | Within 1 year RM’000 | Total RM’000 |
|------------------------------|------------|-------------------------|-----------------|
| At 31 December 2014 | | | |
| Group | | | |
| Deposits with licensed banks | 3.25 | 157,777 | 157,777 |
| Company | | | |
| Deposits with licensed banks | 3.19 | 87,664 | 87,664 |
| At 31 December 2013 | | | |
| Group | | | |
| Deposits with licensed banks | 3.16 | 138,285 | 138,285 |
| Company | | | |
| Deposits with licensed banks | 2.97 | 87,981 | 87,981 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. FINANCIAL INSTRUMENTS (contd.)

c. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through purchases and payments on behalf that are denominated in a currency other than the functional currency to which they relate. The currency giving rise to this risk is primarily United States Dollar (“USD”) and Singapore Dollar (“SGD”).

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

| | Group | |
|-----------------------------------|----------------|----------------|
| | 2014 RM’000 | 2013 RM’000 |
| Due from related companies | | |
| Singapore Dollar | 553 | 1,199 |
| Due to penultimate company | | |
| United States Dollar | 63 | 41 |
| Due to related companies | | |
| Singapore Dollar | 7 | - |
| United States Dollar | 9 | 22 |

Sensitivity analysis for foreign currency risk

The Group’s exposure to currency risk is not significant in the context of the financial statements and accordingly the sensitivity analysis is not presented.

d. Liquidity risk

The Group manages operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

At the reporting date, the entire trade and other payable will mature on demand or within a year.

e. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group’s and the Company’s exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group’s credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group’s other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. FINANCIAL INSTRUMENTS (contd.)

f. Fair values

As stipulated in Amendments to MFRS 7 : Improving Disclosures about Financial Instruments, the Group and the Company are required to classify fair value measurement using a fair value hierarchy. The fair value hierarchy would have the following levels:

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group does not have any financial instruments classified as Level 1 to Level 3 as at 31 December 2014 and 31 December 2013.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

| | Note |
|--|------|
| Trade and other receivables | 18 |
| Amounts due from related companies | 18 |
| Amounts due to related companies and related parties | 22 |
| Amounts due to penultimate holding company | 22 |
| Trade and other payables | 22 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

28. CAPITAL MANAGEMENT

The primary objective of the Group’s capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Group does not have any external borrowings as at reporting date. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders and return capital to shareholders. No significant changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group and the Company is not subject to any externally imposed capital requirements.

29. SUPPLEMENTARY EXPLANATORY NOTE ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Total retained earnings of the Company and its subsidiaries | | | | |
| - Realised | 67,177 | 70,146 | 7,443 | 7,902 |
| - Unrealised | 4,892 | 4,801 | - | - |
| | 72,069 | 74,947 | 7,443 | 7,902 |
| Less: Consolidation adjustments | (7,228) | (7,213) | - | - |
| Total retained earnings as per financial statements | 64,841 | 67,734 | 7,443 | 7,902 |

The determination of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

PARTICULARS OF
PROPERTIES

As at 31 December 2014

PROPERTIES OWNED BY THE GROUP

| Location | Land Area (Sq. Metres) | Existing Use | Tenure | Approximate Age of Building (Years) | Net Book Value RM'000 | Date of Acquisition |
|---|---------------------------|----------------------------------|--|---|-----------------------------|------------------------|
| 28, Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan | 10,007 | Office | Leasehold expiring 2 May 2071 | 5 | 27,675 | 9 March 2006 |
| 26 & 26A Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan | 7,934 | Warehouse | Leasehold expiring 26 March 2069 | 5 | 25,086 | 19 November 2004 |
| 1, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai Johor Darul Takzim | 3,841 | Office, Warehouse and Shop | Freehold | 14 | 2,104 | 6 March 2000 |
| 10, Lorong Nagasari 4 Taman Nagasari 13600 Perai Pulau Pinang | 975 | Warehouse | Freehold | 23 | 474 | 19 June 1991 |



GROUP’S PHYSICAL PRESENCE

As at 31 December 2014

CORPORATE HEADQUARTERS

- Van Andel & DeVos Training Centre

■ One-stop Customer Service Centre

■ Shop Facility

■ Brand Experience Centre

■ Warehouse & Logistic

■ Office Block

28 Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan

Tel : 03-7946 2288

Fax : 03-7946 2399

REGIONAL DISTRIBUTION CENTRES

KOTA KINABALU
Lot 30, Jalan Sembulan Lama
Karamunsing
88000 Kota Kinabalu
Sabah

KUCHING
Lot 40 & 41
Jalan Tun Ahmad Zaidi Adruce
93200 Kuching
Sarawak

MIRI
Lot 302 Ricemill Road
MCLD, 98000 Miri
Sarawak

AMWAY SHOPS

ALOR SETAR
35, Taman Bandar Baru Mergong
Lebuhraya Sultanah Bahyah
06250 Alor Setar
Kedah Darul Aman

BATU PAHAT
26 & 27
Jalan Flora Utama 1
Taman Flora Utama
83000 Batu Pahat
Johor Darul Takzim

BINTULU
Lot 4075, 4076, 4077
Parkcity Commercial Square
Phase 5
Jalan Tun Ahmad Zaidi
97000 Bintulu, Sarawak

IPOH
8 & 10, Bercham Bistari 1
Medan Bercham Bistari
31400 Ipoh
Perak Darul Ridzuan

JOHOR BAHRU
1, Jalan Sri Plentong 5
Taman Perindustrian Sri Plentong
81750 Masai
Johor Darul Takzim

KLANG
55 & 57, Ground Floor
Jalan Mahogani 5/KS7
Bandar Botanic
41200 Klang
Selangor Darul Ehsan

KOTA BHARU
10 & 11
Bangunan Yakin
Jalan Raja Perempuan Zainab 2
Bandar Baru Kubang Kerian
16150 Kota Bharu
Kelantan Darul Naim

KUALA TERENGGANU
24, Bangunan Pusat Niaga Paya Keladi
20100 Kuala Terengganu
Terengganu Darul Iman

KUANTAN
A255, Ground Floor
Jalan Air Putih
25300 Kuantan
Pahang Darul Makmur

MELAKA
108A, Ground Floor
Jalan Berkat 15
Taman Malim Jaya
75250 Melaka

MENTAKAB
28B & 28C, Jalan Zabidin
28400 Mentakab
Pahang Darul Makmur

NUSA BESTARI
26G, Jalan Bestari 7/2
Taman Nusa Bestari
79150 Nusajaya
Johor Darul Takzim

PULAU PINANG
28-G-1, Jalan Tanjong Tokong
10470 Pulau Pinang

PERAI
1797-G-07 & 08
Kompleks Auto World
Jalan Perusahaan
Juru Interchange
13600 Perai
Pulau Pinang

SANDAKAN
Block A, Lot S0198-S0201
Ground Floor, One Avenue 8
Bandar Utama, Mile 6
North Road
90000 Sandakan, Sabah

SEGAMAT
40I & 40J, Tingkat Bawah
Jalan Genuang Kampung
85000 Segamat
Johor Darul Takzim

SEREMBAN
255 & 256, Ground Floor
Jalan S2 B12 Uptown Avenue
Seremban 2
70300 Seremban
Negeri Sembilan Darul Khusus

SIBU
25, Ground Floor
Lorong Wong King Huo 1B
96000 Sibu
Sarawak

TAIPIING
13,15 & 17, Tingkat Bawah
Jalan Medan Saujana
Kamunting
Taman Medan Saujana
Kamunting
34600 Kamunting, Taiping
Perak Darul Ridzuan

WANGSA MAJU
34N-0-3
Jalan Wangsa Delima 6 (1/27F)
KLSC Section 5
Pusat Bandar Wangsa Maju
53300 Kuala Lumpur

BRUNEI
6 & 7, Block A,
Kompleks Shakirin
Kampong Kiulap
Bandar Seri Begawan, BE1518
Brunei Darussalam

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

At the 19th Annual General Meeting held on 7 May 2014, the Company obtained a shareholders’ mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Practice Note 12 of the Main Market Listing Requirements of Bursa Securities, the details of recurrent related party transactions conducted during the financial year ended 31 December 2014 pursuant to the shareholders’ mandate are disclosed as follows:

| TRANSACTIONING PARTIES | | | | |
|--|--|---|--|---|
| RELATED PARTIES | COMPANIES WITHIN OUR GROUP | NAME OF OTHER RELATED PARTIES | AMOUNT TRANSACTED DURING THE FINANCIAL YEAR RM’000 | NATURE OF TRANSACTIONS BY COMPANIES WITHIN OUR GROUP |
| Access Business Group International L.L.C. (“ABGIL”) | Amway (Malaysia) Sdn. Bhd. (“AMSB”) and Amway (B) Sdn. Bhd. (“ABSB”) | Alticor Global Holdings Inc. (“AGH”), Solstice Holdings Inc. (“SHI”), Alticor Inc. (“Alticor”), Amway International Inc. (“Amway International”), Amway Nederland Ltd. (“Amway Nederland”) and GDA B.V. (“GDA”) | 1,483 | Payment of Royalty Fees to ABGIL on Substitute Products and Additional Products that are distributed under the “Amway” trade name 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 |
| ABGIL | AMSB | AGH, SHI, Alticor, Amway International, Amway Nederland and GDA | 241,311 | Purchase of consumer products from ABGIL |
| Alticor and Amway International | AMSB and ABSB | AGH, SHI, Amway Nederland and GDA | 11,304 | Procurement of administrative and marketing support services from Alticor and Amway International |
| Amway (Singapore) Pte. Ltd. (“Amway (S)”) | AMSB | AGH, SHI, Alticor, Amway International, Amway Nederland and GDA | 2,486 1,563 | a) Sale of products to Amway (S) b) Procurement of administrative and marketing support services from AMSB |
| Amway (Vietnam) Co. Ltd. (“Amway (V)”) | AMSB | AGH, SHI, Alticor, Amway International, Amway Nederland, GDA and Amway Foreign Development L.L.C. (“AFD”) | 2,323 | Procurement of administrative and marketing support services from AMSB |
| P.T. Amway Indonesia (“Amway (I)”) | AMSB | AGH, SHI, Alticor, Amway International, Amway International Development, Inc. (“AID”), Amway Nederland and GDA | 1,846 | Procurement of administrative and marketing support services from AMSB |
| Amway Philippines L.L.C. (“Amway (P)”) | AMSB | AGH, SHI, Alticor, Amway International, AFD, Amway Foreign Investment Co. (“AFI”), Amway Nederland and GDA | 953 | Procurement of administrative and marketing support services from AMSB |
| Amway (Thailand) Limited (“Amway (T)”) | AMSB | AGH, SHI, Alticor, Amway International, Amway Nederland and GDA | 2,595 | Procurement of administrative and marketing support services from AMSB |
| Amway of Australia (“Amway (A)”) | AMSB | AGH, SHI, Alticor, Amway International, Amway Nederland and GDA | 634 | Procurement of administrative and marketing support services from AMSB |
| Amway Business Services Asia Pacific Sdn. Bhd. (“ABSAP”) | AMSB | AGH, SHI, Alticor, Amway International, Amway Nederland, Amway Nederland Cooperatief U.A. (“Amway Nederland Cooperatief”) and GDA | 2,480 | Procurement of administrative support services from ABSAP |

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

Notes :

1.

ABGIL, a company incorporated in the United States of America (“USA”), is effectively a wholly-owned subsidiary of AGH which is also the ultimate holding company of the Company.
2.

Alticor, a company incorporated in the USA, is a wholly-owned subsidiary of SHI which in turn is a wholly-owned subsidiary of AGH.
3.

Amway International, a company incorporated in the USA, is a wholly-owned subsidiary of Alticor.
4.

Amway (S), a company incorporated in the Republic of Singapore, is a wholly-owned subsidiary of Amway International.
5.

Amway (V), a company incorporated in the Socialist Republic of Vietnam and a wholly-owned subsidiary of AFD, a company incorporated in the USA and a wholly-owned subsidiary of Amway Nederland.
6.

Amway (I), a company incorporated in the Republic of Indonesia and a wholly-owned subsidiary of AID, a company incorporated in the USA which is 60%-owned by Amway International and 40%-owned by Alticor.
7.

Amway (P), a company incorporated in the USA which is 99%-owned by AFD and 1%-owned by AFI. AFI is a company incorporated in the USA and a wholly-owned subsidiary of Amway International.
8.

Amway (T), a company incorporated in the Kingdom of Thailand which is 99%-owned by Amway Nederland and the remaining 1% owned by two (2) wholly-owned subsidiaries of Alticor.
9.

Amway (A), a company incorporated in Australia and a wholly-owned subsidiary of Amway International.
10.

ABSAP, a company incorporated in Malaysia, is 99%-owned by Amway Nederland Cooperatief, and 1%-owned by Amway International. Amway Nederland Cooperatief, a company incorporated in the Netherlands, is 99%-owned by Amway Nederland and 1%-owned by Amway International.
11.

The Company is a 51.70%-owned subsidiary of GDA, a company incorporated in the Netherlands, which in turn is wholly-owned by Amway Nederland. Amway Nederland, a company incorporated in the USA, 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting of AMWAY (MALAYSIA) HOLDINGS BERHAD (the “Company”) will be held at the Van Andel & DeVos Training Centre, Amway (Malaysia) Sdn. Bhd., 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 15 May 2015 at 9.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1.

To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014 together with the Directors’ and the Auditors’ Reports thereon.

(Please refer to Note 1 of the Explanatory Notes)

Ordinary Resolution 1
2.

To re-elect Mr Low Han Kee who is retiring pursuant to Article 87.1 of the Company’s Articles of Association.

Ordinary Resolution 2
3.

To re-elect Mr James Bradley Payne who is retiring pursuant to Article 87.1 of the Company’s Articles of Association.

Ordinary Resolution 3
4.

To re-elect Tan Sri Faizah Binti Mohd Tahir who is retiring pursuant to Article 94 of the Company’s Articles of Association.

Ordinary Resolution 4
5.

To approve the Directors’ fees up to RM376,000 for the financial year ending 31 December 2015 (2014: up to RM376,000).

Ordinary Resolution 5
6.

To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business

To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolutions:

7.

Authority for Dato’ Ab. Halim Bin Mohyiddin to continue in office as Independent Non-Executive Director

Ordinary Resolution 6

“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.”
8.

Authority for Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham to continue in office as Independent Non-Executive Director

Ordinary Resolution 7

“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.”
9.

Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group International L.L.C. (“ABGIL”), Access Business Group Singapore Pte. Ltd. (“ABGS”), Amway Business Services Asia Pacific Sdn. Bhd. (“ABSAP”), Alticor Inc. (“Alticor”), Amway of Australia (“Amway (A)”), Amway International Inc. (“Amway International”), P.T. Amway Indonesia (“Amway (I)”), Amway of New Zealand (“Amway (NZ)”), Amway Philippines L.L.C. (“Amway (P)”), Amway (Singapore) Pte. Ltd. (“Amway (S)”), Amway (Thailand) Limited (“Amway (T)”) and Amway Vietnam Co. Ltd. (“Amway (V)”)

Ordinary Resolution 8

NOTICE OF ANNUAL GENERAL MEETING

As Special Business (contd.)

9. “**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, ABGS, ABSAP, Alticor, Amway (A), Amway International, Amway (I), Amway (NZ), Amway (P), Amway (S), Amway (T) and Amway (V) as set out in Section 2.4 of the Circular to Shareholders dated 20 April 2015, which are subject to the approval of the Proposed Renewal of Shareholders’ Mandate, provided that such recurrent transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are consistent with the Group’s normal business practices and policies and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders,

AND THAT such approval shall be in force until:

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

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

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

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

10. To transact any other business of which due notice is given in accordance with the Companies Act, 1965 and the Company’s Articles of Association.

BY ORDER OF THE BOARD

WONG WAI FOONG (MAICSA 7001358)
KUAN HUI FANG (MIA 16876)
Company Secretaries

Dated this 20 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Notes on the appointment of Proxy

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, vote and speak in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notariially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 7 May 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, vote and speak on his/her behalf.

Explanatory Notes on Ordinary Business

1. Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.
2. Mr Low Han Kee, Mr James Bradley Payne, Tan Sri Faizah Binti Mohd Tahir are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 20th Annual General Meeting.

The Board has conducted an assessment on the independence of Tan Sri Faizah Binti Mohd Tahir and is satisfied that she has complied with the independence criteria applied by the Company.

Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof who is retiring pursuant to Article 87.1 of the Company’s Articles of Association as Director of the Company at the 20th Annual General Meeting, has indicated to the Company that he would not be seeking for re-election at the 20th Annual General Meeting. Therefore, Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof shall retire as Director at the conclusion of the 20th Annual General Meeting.

Explanatory Notes on Special Business

1. Ordinary Resolution 6
- The Board of Directors (“Board”) has via the Nominating Committee conducted an annual performance evaluation and assessment of Dato’ Ab. Halim Bin Mohyiddin, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition of “Independent Director” stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and is therefore able to bring independent and objective judgement to the Board;
- b. his experience in the audit and accounting industries enable him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. he has been with the Company for more than nine years and has a strong understanding of the Company’s business operations which enables him to participate actively and contribute during deliberations at Audit Committee and Board meetings;
- d. he has devoted sufficient time and attended all Audit Committee and Board meetings as well as meeting the Management prior to Audit Committee and Board meetings, for pre-meeting briefings; and
- e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

2. Ordinary Resolution 7

The Board has via the Nominating Committee conducted an annual performance evaluation and assessment of Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham, who has served as Independent Non-Executive Director of the Company for a cumulative term of nine years and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition of “Independent Director” stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and is therefore able to bring independent and objective judgement to the Board;
- b. he has always participated actively in Board and Board Committees discussions and has continuously provided an independent view to the Board;
- c. he has the qualifications, experience, skills and personal qualities to consistently challenge management in an effective and constructive manner;
- d. he is highly committed and has devoted sufficient time to his responsibilities as an Independent Non-Executive Director of the Company; and
- e. he exercised due care in the interest of the Company and shareholders during his tenure as an Independent Non-Executive Director of the Company.

3. Ordinary Resolution 8

This Resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with ABGIL, ABGS, ABSAP, Alticor, Amway (A), Amway International, Amway (I), Amway (NZ), Amway (P), Amway (S), Amway (T) and Amway (V) 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.

Please refer to the Circular to Shareholders dated 20 April 2015 for further details.





ANALYSIS OF SHAREHOLDINGS

As at 10 March 2015

Authorised Share Capital : RM250,000,000
 Issued and Paid-Up Share Capital : RM164,385,645
 Class of Shares : Ordinary Share of RM1.00 each
 Voting Rights : One vote per share

| ANALYSIS OF SHAREHOLDINGS Distribution of shareholdings according to size: | | | | |
|---|--------------------------------|------------------------------|--------------------|---------------------|
| SIZE OF HOLDINGS | NO. OF SHAREHOLDERS/DEPOSITORS | % OF SHAREHOLDERS/DEPOSITORS | NO. OF SHARES HELD | % OF ISSUED CAPITAL |
| 1 - 99 | 255 | 5.83 | 7,162 | 0.00 |
| 100 - 1,000 | 1,776 | 40.63 | 1,293,400 | 0.79 |
| 1,001 - 10,000 | 2,092 | 47.86 | 6,868,747 | 4.18 |
| 10,001 - 100,000 | 214 | 4.90 | 5,272,420 | 3.21 |
| 100,001 - 8,219,281 | 30 | 0.69 | 18,506,900 | 11.26 |
| 8,219,282 and above | 4 | 0.09 | 132,437,016 | 80.56 |
| Total | 4,371 | 100.00 | 164,385,645 | 100.00 |

| SUBSTANTIAL SHAREHOLDERS (As per Register of Substantial Shareholders) | | | | |
|---|--------------------|-------|---------------------------|-------|
| NAME OF SHAREHOLDERS | DIRECT | | INDIRECT | |
| | NO. OF SHARES HELD | % | NO. OF SHARES HELD | % |
| GDA B.V. ("GDA") | 84,990,283 | 51.70 | - | - |
| Amway Nederland Ltd ("Amway Nederland") | - | - | ⁱ 84,990,283 | 51.70 |
| Amway International Inc. ("Amway International") | - | - | ⁱⁱ 84,990,283 | 51.70 |
| Alticor Inc. ("Alticor") | - | - | ⁱⁱⁱ 84,990,283 | 51.70 |
| Solstice Holdings Inc. ("SHI") | - | - | ^{iv} 84,990,283 | 51.70 |
| Alticor Global Holdings Inc. ("AGH") ^{vi} | - | - | ^v 84,990,283 | 51.70 |
| AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera | 23,777,700 | 14.46 | - | - |
| Kumpulan Wang Persaraan (Diperbadankan) | 14,410,600 | 8.77 | 554,000 | 0.34 |
| Employees Provident Fund Board | 9,958,433 | 6.06 | - | - |

ANALYSIS OF SHAREHOLDINGS As at 10 March 2015

Notes:

- ⁱ Deemed interested by virtue of interest in GDA pursuant to Section 6A of the Companies Act, 1965.
ⁱⁱ Deemed interested by virtue of interest in Amway Nederland pursuant to Section 6A of the Companies Act, 1965.
ⁱⁱⁱ Deemed interested by virtue of interest in Amway International pursuant to Section 6A of the Companies Act, 1965.
^{iv} Deemed interested by virtue of interest in Alticor pursuant to Section 6A of the Companies Act, 1965.
^v Deemed interested by virtue of interest in SHI pursuant to Section 6A of the Companies Act, 1965.
^{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.

| SHAREHOLDINGS OF DIRECTORS (As per Register of Directors' Shareholdings) | | |
|---|--------------------|---------------------|
| NAME OF DIRECTORS | NO. OF SHARES HELD | % OF ISSUED CAPITAL |
| 1. Dato' Ab. Halim Bin Mohyiddin | 1,000 | ** |
| 2. Low Han Kee | 20,000 | 0.01 |
| 3. Scott Russell Balfour | - | - |
| 4. Yee Kee Bing | - | - |
| 5. Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof | - | - |
| 6. Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham | - | - |
| 7. Mohammad Bin Hussin | - | - |
| 8. James Bradley Payne | - | - |
| 9. Tan Sri Faizah Binti Mohd Tahir | - | - |

** Negligible

| THIRTY LARGEST SHAREHOLDERS | | |
|---|--------------------|---------------------|
| NAME OF SHAREHOLDERS | NO. OF SHARES HELD | % OF ISSUED CAPITAL |
| 1. GDA B.V. | 84,990,283 | 51.70 |
| 2. AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera | 23,777,700 | 14.46 |
| 3. Kumpulan Wang Persaraan (Diperbadankan) | 14,410,600 | 8.77 |
| 4. Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board | 9,258,433 | 5.63 |
| 5. AmanahRaya Trustees Berhad - Amanah Saham Malaysia | 8,000,000 | 4.87 |
| 6. AmanahRaya Trustees Berhad - Public Dividend Select Fund | 1,560,000 | 0.95 |
| 7. AmanahRaya Trustees Berhad - Amanah Saham Bumiputera 2 | 1,255,000 | 0.76 |
| 8. CIMB Commerce Trustee Berhad - Public Focus Select Fund | 940,000 | 0.57 |
| 9. AmanahRaya Trustees Berhad - Amanah Saham Nasional 2 | 922,800 | 0.56 |
| 10. AmanahRaya Trustees Berhad - Amanah Saham Gemilang for Amanah Saham Kesihatan | 758,900 | 0.46 |
| 11. AmanahRaya Trustees Berhad - Amanah Saham Gemilang for Amanah Saham Pendidikan | 666,600 | 0.41 |
| 12. Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga) | 543,400 | 0.33 |
| 13. Employees Provident Fund Board | 500,000 | 0.30 |
| 14. Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Small Cap Series | 399,300 | 0.24 |
| 15. Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lee Sey Liang (KLC/KEN) | 302,700 | 0.18 |
| 16. CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Commerce Trustee Berhad - Kenanga Premier Fund | 276,600 | 0.17 |
| 17. AmanahRaya Trustees Berhad - Amanah Saham Gemilang for Amanah Saham Persaraan | 206,600 | 0.13 |
| 18. Lembaga Tabung Haji | 204,000 | 0.12 |
| 19. Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (KIB) | 200,000 | 0.12 |
| 20. AmanahRaya Trustees Berhad - Amanah Saham Nasional 3 Imbang | 159,300 | 0.10 |
| 21. Ajeet Kaur A/P Inder Singh | 128,700 | 0.08 |
| 22. Malacca Equity Nominees (Tempatan) Sdn. Bhd. - Exempt AN for Phillip Capital Management Sdn. Bhd. (EPF) | 127,400 | 0.08 |
| 23. Mehar Singh @ Mehar Singh Gill | 127,000 | 0.08 |
| 24. Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chew Er Hong (E-KPG) | 126,300 | 0.08 |
| 25. CIMB Group Nominees (Tempatan) Sdn. Bhd. - Exempt AN for Kenanga Investors Berhad (KUTN (T) S/B) | 120,000 | 0.07 |
| 26. AmanahRaya Trustees Berhad - ARB for Yayasan Tun Ismail Mohamed Ali (Berdaftar) | 119,000 | 0.07 |
| 27. Teo Chiang Hong | 116,000 | 0.07 |
| 28. Public Invest Nominees (Tempatan) Sdn. Bhd. - Exempt AN for Phillip Securities Pte. Ltd. (Clients) | 115,800 | 0.07 |
| 29. Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc. | 109,600 | 0.07 |
| 30. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Exempt AN for Kumpulan Sentiasa Cemerlang Sdn. Bhd. (TSTAC/CLNT) | 107,000 | 0.07 |
| | 150,529,016 | 91.57 |

INFORMATION FOR SHAREHOLDERS ON 20TH ANNUAL GENERAL MEETING

| DATE | TIME | VENUE |
|---------------------|-----------|--|
| Friday, 15 May 2015 | 9.00 a.m. | Van Andel & DeVos Training Centre Amway (Malaysia) Sdn. Bhd. 1 st Floor, 28, Jalan 223, 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia |

- REGISTRATION**
- Registration will start at 8.30 a.m. and will close 15 minutes after commencement of the meeting.
 - Please produce your original Identity Card (IC) or Passport (applicable for foreigners) for verification. No photocopy of IC or Passport will be accepted.
 - You are not allowed to register on behalf of another person, even with the original IC or Passport of that other person.
 - Upon verification, kindly sign on the Attendance List.
 - After registration, you will be given one (1) wristband to enter the meeting venue and one (1) food coupon.
 - If you are attending the meeting as Shareholder as well as Proxy, you will be registered once and will be given only one (1) wristband and one (1) food coupon.
 - Only Shareholder or Proxy with food coupon will be eligible to redeem the food after the meeting.
 - There will be no replacement in the event that you lose or misplace the wristband or food coupon.

- HELP DESK**
- Please proceed to the Help Desk for any clarification or queries.
 - The Help Desk will also handle revocation of Proxy's appointment.

- PARKING**
- Parking is complimentary. Please park your car at parking bays marked in **YELLOW**.
 - Please take the staircase marked in **BLUE** to the Annual General Meeting venue.
 - Signages will be placed at appropriate locations.



PROXY FORM

No. of shares held

CDS Account No.

-

-

*I/We _____ NRIC/Passport/Company No. _____
(Full name in block and as per NRIC/Passport)

Tel/Hp No. _____ of _____

being member(s) of Amway (Malaysia) Holdings Berhad, hereby appoint:-

| Full Name <i>[in Block and as per NRIC/Passport]</i> | NRIC/Passport No. | Proportion of Shareholdings | |
|--|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

and/or (delete as appropriate)

| Full Name <i>[in Block and as per NRIC/Passport]</i> | NRIC/Passport No. | Proportion of Shareholdings | |
|--|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the 20th Annual General Meeting of the Company to be held at Van Andel & DeVos Training Centre, Amway (Malaysia) Sdn. Bhd., 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 15 May 2015 at 9.00 a.m. or at any adjournment thereof, and to vote as indicated below:-

| RESOLUTIONS | | | FOR | AGAINST |
|-------------|--|-----------------------|-----|---------|
| 1. | Re-election of Mr. Low Han Kee as Director | Ordinary Resolution 1 | | |
| 2. | Re-election of Mr. James Bradley Payne as Director | Ordinary Resolution 2 | | |
| 3. | Re-election of Tan Sri Faizah Binti Mohd Tahir as Director | Ordinary Resolution 3 | | |
| 4. | Approval of Directors’ Fees for the financial year ending 31 December 2015 | Ordinary Resolution 4 | | |
| 5. | Re-appointment of Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration | Ordinary Resolution 5 | | |
| 6. | Authority for Dato’ Ab. Halim Bin Mohyiddin to continue in office as Independent Non-Executive Director | Ordinary Resolution 6 | | |
| 7. | Authority for Tan Sri Dato’ Cecil Wilbert Mohanaraj Abraham to continue in office as Independent Non-Executive Director | Ordinary Resolution 7 | | |
| 8. | Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group International L.L.C., Access Business Group Singapore Pte. Ltd., Amway Business Services Asia Pacific Sdn. Bhd., Alticor Inc., Amway of Australia, Amway International Inc., P.T. Amway Indonesia, Amway of New Zealand, Amway Philippines L.L.C., Amway (Singapore) Pte. Ltd., Amway (Thailand) Limited and Amway Vietnam Co. Ltd. | Ordinary Resolution 8 | | |

[Please indicate with an “X” in the spaces provided on how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dated this _____ day of _____ 2015

Signature of Shareholder/Common Seal

NOTES:-

1.

A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, vote and speak in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2.

Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3.

Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5.

The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
6.

In respect of deposited securities, only members whose names appear on the Record of Depositors on 7 May 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, vote and speak on his/her behalf.

fold here along dotted line

AFFIX
STAMP

The Share Registrars
TRICOR INVESTOR SERVICES SDN BHD (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

fold here along dotted line

AMWAY (MALAYSIA) HOLDINGS BERHAD

(340354-U)

**28, Jalan 223, 46100 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.**

Tel : +603 7946 2288

Fax : +603 7946 2399