

Amway™

ANNUAL REPORT 2016



PIONEERS FOR
tomorrow

#AM40
AMWAY MALAYSIA 40 YEARS
PIONEERS FOR TOMORROW



Annual Report
2016

40th ANNIVERSARY

PIONEERS FOR TOMORROW



OUR HERITAGE OVER THE YEARS



A RICH HISTORY, A PROUD LEGACY A JOURNEY FROM 1976 TO 2016, AND BEYOND

AMWAY Malaysia stands tall within the AMWAY worldwide group as one of the top-10 performing affiliates, backed by impressive indicators, such as sales turnover, profitability and a strong Core AMWAY Business Owner (ABO) Force of more than 251,000 ABOs.

Listed on the Bursa Malaysia Main Market since 1996, AMWAY Malaysia is a leading direct selling company in the country offering a wide range of differentiated quality products. Ever since its inception in 1976, AMWAY Malaysia has always had one aim in mind: to help Malaysians live better lives.

Its achievement today is only possible because of the solid partnership between the Company and ABOs. Together with the Founders' Fundamentals and AMWAY's Values, this partnership has been driving AMWAY Malaysia forward, and will continue to do so in the years to come.

1976 - 1978

AMWAY Malaysia began operations with five employees at Jalan Ipoh, Kuala Lumpur.

AMWAY Malaysia relocated to Jalan Semangat, Petaling Jaya.

1979 - 1980

First Regional Distribution Centre in Butterworth, Pulau Pinang.

First NUTRILITE™ product, Family Pack, launched.

1981 - 1984

AMWAY Malaysia moved to Jalan 225, Petaling Jaya.

Sponsored the launch of the Malaysian Youth Symphony Orchestra.

1985 - 1986

AMWAY Lottery Draw, in conjunction with its 10th anniversary, with proceeds going to charity.

Contributed RM500,000 towards the construction of the Tunas Harapan Homes in Kuala Selangor.

1987 - 1988

First locally-manufactured product, ALLANO™ Family Talcum Powder.

Ground-breaking ceremony of the new AMWAY Malaysia HQ by Rich DeVos.



1989 - 1990

NUTRILITE Health & Fitness Fair,
the first of its kind.

Grand opening of new HQ
at 34, Jalan 223, Petaling Jaya.

Launch of locally sourced
AMWAY Shoppers Catalogue.

1991 - 1992

AMWAY Malaysia sales exceeded
RM100 million.

AMWAY Water Treatment System
(WTS) introduced, hugely boosting
sales growth.

1993 - 1995

Quality Life – Live It,
a campaign to foster caring and sharing
among the community.

New packaging of NUTRILITE, Personal
Care and ARTISTRY™ products.

1996 - 1997

Listed on the Main Board
of the KLSE.

AMWAY Malaysia celebrated its
20th anniversary with Family Day at
Sunway Lagoon.

The first AMWAY Diamond Advisory
Council (ADAC) was formed.

Celebrated the First Crown
Ambassador Peter Lee & Choi Kit.



Amway (Malaysia)
Holdings Berhad

OUR HERITAGE OVER THE YEARS

1998 - 2001

ARTISTRY became the official cosmetics sponsor of the movie *Nafas Cinta*.

"Toy for a Smile", a campaign to bring cheer to children.

AMWAY Air Treatment System (ATS) was launched.

AMWAY2u.com went live, enabling online transactions 24/7.



2002 - 2005

AMWAY Malaysia was ranked amongst the Top-10 Overall Best-Managed Malaysian company by AsiaMoney.

"One By One", a campaign to help children in need, was launched.

NUTRILITE and AMWAY WTS received Reader's Digest Superbrands Awards, the first of many awards in the years to come.

AMWAY Malaysia sales exceeded RM500 million.



2006 - 2008

Celebrated the first Founders Crown Ambassador Charlie Lee Kim Soon and Linda Ng Kwee Choo.

AMWAY Malaysia received the BrandLaureate Award 2006-2007 for best direct selling brand.

NUTRILITE DOUBLE X™, ATMOSPHERE™ Air Purifier and eSpring™ Water Treatment System launched.



2009 - 2012

Brand new HQ opened
at 28, Jalan 223, Petaling Jaya.

AMWAY Brand Experience
Center opened in AMWAY HQ.

First AMWAY Entrepreneurship
Convention held.



2013 - 2015

Celebrated NUTRILITE's 80th anniversary
with Colour Fun Run.

Launched the eViewer, eLibrary,
ePayment Gateway and AMWAY Central.

AMWAY Malaysia sales exceeded
RM1 billion.

NUTRILITE BodyKey™ Weight
Management Programme launched.



2016 & Beyond

**We celebrated 40 years of operations in
Malaysia as a RM1 billion company. We will
continue to grow from year to year, driven
by our passion to achieve success together
with our ABOs.**

With this strong partnership, and AMWAY
Values, we are confident that
we will continue to pioneer innovations well
into the future.



Amway (Malaysia)
Holdings Berhad

OUR BRAND OVER THE YEARS

BEST OF NATURE BEST OF SCIENCE



NUTRILITE™

NUTRILITE is a vitamin, mineral and dietary supplement brand that provides a complete array of supplements for a range of needs, including general nutrition, heart health, weight management, and children's nutrition.

NUTRILITE sources natural, organic plant concentrates, many grown on our own certified organic farms, and highly purified vitamins and minerals from around the world to meet our exacting quality standards.





All ingredients used in NUTRILITE products are extensively researched, tested and formulated to provide a product that meets the nutritional needs of people on their way to optimal health.



Amway (Malaysia)
Holdings Berhad

OUR BRAND OVER THE YEARS

BEAUTY BEGINS WITH **ARTISTRY**

ARTISTRY[®]

We believe that beauty is derived from truth.
Truth that comes from careful, modern
scientific discovery, and the belief that
every woman's individual beauty should be
celebrated.



*This philosophy and practice has placed
ARTISTRY as the world's #1 direct selling,
premium beauty brand*.*

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



Experience the endless,
exceptional benefits ARTISTRY
products can provide you.



Amway (Malaysia)
Holdings Berhad

OUR BRAND OVER THE YEARS

ENJOY TRUE WATER AND AIR

The eSpring™ Water Treatment System and ATMOSPHERE™ Air Purifier are testaments to AMWAY's constant drive to break new grounds with the latest innovations to meet the increasing market standards for safety and efficacy. Combining state-of-the-art technologies with sleek and contemporary design, these devices fit effortlessly into varying lifestyles, meeting the common, vital need for clean water and clean air.

With the touch of a button on the ATMOSPHERE Air Purifier, you are able to transform the environment and enjoy clean, refreshing indoor air. This convenience enable us to achieve a sense of dignity, pride and esteem by having quality, clean air.





The eSpring Water Treatment System provides clean, fresh-tasting water while retaining beneficial minerals every time you turn on the tap. This innovation is a giant step in the direction of safe, clean and sustainable drinking water.



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Proxy Form



Cover Rationale

As a people-centric brand, AMWAY is deeply committed to opening up new opportunities for people to take charge of their lives, leading the way into a bright and promising future for themselves. In staying true to our commitment to our AMWAY Business Owners, we are continuously striving to provide the marketplace with the most innovative products, while at the same time incorporating the most up-to-date technologies into our business model and processes.

Mission

Through the partnering of **AMWAY Business Owners (ABOs), Employees** and the **Founding Families**, and the support of quality products and services, we offer everyone the opportunity to achieve their goals through the AMWAY Sales & Marketing Plan.

Vision & Values

AMWAY's vision is simple: AMWAY and ABOs work together each and every day to help people live better lives. We aim to help people everywhere discover their potential and achieve their goals by offering better products and opportunities for the future, and by sharing generously with the global community. AMWAY has six enduring values upon which the business is built. These six AMWAY values are a natural development of the Founders' Fundamentals. These values are the cornerstone to building the AMWAY business, and to instilling noble values that will help people live better lives.

PARTNERSHIP

AMWAY is built on the concept of partnership between our founders. The partnership that exists among the founding families, employees, and business owners is our most prized possession. The excellent entrepreneurial spirit of ABOs and the dedication of AMWAY employees have resulted in AMWAY Malaysia being in the top-10 market among the over 100 countries and territories where AMWAY operates. The success is testimony to a truly matured partnership among ABOs, management and employees.

INTEGRITY

Integrity is doing what is right, not just whatever "works". Success in AMWAY is not measured by economic wealth but by the trust, respect and credibility the business and its ABOs earn. Integrity puts the concern of others ahead of one's own interest to ensure equity and fairness, the very basic principles for developing lasting relationships for building business and making friends.

PERSONAL WORTH

AMWAY acknowledges the uniqueness of each individual. Every person is worthy of respect and deserves an equal opportunity to succeed to the fullest extent of their potential. Countless ABOs have achieved success since they started their AMWAY business. They have found their place in society where their contributions are respected, and they in turn seek to help others in need to improve their personal worth.

PERSONAL RESPONSIBILITY

Each individual is accountable and responsible for achieving their personal goals. With the principle of helping others to help themselves, AMWAY maximises the potential of the individual and shared success. AMWAY provides the environment and opportunity for ABOs to give back to communities in ways that enhance their self-worth and personal responsibility as good citizens.

ACHIEVEMENT

AMWAY is in the business of continuous improvement, progress and achievements of individual and group goals. AMWAY anticipates changes, responds swiftly with well thought through actions and learns from experiences. Creativity and innovation are the pillars that support the achievement of goals and success of AMWAY and its ABOs.

FREE ENTERPRISE

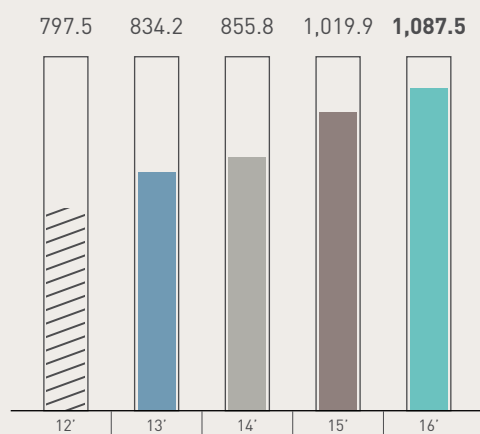
AMWAY advocates freedom and free enterprise. AMWAY offers equal opportunity to every individual to enjoy the uncommon freedom to build a business of their own, while at the same time build their integrity and personal worth, and maximises their achievements and personal responsibility.

QUARTERLY PERFORMANCE

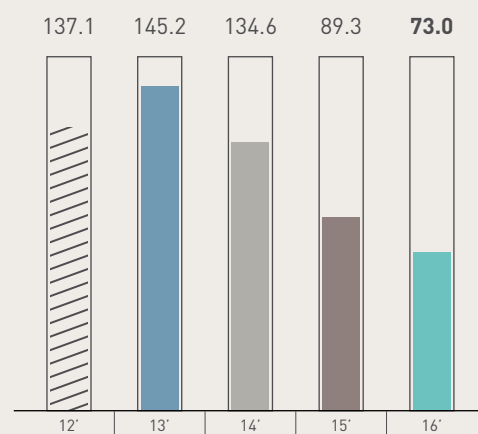
2016	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Full Year
Sales Revenue (RM Million)	305.9	268.9	261.7	251.0	1,087.5
Profit Before Taxation (RM Million)	24.9	9.9	23.6	14.6	73.0
Net Profit (RM Million)	18.0	6.2	18.9	11.5	54.6
Net Earnings Per Share (Sen)	11.0	3.7	11.5	7.0	33.2
Net Dividend Per Share (Sen)	5.0	5.0	5.0	15.0	30.0

2015	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Full Year
Sales Revenue (RM Million)	322.0	188.0	241.6	268.3	1,019.9
Profit Before Taxation (RM Million)	50.0	13.3	16.6	9.4	89.3
Net Profit (RM Million)	36.8	10.2	11.8	5.1	63.9
Net Earnings Per Share (Sen)	22.4	6.2	7.2	3.1	38.9
Net Dividend Per Share (Sen)	10.0	10.0	10.0	15.0	45.0

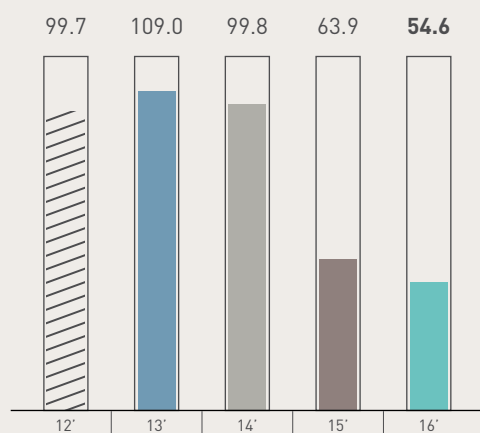
5-YEAR FINANCIAL HIGHLIGHTS



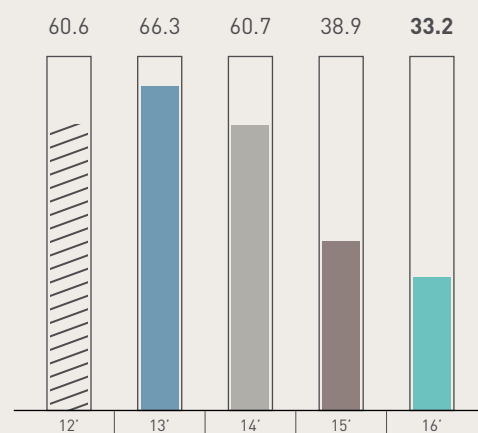
Sales Revenue
(RM Million)



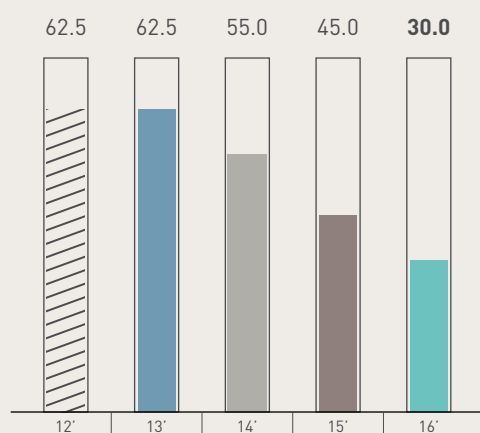
Profit Before Taxation
(RM Million)



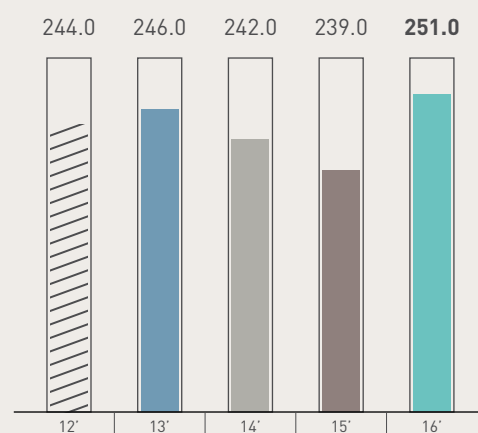
Net Profit
(RM Million)



Net Earnings Per Share
(Sen)



Net Dividend Per Share
(Sen)



Core ABO Force
(Thousand)

CHAIRMAN'S STATEMENT

Group Revenue

**RM1.09
BILLION**

Revenue Growth of

6.6%

DEAR SHAREHOLDERS,

It gives me great pleasure to present to you Amway (Malaysia) Holdings Berhad's (AMHB or the Company) annual report for the financial year ended 31 December 2016 (FY2016).



DATO' AB. HALIM BIN MOHYIDDIN

Chairman, Senior Independent Non-Executive Director

Marking our 40th year in Malaysia, 2016 was a milestone year for AMWAY, having grown from our humble beginnings to become a billion-ringgit company offering more than 450 differentiated products.

Our success is greatly due to the strong and harmonious partnership we have with our AMWAY Business Owners (ABOs), which is founded on our rich heritage and universal values of "Freedom, Family, Hope and Reward". Together, we epitomise the spirit of Pioneers for Tomorrow, as we continuously strive to innovate in our business opportunity, products and processes.

FINANCIAL RESULTS

Following our 19.2% growth last year, 2016 proved to be another fruitful year for AMWAY despite the ongoing challenging business environment. Our Group revenue increased to RM1.09 billion from RM1.02 billion in 2015, which showed an encouraging growth of 6.6%.

For more details on our financial performance, please refer to our Management Discussion and Analysis on pages 8 to 13 of our Annual Report.

OUR PROMISE TO OUR SHAREHOLDERS

In line with our performance, AMWAY has declared a total dividend of 30.0 sen net per share for the year, compared to 45.0 sen net per share in 2015. This single tier dividend represents a net dividend payout of RM49.3 million or 90% of 2016 Profit After Tax, consistent with our commitment to return no less than 80% of the current year net earnings.

BUSINESS HIGHLIGHTS

During FY2016, AMWAY experienced a number of high points on our corporate journey. Our Core ABO Force grew by 5% to 251,000 people. Through our 40th anniversary celebrations, we fortified our partnership with our ABOs, employees and the public.



“We will continue to strengthen our governance levels and to ensure that good governance practices are embedded in every aspect of our operations.”

One of the highlights was our 40th Anniversary National Convention Weekend at the Malaysia Agro Exposition Park Serdang (MAEPS), Selangor, which showcased a strong pipeline of ABO leaders, AMWAY scientists and innovative products to over 20,000 attendees.

We launched the Product Pavilion at our headquarters in Petaling Jaya, which provides our ABOs and their customers with a game-changing, immersive AMWAY experience and instills confidence in AMWAY products and the overall business.

We expanded our digital presence by launching our own Instagram and WeChat apps, creating further inroads to connect and engage with the younger generation, as well as to educate and promote our strong-line up of mobile tools.

Within the AMWAY family of brands, we launched a number of new products and ran events, workshops and community-based targeted marketing campaigns to support

the growth of our ABOs' businesses. Our high quality products continue to receive accolades. NUTRILITE™, the world's no. 1 selling vitamins and dietary supplements brand*, has clinched the Reader's Digest's Trusted Brand Award in the Vitamin/Health Supplement Category for the 12th consecutive year, as voted by consumers.

Our eSpring™ Water Treatment System has earned AMWAY the 2016 Frost & Sullivan Asia Pacific Water Filtration Company of the Year award. For a seventh consecutive year, AMWAY and the eSpring brand have been recognised by Frost & Sullivan for their water treatment best practices award for the Asia Pacific region. The eSpring brand was also voted as Reader's Digest's Trusted Brand by consumers, winning the Gold (Asia) and Gold (Malaysia) Awards for the 10th time in the Water Purifier Category.

For a full and detailed business review and analysis, please refer to our Management Discussion and Analysis on pages 8 to 13 of our Annual Report.

CORPORATE GOVERNANCE

The Group recognises the importance of practicing good corporate governance and accountability. We will continue to strengthen our governance levels and to ensure that good governance practices are embedded in every aspect of our operations. In 2016, we centralised our procurement function and enhanced our procurement policy to ensure consistency and transparency. We also enhanced our Board Charter and Terms of Reference of the Audit Committee to comply with the revised listing requirements.

OUTLOOK FOR 2017

The Board of Directors expects 2017 to be a challenging year with the anticipated softer economic landscape arising from declining consumer spending and low consumer confidence levels, while forex volatilities will continue to pressure our margin. Moving forward, we will stay focused on supporting our ABOs grow their businesses through various sales and marketing initiatives, invest in infrastructure related to ABO experience, and manage our operational costs effectively.

APPRECIATION

On behalf of the Board of Directors, I wish to thank our shareholders for their continued faith in AMWAY. To our ABOs, my deepest appreciation for their trust and confidence in the AMWAY brand. Our management and employees have shown their steadfast dedication and commitment to keep our company on a forward moving momentum. For all this unwavering support, I am deeply indebted.

I wish to take this opportunity to thank Mr Paul Yee, our Managing Director who retired on 1 January 2017, for his 32 years of dedicated service to the Group. The Group bids farewell to a well-admired and well-trusted leader. During his tenure and under his strong leadership, we grew into a billion-ringgit company.

Taking over at the helm is Mr Liu, Ming-Hsiung @ Martin Liou, our new Managing Director, whom I extend a warm welcome, having come onboard effective 1 January 2017. Mr Martin Liou is not new to the AMWAY business, having served AMWAY Taiwan since 1985, before taking over as its Managing Director in 2005. In July 2015, he was appointed as the Managing Director, South East Asia. We look forward to his leadership skills and extensive industry experience, in helping our Group transition to its next level of growth.

I would also like to welcome Michael Jonathan Duong (Mr Mike Duong), who was appointed as an Executive Director of the Company effective 1 January 2017. Mr Mike Duong has been a part of the AMWAY business for a long time, having served various global roles at AMWAY's head office. We look forward to working closely with him, and gain from his insights into global operations.

Finally, my heartfelt appreciation to my fellow Board members for being part of another important chapter in AMWAY's history. Their commitment to the AMWAY brand and the AMWAY family has touched us all.

I look forward to writing the next chapter of this amazing story.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The financial year ended 31 December 2016 (FY2016) marked the 40th anniversary of Amway (Malaysia) Sdn. Bhd., the wholly-owned subsidiary of Amway (Malaysia) Holdings Berhad (AMHB or the Company). As one of the world's largest direct selling businesses, we have thrived for four decades in Malaysia, providing empowering income making opportunities backed by high quality products to our AMWAY Business Owners (ABOs). Our relationships, both with our ABOs and the marketplace, have strengthened throughout the years, as we build upon a foundation of partnership, mutual respect and trust.



LIU, MING-HSIUNG @ MARTIN LIOU

Managing Director

FY2016 was a year of celebration as we highlighted our 40 years of heritage and success with our ABOs and the community. In staying true to our 40th celebration theme, *Pioneers for Tomorrow*, we strived to keep challenging ourselves to adapt, to push the envelope and to continue to be an active player in the industry.

FY2016 was also another record-breaking year for AMWAY as we continued to maintain our forward momentum from the 19.2% growth we experienced in 2015. Our Group revenue remained in excess of RM1 billion, and in fact increased to RM1.09 billion in 2016 from RM1.02 billion in 2015. Despite the various macro and micro economic challenges we had to contend with, sales growth was an encouraging 6.6%, driven mainly by price increases of our products.

OUR BUSINESS STRATEGIES

As a business with an international brand presence, the AMWAY business strategy rests upon the core principle of delivering a rewarding AMWAY experience. A key priority is to keep the morale and motivation of our ABOs high, and to help them navigate the competitive landscape they operate in.

FY2016 brought about some challenges for our business, namely, weak consumer sentiments and a high operating expense environment. Against this backdrop, our goal was to continue with our forward momentum from the previous year.

“FY2016 was also another record-breaking year for AMWAY as we continued to maintain our forward momentum...”

Management Discussion and Analysis

We were able to mitigate these challenges by staying true to AMWAY's growth strategy, which is based on three focus areas, namely, to Win With Total Experience; Renew ABO Partnerships; and Energise Our Culture. Our foundation rests upon the solid partnership AMWAY has with our passionate ABOs and our employees.

We leveraged on our 40th anniversary celebrations and used the branding “#AM40” to create presence and awareness in the marketplace via a slew of activities and events throughout the year.

We created better holistic experiences with a host of marketing platforms and activities which included digital enhancements, setting up a new AMWAY Product Pavilion at our headquarters in Petaling Jaya, revamping our physical store in Batu Pahat and Training Hall in Brunei, and launching new innovative products.

We engaged and supported our ABO leaders through training programmes and leadership development activities such as meetings, seminars and workshops. We helped our ABOs form their own BodyKey™ Fitness Community, enabling them to take steps to lead a more active and healthy lifestyle, and inspiring them to further grow their groups.

Finally, we focused on energising our employee workforce, as well as motivating our employees to continue providing the supportive ecosystem our ABOs need. At the management level, AMWAY saw the injection of new blood through the appointment of a new Managing Director and General Manager in 2017, to modernise the business for future generations.

GROUP FINANCIAL HIGHLIGHTS

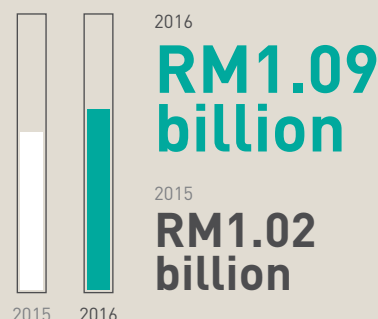
AMWAY recorded a solid performance for FY2016 where our Group revenue increased by 6.6% to RM1.09 billion due to strong product buy up ahead of the price increases that were effective in February and April 2016, as well as the higher sales impact generated by the price increase. Sales were also driven by positive ABO momentum and higher ABO qualifiers in response to the Group's 40th anniversary sales and marketing programmes.



“We focused on energising our employee workforce, as well as motivating our employees to continue providing the supportive ecosystem our ABOs need.”

2016 Revenue

RM billion



2016 Net Dividend Payout

RM49.3 million

Profit Before Tax (PBT) for 2016 decreased by 18.3% mainly due to higher import costs, primarily caused by a weaker Ringgit and higher product prices. In addition, there was also an increase in operating expenses arising from the 40th anniversary programmes including incentive trips and investments in information technology systems.

RETURN TO SHAREHOLDERS

We remain committed to our shareholders to provide the best returns for their investment. The Company declared a fourth interim dividend of 5.0 sen net per share and a special interim dividend of 10.0 sen net per share for FY2016 on 22 February 2017. Cumulatively, we have declared a total dividend of 30.0 sen net per share for the year, compared to 45.0 sen net per share in 2015. This single tier dividend represents a net dividend payout of RM49.3 million or 90% of 2016 Profit After Tax, consistent with our commitment to return no less than 80% of the current year net earnings.

GROUP OPERATIONS REVIEW

AMHB is an investment holding company and is the parent company of Amway (Malaysia) Sdn. Bhd. and Amway (B) Sdn. Bhd. The subsidiaries are involved in the direct selling business which distributes consumer products principally under the “AMWAY” brand.

AMWAY's head office is located in Ada, Michigan, in the USA. AMWAY has its own manufacturing facilities, cosmetics plants and certified organic farms around the world which enables it to ensure a high standard of quality control at every stage of production, resulting in the brand's ability to consistently deliver quality end products to consumers worldwide.

AMWAY also has an extensive globally based research and development organisation that focuses on the development and improvement of meaningfully differentiated products to be marketed worldwide. AMWAY's business lines include NUTRILITE™, ARTISTRY™, and product lines within the Personal Care, Home Care and Home Tech category.

Management Discussion and Analysis

Since our humble beginnings in 1976, AMWAY Malaysia has expanded to support the business of its ABO base with an extensive network of 25 AMWAY Shops throughout Malaysia and Brunei and over 450 high quality products as of 31 December 2016.

ORGANISATIONAL AND CORPORATE HIGHLIGHTS

As a leader in the direct selling industry, AMWAY constantly strives to provide the best support to our ABOs and their AMWAY business, now and going into the future. In FY2016, the Group continued to manage its organisational and corporate structure with the intention of helping our ABOs and employees achieve greater levels of success. A number of key initiatives were conducted in line with this, namely:

- **National Convention Weekend;** which consisted of the National Leadership Conference, Leadership Dinner & Dance, National Convention and AMWAY Expo. The two-day event was attended by more than 20,000 ABOs and their guests to celebrate AMWAY Malaysia's 40 years of achievement, and for them to have a glimpse at the AMWAY of tomorrow.
- **Product Pavilion;** its purpose is to offer our ABOs a holistic AMWAY experience, as well as provide them with greater access to the complete range of products and services to help them recruit, sponsor and service new customers, in order to grow their AMWAY business.
- **The launch of new and top quality products** driven by research and development (R&D) investment such as ARTISTRY Flora Chic™, AMWAY's first prestige fragrance developed exclusively for ARTISTRY by the Fine Fragrance House of Givaudan, a global leader in fragrance creation.
- **Sales and marketing programmes and activities** that supported the growing number of ABO achievers to ensure their continuous success. For FY2016, AMWAY attained a record high number of ABOs achieving top level success.
- **BodyKey Fitness Community;** an ABO-driven community programme that promotes health and wellness via the support of health-based communities and activities. The aim of the BodyKey Fitness Community is to encourage a healthy and active lifestyle among our ABOs, while providing additional opportunities for them to build their AMWAY business.
- **Continuous investment in our employees** to support the continued growth of the business with new talent and the implementation of succession planning to ensure the successful transition of key management personnel.
- **Projek HeadSTART;** which gave 18-year-olds from foster homes and vocational institute leavers the opportunity to gain exposure in various roles within the Company on a rotation basis through placements in several departments over a six-month period, with the aim of successfully transitioning them to independent working life.

SUSTAINABILITY BELIEF – ECONOMIC, ENVIRONMENT AND SOCIAL (EES) RESPONSIBILITY

AMWAY's EES commitments are founded on the belief that by helping people live better lives, we can make the world a better place. Throughout 2016, we re-evaluated our EES approach and are continuously incorporating sustainable practices within the Group.

We firmly believe in the responsible use and management of scarce resources, and in line with that, ramped up our efforts in environmental conservation activities such as sourcing for Green Products, reducing the consumption of paper and conducting recycling activities. For example, we installed energy efficient light bulbs throughout our headquarters at Petaling Jaya and recycled all of the cardboard and plastic shipping materials used during freight operations.

Together with our ABOs, we ran a recycling programme to collect back all used product containers. We displayed newly collected empty NUTRILITE bottles to make up the "Freedom, Family, Hope and Reward" signage at our headquarters as a reminder of our ongoing commitment to the environment.

Within our procurement division, we have incorporated processes to ensure our vendors practice ethical businesses and adopt best practices in sustainability within their own businesses. To strengthen our governance, we centralised our procurement function and enhanced our procurement policy to ensure consistency and transparency. We also enhanced our Board Charter and Terms of Reference of the Audit Committee to comply with revised listing requirements.

Our EES approach goes beyond the conservation of natural resources and procurement practices. We believe that sustainability is also about our reputation in the direct selling industry and the development of our most precious resources: our ABOs, our employees and the community in which we live.

We invested in ABO training and development programmes aimed at providing a foundation of healthy and sustainable business practices and conduct. We also provided training workshops for our employees that focused on creating a service-oriented culture, as well as development programmes for long term succession management.

Our participation within local communities focused on Program Harapan and Projek HeadSTART, which is aimed at helping children from challenging backgrounds achieve a brighter future for themselves through a focused, long-term programme to develop and enhance their abilities and skills.

Management Discussion and Analysis



DIGITAL AND PHYSICAL PRESENCE IN THE MARKETPLACE

AMWAY has embraced the mobile and digital age that we currently live in, by adopting technology as a major enabler to support our ABOs “on-the-go”. Our digital strategy, which complements our physical stores, allows orders to be placed 24/7 and delivered via courier to improve the speed of service for the convenience of our ABOs. Moving forward, we will continue to invest in improving our mobile capabilities via mobile web improvements, order management systems, and enhance fulfilment and distribution networks to make doing the AMWAY business easier.

We recognise the high mobile penetration rate among our Adults Under the age of 35 (AU35) ABO segment as we embrace the mobile revolution. As such, this gives us the impetus to continue to invest in updating our digital infrastructure to make it even easier for our ABOs to conduct their business any time of the day using their mobile devices. We believe such initiatives lay the foundation for sustained future growth.

AMWAY Central, our one-stop destination for the latest AMWAY digital applications and publications, underwent a facelift in 2016, and our new and enhanced version comes with a fresh new look, with improved content and accessibility to various AMWAY digital tools, anytime and anywhere, all in one app. We developed and launched the AMWAY Event mobile application for our ABO leaders to stay up-to-date on events and trips they may be attending. Our move from print to digital provides comprehensive information on all trips and events for our ABOs, which they can easily retrieve on their smart devices.

In March 2016, we launched AMWAY Malaysia Instagram. Since our launch, we have had a tremendous response with more than 9,000 followers. Our Instagram posts differ from our Facebook posts, being more casual and fun, which the public is responding well to. We also launched AMWAY Malaysia WeChat in December 2016. With an increasing number of Malaysian smartphone users using this mobile social communication application, we wanted to leverage on the platform to enhance our communication with our ABOs and the public. One month after its launch, we have had more than 13,000 followers onboard. Our WeChat platform is proving to be a great way

for us to share information on our products and services to our followers.

Despite always being on-the-go, we know that our ABOs need a place to come home to. A place to recharge their energy, renew their confidence in AMWAY, and find comfort in the products which have enriched their lives. To that end, we introduced a new product retailing experience via the launch of our flagship Product Pavilion.

Measuring 16,000 square feet, the venue is specially designed to create an immersive AMWAY experience for our ABOs and their customers seven days a week with extended hours of operation. The Product Pavilion provides easy access to a holistic range of products and services, as well as valuable insights on product quality, research and development, features and ingredients unique to each brand.

The Pavilion also offers enhanced services, which includes instant purchase of high ticket items, fast one-hour complete service for our eSpring™ and ATMOSPHERE™ brands, as well as more cashier counters and one-stop counters to facilitate faster and more efficient service. In addition, there are consultants at the Health and Beauty assessment centre to help our ABOs and customers identify their individual health and beauty needs.

Beyond the aforementioned, the Product Pavilion also represents something special for our ABOs and their customers. It represents hope and confidence in the future of AMWAY. It stands as a testament, that after 40 years, AMWAY continues to invest in the business and provide innovative solutions within this dynamic landscape.

Throughout 2016, our focus was on strengthening our physical presence, thus providing a strong and stable base for future growth. In addition to the Product Pavilion, we also renovated the Training Hall in Brunei and our physical store in Batu Pahat. Moving forward, more AMWAY Shops will be upgraded.

Management Discussion and Analysis

AMWAY FAMILY OF BRANDS

2016 saw the highest number of new launches from AMWAY's Beauty and Personal Care line. For ARTISTRY, we launched nine products including one premium fragrance, six cosmetics and two skin care products. The highlight of the year was the introduction of our new fragrance category with the launch of our prestige Flora Chic Eau de Parfum.

We also conducted beauty events and launches to promote and showcase our ARTISTRY products in a fun, fashionable and trendy way. For example, the Beauty Social was an event to showcase our new CC Cream, Spring & Fall Collection, and Supreme LX Skin Care, as well as to engage with our top-selling leaders on how to enhance our marketing support and initiatives. At the Light Up Party, models took to the runway to showcase our Light Up Lip Gloss range to our ABO leaders.

From June to October 2016, the My ARTISTRY Business Workshop was conducted. It was a one-day workshop to enhance the product knowledge of ABOs, where they learnt how to conduct effective product demonstrations, in the form of parties in their own homes, to help in their retailing efforts. This ultimately contributed towards the expansion of the ARTISTRY brand.

NUTRILITE, the world's no. 1 selling vitamins and dietary supplements brand*, has once again clinched the Gold (Malaysia) Award in the Reader's Digest's Trusted Brand Award 2016 (Vitamin/Health Supplement Category), as voted by consumers. In May 2016, we launched the "Get The Right Protein Campaign", where various business support materials were produced to boost the retailing efforts of our ABOs.

Within the Home Tech category, our eSpring brand has once again clinched certifications and awards from various organisations. We were awarded the 2016 Frost & Sullivan Asia Pacific Water Filtration Company of the Year award, and for the seventh consecutive year, AMWAY and the eSpring brand have been recognised by Frost & Sullivan for their water treatment best practices award for the Asia Pacific region. We were also voted as Reader's



Digest's Trusted Brand by consumers, winning the Gold (Asia) and Gold (Malaysia) Awards for the 10th time in the Water Purifier Category.

OUR ABO FORCE

As at 31 December 2016, our Core ABO Force (CAF) was 251,000, a 5% increase in comparison to 239,000 as at 31 December 2015. Our two key focus segments, the AU35 and Bumiputera segments, continued to remain strong. Of our new applications, half of them were from the AU35 segment which gives us the impetus to continue our efforts to attract the younger generation.

Our Bumiputera ABO force continued to expand, and contributed double digit growth to the total revenue in 2016, while other ABO segments also grew at a healthy rate. AMWAY supported our Bumiputera ABO leaders by helping them organise over 100 field activities such as business opportunity rallies, moving-up seminars and product training workshops.

RENEWING OUR ABO PARTNERSHIP

Our ABOs form the cornerstone of our business, and we celebrated their success through activities lined up in conjunction with the celebration of our 40th anniversary. Dubbed our "#AM40" campaign, it was an affirmation that AMWAY Malaysia has been around for 40 years. We have been growing stronger year by year, having successfully recorded 37 years of growth out of the past 40 years, and we still possess a pioneering spirit to carry us forward into the next generation of growth.

In 2016, we held an unprecedented 19 recognition rallies and events across the country for our ABO leaders who reached new heights in their businesses. We also supported over 200 ABO-organised seminars and products fairs, as well as 10 Shop Fairs held in various towns throughout Malaysia.

In partnership with our ABOs, the company held its 40th Anniversary National Convention Weekend on 23 and 24 April 2016 located at the Malaysia Agro Exposition Park Serdang (MAEPS) in Selangor. We had four exciting events in the line-up, namely the National Convention, National Leadership Conference, AMWAY Expo and the Leadership Dinner & Dance.

We transformed the venue into "AmLand" which featured product and business exhibitions, food trucks, carnival booths, live bands and fireworks. At the National Convention, we featured eight specially selected new Diamonds hailing from different backgrounds as guest speakers to inspire the over 20,000 attendees. At the AMWAY Expo, we showcased our products and invited three distinguished AMWAY scientists to share their insights about the company's robust R&D product pipeline and potential areas of future breakthroughs with our ABOs and the public.

These exciting and creative events gave the attendees a chance to experience AMWAY's major brands, the business opportunity we offer, as well as the company's rich heritage and exciting future. More than 90,000 people talked about our company's 40th anniversary celebration on Facebook and Instagram, with photos and videos using the hashtag (#) "AM40".

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

Management Discussion and Analysis

As part of our 40th anniversary sales and marketing programme, the special destination of a Mediterranean Cruise was selected for the ABO Performance Year 2016 AMWAY Leadership Seminar (ALS). This ALS destination received an ecstatic response from the field. We had a record high number of qualifiers who achieved their target and we will be hosting our largest group of travellers in July 2017.

For our top ABO leaders, we offered a once-in-a-lifetime African Safari experience to the Serengeti National Park in Tanzania. Similar to our ALS Mediterranean Cruise, a record number of ABO leaders qualified for this exclusive incentive. The trip is the second league in our 4 Years 4 Continents (4Y4C) Diamond Invitational campaign. The first league was in Europe in 2015. This will be followed by South America in 2017 and North America in 2018 in conjunction with AMWAY's global 60th anniversary celebrations.

In 2015, we successfully launched BodyKey by NUTRILITE, our holistic weight management solution. In 2016, we introduced the BodyKey Fitness Community, an ABO-driven programme that promotes health and wellness based communities and activities. Our ABOs held over 200 of their own events, ranging from yoga, walking, running, hiking, dragon boat racing, and jungle trekking, just to name a few.

For 40 years, AMWAY thrived and became a leader in the Malaysian direct selling industry, thanks to the strong partnership that exists between the Company and our ABOs and ABO leaders. Through the numerous 40th anniversary events, ABO recognition rallies and ABO-organised fitness communities, we heralded our history of achievements, and delivered the message that we will continue to scale greater heights.

FORWARD MOVING STATEMENT

Moving forward into 2017, AMWAY's focus on the Group's revenue growth and the success of our ABO rests upon three key strategies. Firstly, we will continue to provide total winning experiences to our ABOs and their customers by ensuring excellent service levels via a variety of avenues such as our call centre, traceable home delivery, after sales service, physical presence, and an enhanced ABO digital experience.

Secondly, we will continue to nurture our strong ABO partnership, helping our ABO leaders improve the lives of those they encounter and to maximise their business potential. We will deliver world-class workshops and training support, introduce attractive and innovative products, provide exclusive and motivational incentive trips, and help our ABOs grow their naturally formed communities.

Thirdly, we intend to attract and retain the right talent, and develop a sustainable talent pipeline at all levels of our organisation to continue to meet our business needs. This includes talent sourcing initiatives and internal job opportunities, where job vacancies are announced internally to allow for eligible employees to apply.

MANAGING RISKS

Foreign Exchange Risk

Foreign exchange fluctuations have defined the Malaysian economic landscape over the past few years. We remain cognisant of the risks we face in this regard, as about 80% of AMWAY products are imported from the USA. The weakening ringgit has resulted in higher import costs which has impacted our operating margin.

Proliferation of eCommerce

Offering consumers diverse choices for both goods and services, as well as shopping convenience, the eCommerce boom in the past few years has had a major business impact on AMWAY. In 2015, Malaysia's eCommerce market was worth RM68 billion, according to

the Department of Statistics Malaysia. Based on the National eCommerce Strategic Roadmap, the value of the market could potentially be worth more than double in 2020 with an annual growth rate of 20.8% (Compound Annual Growth Rate 2015-2020). We remain cognisant of the risks we face as AMWAY products are continuously available on third party eCommerce sites. This practice undermines the ability of our ABOs, who comply with the regulations and AMWAY's governance, to conduct healthy and sustainable business practices.

OUTLOOK FOR 2017

For the year 2017, we continue to see headwinds in the overall business environment, and the direct selling industry in particular, influenced by factors such as weak consumer sentiment and volatility of the Ringgit. Nevertheless, we will remain resilient by being prudent in our operating expenditures while upholding healthy business practices.

Our focus, as always, is on providing the support our ABOs need to achieve success and to ensure that their businesses continue to grow. To achieve that, we will continue to invest in areas that will help our ABOs in their business expansion, which includes introducing innovative, high quality products, amongst others.

We will continue with our approach of integrated offerings via community-based programmes, offering the marketplace more value through weight management and beauty-based projects and activities.

We believe it is critical for our business to prudently manage operating expenses to offset the impact of foreign exchange and other external factors in order to achieve operational excellence, which is one of the initiatives we have identified for the coming year. Additionally, we will also be strengthening our cyber security, to provide an online marketplace which is efficient and true to the principles of free enterprise. We will continue to strive for operational excellence, passing on the rewards and benefits it offers to our ABOs, employees and the marketplace.

SUSTAINABILITY STATEMENT

AMWAY'S SUSTAINABILITY BELIEF

Our sustainability belief is derived from our partnership with AMWAY Business Owners (ABOs), our employees and the communities we work within, which forms the lifeblood of our organisation. AMWAY was founded on the belief that by helping people live better lives, we can make the world a better place. Giving back to the community is a defining part of our DNA, it is built into everything that we make and everything that we do.

Global trends in recent years point towards the critical role that Economic, Environmental and Social (EES) Responsibility resonates with business owners, consumers and employees. Consumers are increasingly leaning towards buying ethical products from ethical companies. Similarly for employees – people have a growing preference to work for companies with high ethical standards.

Within the direct selling landscape that we operate in, sentiments like these define the success of our business. AMWAY's reputation in the marketplace is not just determined by the value of our business owners and quality of our products, but also by the positive impact we have on society by supporting good causes and protecting the environment.

Thus, our Group's EES approach rests on helping multiple stakeholders better understand our positive influence in the world that we inhabit. Our EES practices and investments help our stakeholders see with more clarity who AMWAY is, what is it that we do, our beliefs and ideals. Our EES contributions help our ABOs and employees tell a more meaningful story of our company, a way to differentiate the AMWAY brand from the rest.

Material Sustainability Matters

In 2016, we re-evaluated our EES approach according to the guidance and best practices by Bursa Malaysia and accordingly, identified material sustainability matters that were pertinent to our organisation.

ASPECT	MATERIAL ISSUES	
	ECONOMIC	<ul style="list-style-type: none"> • Training for Sound Business Practices • Procurement Practices • Corporate Governance
	ENVIRONMENT	<ul style="list-style-type: none"> • Sourcing Green Products • Reducing Consumption of Scarce Resources • Recycling Waste
	SOCIAL	<ul style="list-style-type: none"> • Diversity and Equal Opportunity • Training and Education • Work-life Balance • Local Communities

ECONOMIC SUSTAINABILITY



Throughout 2016, the Group invested in training and development for our ABOs to build their capabilities, skills and knowledge, as well as to help them expand their businesses. With our ABOs forming a crucial component in our business model, we believe in providing a supportive ecosystem that encourages their success. Thus, we implemented continuous training and development programmes on a variety of platforms, such as online courses, workshops and instructor-led training.

Training for Sound Business Practices

AMWAY employees provided our ABOs with product training workshops aimed at developing their skills and knowledge base. Our intention was to ensure that our ABOs conducted their businesses ethically and provided the best possible AMWAY experience for their customers. We believe this approach will ensure the long-term sustainability of our business and our ABOs' continued success. The instructor-led training equipped our ABOs with the necessary product knowledge via 265 workshops for NUTRILITE™, ARTISTRY™ and Home Tech products. More than 18,000 ABOs attended our various programmes and workshops in 2016, and more than 12,000 ABOs logged into our e-Learning platform.

Procurement Practices

Throughout 2016, we continued with our corporate code of forming business partnerships with vendors that uphold ethical practices. As part of the compliance process implemented within the Group, vendors were required to sign a declaration of conflict-of-interest. Moving forward, the Group strives to maintain and enhance this practice by continuously vetting this process to ensure compliance and to continuously work with ethical business partners.

Corporate Governance

AMWAY holds ourselves to the highest standards of corporate governance. We continue to abide by the rules and guidelines issued by regulators. Our governance structures are not static, but evolve along with the external business environment. In FY2016, we centralised our procurement function and enhanced our procurement policy to streamline processes to ensure consistency and transparency across the entire organisation. We also enhanced our Board Charter and Terms of Reference of the Audit Committee to comply with the revised listing requirements.



Sustainability Statement

ENVIRONMENTAL SUSTAINABILITY



The Group believes that the responsible use and management of the Earth's scarce resources is the collective responsibility of corporations, Government and the society at large. We are committed to our environmental stewardship as evidenced by our efforts to reduce our carbon footprint. In 2016, our primary efforts to reduce our carbon footprint consisted of sourcing for Green Products and reducing our consumption of scarce resources. One of the Group's early initiatives in 2016 was to install energy efficient light bulbs throughout the Group's warehouse, located at the AMWAY Headquarters in Petaling Jaya.

Sourcing Green Products

AMWAY stands firmly behind product quality and effectiveness. Our NUTRILITE products is the only global vitamin and mineral brand to grow, harvest and process plants on its own certified organic farms, which are located in the United States, Mexico and Brazil. AMWAY also continuously sources for products which adopt the following attributes such as energy efficiency, water efficiency and/or have recyclable content.



Reducing Consumption of Scarce Resources

Our efforts to reduce the consumption of scarce resources in 2016 focused on the reduction of paper usage and plastic, in the form of DVDs. Thus, we reduced the number of printed catalogues and CD/DVDs and made it available for download on our website and mobile applications. In addition to the environmental benefit, by going paperless, we reduced the administrative work, thus leading to better workplace efficiencies.



REDUCTION
of CD and DVDS
29,163
pieces

- Excluding the commemorative 40th anniversary edition AMAGRAM produced in March and June 2016, we reduced the quantities of printed monthly AMAGRAM copies and made it digitally available as eAMAGRAM.
- In 2016, we reduced the quantity of CDs and DVDs that we produced by 29,163 pieces. We made the same training materials available for our ABOs to download online, which also allowed us to reduce the number of printed copies for the business kit materials. Moving forward, we plan to introduce an e-Business Kit, to be launched in the second quarter of 2017.

Recycling Waste

Our approach to the sustainable management of effluents and waste is mainly pushed through our recycling agenda. Our recycling approach is spearheaded by the provision of more recycling bins, which have been segregated according to different waste categories such as glass, plastic, paper and other materials. With the segregation of waste, the Group saw an increase in the number of recyclable materials collected in 2016 by 4% compared to the previous year.



COLLECTED
total
4,640kg
of used NUTRILITE bottles

Together with our ABOs, we ran a recycling programme to collect back all used product containers. We displayed newly collected empty NUTRILITE bottles to make up the "Freedom, Family, Hope and Reward" signage at our headquarters as a reminder of our ongoing commitment to the environment. In 2016, we collected a total of 4,640kg of used NUTRILITE bottles. We are confident that the continuation of our efforts to inculcate a culture of recycling sets the stage for us to progress with our future efforts. Another recycling initiative we adopted was the use of recycled paper for our corrugated cartons. In addition, we also cut the used carton boxes to make dunnage to protect the items in our shipments. The Group also continuously practice the usage of biodegradable plastic bags at all AMWAY outlets nationwide.

SOCIAL SUSTAINABILITY



Our employees provide the basis of a strong and supportive ecosystem for our ABOs. They have a collaborative relationship based on mutual respect and trust with our ABOs to drive the growth of our Company.

Diversity and Equal Opportunity

At AMWAY, we believe in the benefits a diverse workforce brings to the table and thereby provide everyone with an equal opportunity, regardless of their age, race, gender or disability. We have an inclusive workplace, one which celebrates the diversity of all our employees and ABOs. Within our employee base, we have 306 people in non-executive positions and 161 in executive positions, all of whom come from a diverse range of age, ethnicity and gender.

Demographics of AMWAY Employee Base

Non -Executive								
Age range	20 - 30		31 - 40		41 - 50		51 - 60	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Malay	35	47	35	23	14	9	11	10
Chinese	7	14	5	12	1	5	3	5
Indian	9	10	4	9	4	7	3	4
Others	4	7	1	1	2	2	2	1
Total	55	78	45	45	21	23	19	20

Executive								
Age range	20 - 30		31 - 40		41 - 50		51 - 60	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Malay	2	1	6	8	3	4	3	2
Chinese	6	21	16	34	9	18	4	10
Indian	1	0	4	1	1	1	-	1
Others	1	0	-	1	1	-	1	-
Total	10	22	26	44	14	23	8	13

Training & Education

Investing in the continuous training and development of our employees is a key part of our Human Resource policy. In 2016, we conducted a total of 27 key training programmes for our employees. Of these, 20 were conducted externally, whilst the remaining seven were conducted internally. The programmes revolved around Leadership Development and Customer Service. These programs were aimed at upgrading our employees' customer service levels and to provide a new AMWAY experience to our ABOs.

Work-life Balance

We believe that work-fun balance is key to high levels of employee satisfaction and morale at the workplace. Thus, our efforts in this sphere is based on providing a range of recreational activities for our employees to enjoy. In 2016, the AMWAY Sports & Recreation Club (ASRC) conducted more than five events to promote work-life balance among our people.



Bubble Sports Day



Badminton Match



Bowling Tournament

Work-life Balance



Outdoor Adventure Day
at Agrotek Garden
Resort, Hulu Langat



Movie Night at the Cinema



Monthly Futsal Activity

Sustainability Statement

Another key campaign for the year was the promotion of self-health awareness in our bid to increase staff awareness on health issues and encourage them to be more health conscious. In line with this, we

- Actively encouraged our employees to use the gym facilities and noted an increase in the number of people who exercised at the gym. An average of 46 employees per month participated in Zumba and/or yoga classes. We also successfully encouraged our talent base to join the weekly class, which many did for a variety of reasons – from losing weight, being more physically active, learning new dance moves or simply to have fun with colleagues.
- Conducted a number of different talks on health attended by our staff. Among them was a talk on back pain by an orthopaedic specialist, which was attended by 40 of our employees.
- Held our annual blood donation drive with participation from 114 of our ABOs and employees.

Local Communities – Program Harapan

Our work with local communities was spearheaded by our main project, Program Harapan. Program Harapan is an initiative jointly launched in 2014 with the Ministry of Women, Family and Community Development. This programme was structured to benefit more than 100 children at four Rumah Tunas Harapan foster homes, located in Selangor and is driven by two sub-programmes, Saturday Shows and Projek HeadSTART.



Saturday Shows

Saturday Shows were held to impart life skills and inspire the children at the foster homes on possible future opportunities. We ran five Saturday Shows in total, logged 493 Volunteer Hours from both our ABOs and employees and inspired more than 400 children. Our initiatives comprised of an educational field trip to KIDZANIA Kuala Lumpur; a workshop on "Child Safety & Self-Awareness" by the Criminal Investigation Department; workshop entitled "Why Not Start A Business" conducted by the Entrepreneurship Centre of Universiti Putra Malaysia; a "Dream Book" Inspirational Talk and Workshop; and a "Mission to Mars" Workshop conducted by Emerald Ahmad Syukran.

The shows were focused on gearing upper secondary school participants towards independent living and participating in Projek HeadSTART when they reach the age of 18 years.

Projek HeadSTART

We successfully concluded Projek HeadSTART with five apprentices completing the six-month apprenticeship in 2016. Throughout their apprenticeship, the apprentices underwent work experience rotation at various departments and were guided by five mentors comprising our employees. We also provided the apprentices with English Language Classes and the opportunity to work on our 40th Anniversary Social Awareness Campaign to sharpen their soft skills and enhance their confidence level.

There was also the introduction of new initiatives within Projek HeadSTART, to make it more relevant and identifiable. One of them was a Mentoring Session for the mentors, which was conducted by a consultant prior to the project kick-off. Another was a Career Transition Workshop to equip the apprentices with self-confidence. The workshop also covered areas such as self-motivation, resume preparation and personal grooming.

Moving forward in 2017, we intend to extend Projek HeadSTART beyond the state of Selangor and expand its benefits to a wider base of young people within our country.

AWARDS AND ACHIEVEMENTS 2016

NUTRILITE™

Reader's Digest's Trusted
Brand Award 2016
Gold (Malaysia) in the
Vitamin/Health
Supplement Category



eSPRING™ WATER TREATMENT SYSTEM

7th TIME

2016 Frost & Sullivan Asia
Pacific Water Filtration
Company of the Year

10th TIME

Reader's Digest's Trusted Brand
Award 2016 Gold (Malaysia) in
the Water Purifier Category

AMWAY'S NEWS

Kekal kukuh

Amway paku keupayaan syarikat dengan purata pendapatan tahunan RM1.02 bilion

Bar Syarikat Masi Hagi
amway.malaysia.com.my

Sambung

Syarikat jualan langsung terkemuka Amway Malaysia Sdn Bhd telah menerima anugerah sebagai salah satu perusahaan terkemuka di negara ini pada tahun 2016.

Terdahulu, Pengurus Besar Amway Malaysia, Mior Duzorg berikatan, ia adalah pencapaian terbaik syarikat bersejarah sejak memulakan operasinya di negara ini pada 1976.

"Kita yakin perolehan ini adalah pengiktirafan terhadap komitmen kami terhadap pelanggan dan komuniti," kata Mior Duzorg.

Amway Malaysia, AM40 bersejarah pertama masa dengan di Taman Ekspo Pertanian Malaysia (MAEPS) di sini semalam.

Katanya, syarikat berkenaan meriahkan perayaan bersejarah empat puluh tahun dengan mengadakan pameran dan persembahan.

"Kita juga mempersembahkan produk terbaru kami, termasuk wangian yang dicipta oleh 28 artis, dan lebih 230,000 peminat yang hadir."

FAKTA
Masi Hagi
Amway bersejarah
November 2016

Fair-ly focused on the future

Company's business owners celebrate its 40th anniversary in Malaysia with a weekend expo



Duzorg (front) taking a selfie with the Amway business owners during the event.

A floral bouquet

BY YEO CHIA HUI

AFTER more than 50 years, skincare and cosmetics brand Artistry is launching its first fragrance, the Artistry Flora Chic.

Inspired by the legendary Les Jardins de Bagatelle in Paris, the perfume is a combination of French clemantine, Bulgarian rose and ylang ylang.

During the media launch of the new de perfume, the Amway team had the opportunity to personally speak to Amway Global Marketing Lead in Asia, Sandy Cordery.

She has led the development of Artistry Flora Chic for the past three years, overseeing everything from scent and packaging to marketing and distribution.

The fragrance encompasses the hallmark of handcrafted quality—the bottle's cap alone is composed of 20 individual components, and beautifully crafted with the personal touch of 28 artisans.

What was your first impression of the perfume?

It was honestly love at first scent. I really like how it smells so fresh, clean yet utterly feminine.

Artistry was founded in 1958, so why did the brand only decide to introduce its own fragrance now?

We took a good look at ourselves a few years ago and started to rethink our brand. As you can see, we rebranded our skincare and cosmetic lines while launching



newer products too. The only thing that was missing was perfume, hence we decided to remedy this as we want to be able to offer all three categories to consumers.

There is a growing trend for genderless scent in the industry lately. As a budding player in the fragrance community, what motivated the brand to tickle to gendered perfume?

Instead of riding on the new development?

This is because we are currently not engaging with anybody in the fragrance category. As such, once we did our research, we decided to go for what we considered was the biggest opportunity. While there are a lot of other unisex fragrances coming out, the biggest market lies with women and under the floral category.

The Artistry Flora Chic retails at RM365 (50ml) and will be available from December onwards.

Amway's FY15 revenue surges beyond RM1b

	2015	2014	2013
Revenue	1,020.4	820.0	720.0
Profit	150.0	120.0	100.0
Operating Profit	150.0	120.0	100.0
Net Profit	150.0	120.0	100.0
Operating Profit Margin	14.7%	14.6%	13.9%
Net Profit Margin	14.7%	14.6%	13.9%

40週年慶營銷活動支撐 安利第三季多賺60.5%

(吉隆坡16日讯) 40周年庆典营销活动支撑，安利控股 (AMWAY, 6351, 主板贸易组) 截至2016年9月30日止第三季净利上涨60.56%至1892万令吉。

派息5仙

另外，管理层也建议每股派息5仙。

该公司董事经理余其斌在文告中指出，预见第四季销售将按年走疲，主要是前期高销售基础效应影响，因此估计，末季仅可按年中低单位数成长。

该公司将继续投资营销活动及安利企业家 (ABO) 相关设施，预见这些投资、较高产品进口成本将导致营运获利承压。

法式花意

中法两国文化交融，孕育出法式花意。这款香水，灵感源自法国巴黎，将法式浪漫与东方韵味完美结合。



集永花香调

安利HeadSTART计划 录取5底護中心青年



5名已离开庇护中心的青少年，日前获得马来西亚安利公司 (Amway) 企业社会责任HeadSTART计划录取，成功获得工作机会。

上述5名青少年来自雪兰莪希望坊之家及双文丹扶轮中心。他们已离开了原有的中心，但成功被录取，并参加为期6个月的HeadSTART专案。被录取后，他们被分配到5个不同部门：市场营销、客户服务、产品开发、人力资源及行政。

大马安利公司好安利公司有40名青少年参与HeadSTART计划。这是一项结构性培训计划，旨在为青少年提供工作经验。

Amway 3Q earnings jump 61% on higher sales; names Martin Liou new MD

Labur RM3.5 juta bangun Pavilion Produk

Kuala Lumpur: AMWAY Malaysia, syarikat jualan langsung terkemuka negara melabur sebanyak RM3.5 juta untuk membina pavilion produk di Petaling Jaya bertujuan membawa pengalaman membeli-belah baru yang unik dan penuh bergaya.



AMWAY Malaysia bawakan pengalaman membeli-belah baru yang unik dan penuh bergaya melalui pavilion produk seluas 36,000 kaki persegi.

laku syarikat jualan langsung terbesar di dunia," katanya.

Pengurus Pavilion Produk akan merasai konsep ruang yang serba lengkap dari aspek pemilihan hiasan serta perabot yang dipilih khas untuk menerapkan suasana tenang serta selesa dan dilengkapi ruang khusa bagi pengunjung yang ingin mengadakan perbincangan mahupun bersantai.

Beliau berkata, setiap bahagian Pavilion Produk akan memamerkan jenama NUTRILITE, ARISTOTYM, Home Living dan Personal Care bersama-sama dengan Personal Shoppers Care yang menawarkan pelbagai rangkaian produk jenama.

Pemilik Perniagaan AMWAY (ABO) kini akan memperolehi akses lebih baik kepada keseluruhan rangkaian produk dan perkhidmatan dalam suasana selesa dan tenang di ruangan terbuka yang terletak di tingkat bawah bangunan Amway dan mengambil masa lima bulan.

tegi dalam bentuk pembangunan infrastruktur fizikal berteraskan pengalaman ABO ia memberi pengalaman istimewa kepada ABO dan tetamu yang dibawa bersama.

40th Anniversary

40th Anniversary

40th Anniversary

Amway Malaysia Sdn Bhd

Amway Malaysia Sdn Bhd

Amway Malaysia Sdn Bhd



SELEKSI WANGIAN FEMININ ARTISTRY FLORA CHIC

Artistry telah melancarkan koleksi wangian yang bernotakan bunga-bunga segar iaitu Flora Chic. Hadir dengan 5 pilihan wangian dengan nota flora yang berbeza-beza. Serasi untuk anda yang gemarkan wangian feminin dan chic!



尊贵护肤

Sumita Butari Artistry 全球产品创新营销经理

Artistry为寻找保持青春的秘诀，采用顶尖科技深入肌肤细胞，突破性发现，当肌肤细胞的循环周期，与人体生理时钟的24小时周期保持同步时，便可激活自身的修护技能，令肌肤维持年轻状态。然而，随着年龄增长，加上睡眠不足、紫外线和压力等因素，将会打破肌肤的循环周期，逐渐失去与人体生理时钟的同步能力，令肌肤修护技能减退，诱发皱纹、松弛、肤色暗哑、毛孔粗大和干燥等各种表征。为此，品牌与植物研究中心专家合作，精心探索全球超过300种植物，最终发掘大花栀子于细胞萃取，结合专利CellEct24细胞能量再生复合物，有效协调肌肤的自然生理周期，解决环境和自然因素造成的肌肤老化问题，同时帮助肌肤细胞发挥年轻时的功能并增加修护技能，24小时唤醒活力肌肤，提供肌肤能量指数达80倍，让肌肤年轻15岁，赋予新生儿般细嫩肌肤。

66 全新系列结合新成分及尖端科技，能调节肌肤细胞功能，重现年轻肌肤光彩。99



安利第3季净利飙61%

(吉隆坡16日讯)安利(马)控股(AMWAY, 6351, 主板黄股)截止9月30日第三季, 净利按年上涨60.56%至1892万令吉。

营业额上扬8.28%, 从上年同期的2亿4167万7000令吉, 增加至2亿6169万2000令吉, 归功于价格提升和40周年销售和营销活动。

安利集团首9个月净利按年下降26.68%, 从上年同期的5885万1000令吉, 下跌至4314万7000令吉。

营业额则录得8亿3650万4000令吉, 按年增长11.29%。

展望未来, 安利将继续投资于销售和营销方案。同时, 汇率的波动将影响公司的收益, 因产品进口成本增加。

派息5仙

该公司当季股息5仙, 除权日与享有股息日, 分别落在本月30日和12月2日。

另一方面, 大马安利宣布, 董事独立董事刘明雄, 调任为董事经理, 明年1月1日生效。

58岁的刘明雄, 是台湾人, 目前也是安利东南亚的董事经理。

Artistry

Flora Chic 花漾女香

Artistry新推出的Flora Chic 花漾女香, 是品牌第一款香氛产品, 混合了花香与柑橘香调, 由奇华顿香精香料公司为品牌独家调制。以法国克来门氏小柑橘为前调, 保加利亚玫瑰为中调及香水核心主体香味, 再以马达加斯加依兰为后调, 夹带天然果香的甜美细致, 散发出异国风情的芳香, 令人着迷。



清透亮丽

全新推出的Artistry Signature Color Light Up唇蜜, 备有8种分别以润色、闪亮及亮片等不同唇彩效果, 让你可依照个人习惯或场合需求, 打造亮丽迷人的双唇。Artistry唇蜜均以荷荷芭和鄂梨果油特别调制, 有助滋润及遮盖唇纹, 搭配唇蜜瓶盖迷你聚光灯和小镜子的贴心补妆设计, 让经常在外奔波忙碌的你, 时刻保持双唇水润光泽。其色泽迷人, 涂抹后能让唇部更饱满水润的唇蜜, 备受现代女性喜爱。



ARTISTRY MEN为追求成功者调配

ARTISTRY科学家针对男性肌肤展开研究, 从生物学的角度找出它和女性肌肤的不同点, 这次ARTISTRY推介的DermaSync™合物, 是为男性的肌肤而配制。它分为两个阶段运作, 通



Artistry Supreme LX系列为肌肤细胞注入源源不断的年轻能量, 有效对抗老化迹象, 带来极致年轻呵护。

FLORAL RHAPSODY

ARTISTRY is known for its product innovation and commitment to the highest quality of ingredients. The brand's commitment to quality is evident in the creation of the new Floral Rhapsody fragrance line. This collection is inspired by the beauty of nature and the elegance of the Artistry brand. The line features a variety of fragrances, including the new Floral Rhapsody Eau de Parfum. The brand's commitment to quality is evident in the creation of the new Floral Rhapsody fragrance line. This collection is inspired by the beauty of nature and the elegance of the Artistry brand. The line features a variety of fragrances, including the new Floral Rhapsody Eau de Parfum.



2016 EVENT HIGHLIGHTS

NATIONAL CONVENTION WEEKEND

APRIL 2016 – MAEPS, SERDANG

AMWAY Malaysia successfully celebrated 40 years in Malaysia by hosting more than 20,000 ABOs, their friends & family, to a weekend-long exposition. The event consisted of the National Leadership Conference, Leadership Dinner & Dance, National Convention and AMWAY Expo. More than 90,000 people talked about it via their Facebook and Instagram updates, photos and videos with the “#AM40” hashtag.



HEADSTART GRADUATION & MEDIA INTERVIEW

JUNE 2016 – AMWAY HQ



AMWAY Malaysia has successfully concluded Projek HeadSTART with five apprentices completing the six-month apprenticeship in 2016. Throughout their apprenticeship, the apprentices underwent work experience rotation at various departments and were guided by five mentors comprising our employees. The apprentices were also provided with English Language Classes and the opportunity to work on our 40th Anniversary Social Awareness Campaign to sharpen their soft skills and enhance their confidence level.

2016 Event Highlights



GRAND OPENING OF PRODUCT PAVILION

SEPTEMBER 2016
– AMWAY HQ

AMWAY Malaysia introduced a trendy new shopping experience with the unveiling of its flagship 16,000 sqft Product Pavilion. AMWAY Business Owners (ABOs) now have greater access to a holistic range of products and services in the comfort of an elegant and spacious Pavilion.

The Pavilion offers valuable insights on product quality, research and development, features and

ingredients unique to each Brand. The Brand Zones showcase NUTRILITE™, ARTISTRY™, Home Tech and Personal Care along with the Personal Shoppers Catalogue range of lifestyle products sourced from our local business partners.

It is open daily from 10.30 a.m. to 8.30 p.m. Mondays through Saturdays, and from 11.00 a.m. to 6.00 p.m. on Sundays.

LAUNCH OF ARTISTRY FLORA CHIC™

OCTOBER 2016 – GLASS HOUSE SEPUTEH



For the first time, leading premium skincare and cosmetics brand ARTISTRY introduced Flora Chic™, a luxury eau de parfum. It was developed exclusively for ARTISTRY by the prestigious Fine Fragrance House of Givaudan, a global leader in fragrance creation. The fragrance is graced by these three primary ingredients:

- i. French Clementine – a top note of sparkling citrus with hints of mandarin floral and sweet orange freshness
- ii. Bulgarian Rose – the middle note and heart of the fragrance, at once soft and deep, sensual and sweet
- iii. Ylang Ylang Madagascar – the base note is a fruity, sweet creamy floral, with exotic and earthy undertones

BOARD OF DIRECTORS



**DATO' AB. HALIM
BIN MOHYIDDIN**

Chairman, Senior Independent
Non-Executive Director



LOW HAN KEE

Non-Independent
Non-Executive Director



**SCOTT
RUSSELL
BALFOUR**

Non-Independent
Non-Executive Director



**MOHAMMAD
BIN HUSSIN**

Non-Independent
Non-Executive Director





**LIU, MING-HSIUNG
& MARTIN LIOU**

Managing Director



**MICHAEL
JONATHAN
DUONG**

Executive Director



**TAN SRI DATO'
CECIL WILBERT
MOHANARAJ
ABRAHAM**

Independent
Non-Executive Director



**TAN SRI FAIZAH
BINTI MOHD
TAHIR**

Independent
Non-Executive Director



**DATO' ABDULLAH
THALITH BIN MD
THANI**

Independent
Non-Executive Director

CORPORATE INFORMATION

COMPANY SECRETARIES

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

PRINCIPAL BANKERS

Public Bank Berhad
Standard Chartered Bank Malaysia Berhad

REGISTERED OFFICE

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

Tel : 03-2783 9191
Fax : 03-2783 9111

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

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : 03-2783 9299
Fax : 03-2783 9222

COMPANY WEBSITE

www.amway.my

STOCK EXCHANGE LISTING

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

AUDITORS

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

DIRECTORS' PROFILE



Name

DATO' AB. HALIM BIN MOHYIDDIN

Nationality

Malaysian

Gender

Male

Age

71

Position

Chairman,
Senior Independent
Non-Executive Director

Dato' Ab. Halim Bin Mohyiddin (Dato' Ab. Halim) 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 Master of Business Administration from University of Alberta, Canada in 1973. He retired from KPMG/KPMG Desa Megat & Co. in 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 2004 to 2007 and a council member of MIA from 2001 to 2007.

Presently, he is a Board member of 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 conviction for any offences within the past five years, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dato' Ab. Halim attended all the four Board meetings held during the financial year ended 31 December 2016.

Directors' Profile



Name

**LIU, MING-HSIUNG @
MARTIN LIOU**

Nationality

Republic of China

Gender

Male

Age

59

Position

Managing Director

Liu, Ming-Hsiung @ Martin Liou (Mr Martin Liou) was appointed Director of Amway (Malaysia) Holdings Berhad (AMHB) on 19 November 2015. On 1 January 2017, he took over the helm as the Managing Director of AMHB and Amway (Malaysia) Sdn. Bhd.. He is currently the Managing Director, South East Asia.

He started his career with AMWAY as the Distribution Manager of Amway Taiwan Co., Ltd. (Amway Taiwan) in 1985 before assuming the position of Operations Director in 1995, and was promoted to Managing Director of Amway Taiwan in 2005. Mr Martin Liou subsequently expanded his capacity to assume additional responsibility as the Managing Director of Amway Philippines, LLC, Executive Director of Amway Greater China Training Institute while continuing to be the Vice President of Amway Greater China Region.

He served as the Chairman of the Taiwan Direct Selling Association for two terms, in 2000 and 2002 and was appointed as Asia-Pacific Region Advisory Committee Member of World Federation of Direct Selling Association for two terms, in 2008 and 2011. In 2015, Mr Martin Liou was awarded the prestigious "Asia Pacific Entrepreneurship Awards 2015 Taiwan".

Prior to his employment with AMWAY, Mr Martin Liou worked with ICI China, Dulux Paint Co from 1982 to 1984.

He graduated with a Bachelor of Chemical Engineering from National Taiwan University, Taipei in 1980 and later obtained an Executive Master of Business Administration from National Taiwan University in 2003.

Mr Martin Liou 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 conviction for any offences within the past five years, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr Martin Liou attended all the four Board meetings held during the financial year ended 31 December 2016.

**Name**

**MICHAEL JONATHAN
DUONG**

Nationality

American

Gender

Male

Age

43

Position

Executive Director

Michael Jonathan Duong (Mr Mike Duong) was appointed Director of Amway (Malaysia) Holdings Berhad on 1 January 2017. He was also appointed Director of Amway (Malaysia) Sdn. Bhd. (AMSB) and Amway (B) Sdn. Bhd. (ABSB) on 1 January 2017. Mr Mike Duong is currently the General Manager of AMSB and ABSB.

He started his career with AMWAY as the Director of Internal Audit, Director of Shared Service Centre and Director of APAC Strategy & Planning from 2008 to 2015. Prior to his employment with AMWAY, Mr Mike Duong worked with Boeing from 1997 to 2008. His last post with Boeing was as the Senior Manager of Global Financial Services.

He graduated with a Bachelor of Science – Mechanical Engineering from Boston University College of Engineering, Boston, MA.

Mr Mike Duong 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 conviction for any offences within the past five years, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr Mike Duong attended all the four Board meetings held during the financial year ended 31 December 2016 in his capacity as the Deputy General Manager of AMSB.

Directors' Profile



Name
LOW HAN KEE

Nationality
Malaysian

Gender
Male

Age
57

Position
Non-Independent Non-Executive
Director

Low Han Kee (Mr Low) was appointed Director of Amway (Malaysia) Holdings Berhad (AMHB) and Amway (Malaysia) Sdn. Bhd. (AMSB) on 6 June 1996 and 16 October 1995 respectively.

He joined AMSB in 1990 as Divisional Manager of the Finance & Administration Division and was promoted to General Manager in 1993 before being appointed as the Managing Director in 1998, a position which he retired from on 31 January 2016. He also served as Managing Director of AMHB from 1998 until his retirement on 31 January 2016. He was also a Director of Amway (B) Sdn. Bhd..

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 30 years of financial expertise, having held senior finance positions 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.

Mr Low 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 conviction for any offences within the past five years, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr Low attended all the four Board meetings held during the financial year ended 31 December 2016.



Name

**SCOTT RUSSELL
BALFOUR**

Nationality

American

Gender

Male

Age

55

Position

Non-Independent Non-Executive
Director

Scott Russell Balfour (Mr Scott Balfour) was appointed Director of Amway (Malaysia) Holdings Berhad on 15 January 2004. He is the Chairman of both the Nominating and Remuneration Committees and a member of the Audit 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. Mr Scott Balfour also leads a legal team responsible for global compliance and issues in direct selling law, customs and rules governing the more than three million AMWAY Business Owners.

Prior to joining Alticor in 1998, he spent eight 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 a member of the Board of Directors of the West Michigan World Affairs Council.

Mr Scott 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 conviction for any offences within the past five years, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr Scott Balfour attended all the four Board meetings held during the financial year ended 31 December 2016.

Directors' Profile



Name

**TAN SRI DATO' CECIL
WILBERT
MOHANARAJ
ABRAHAM**

Nationality

Malaysian

Gender

Male

Age

71

Position

Independent Non-Executive Director

Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (Tan Sri Dato' Cecil) was appointed Director of Amway (Malaysia) Holdings Berhad 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 1969. He was admitted as an Advocate & Solicitor of the High Court of Malaya in 1970. He is a Fellow of Queen Mary College and a Benchler of the Honourable Society of Middle Temple.

He is currently the Senior Partner of Cecil Abraham and 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 conviction for any offences within the past five years, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Tan Sri Dato' Cecil attended all the four Board meetings held during the financial year ended 31 December 2016.

**Name**

**MOHAMMAD BIN
HUSSIN**

Nationality

Malaysian

Gender

Male

Age

56

Position

Non-Independent Non-Executive
Director

Mohammad Bin Hussin (En Mohammad) was appointed Director of Amway (Malaysia) Holdings Berhad 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 Chief Executive Officer and Executive Director of Amanah Saham Nasional Berhad and the Director of Amanah Mutual Berhad. Prior to his current position, he had previously held various senior management positions in Permodalan Nasional Berhad.

From 1990 to 2002, he held various management positions in corporations amongst others, Edaran Otomobil Nasional Berhad and UMW Toyota Sdn Bhd.

Presently, En Mohammad is a Board member of the Federation of Investment Managers Malaysia, Sime Darby Industrial Holdings Sdn Bhd, Amanah Saham Nasional Berhad and Amanah Mutual Berhad.

En 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 conviction for offences within the past five years other than traffic offences, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

En Mohammad attended three of the four Board meetings held during the financial year ended 31 December 2016.

Directors' Profile



Name

**TAN SRI FAIZAH BINTI
MOHD TAHIR**

Nationality

Malaysian

Gender

Female

Age

66

Position

Independent Non-Executive Director

Tan Sri Faizah Binti Mohd Tahir (Tan Sri Faizah) was appointed Director of Amway (Malaysia) Holdings Berhad 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 Small Medium Enterprise Development Bank Malaysia Berhad and a Board member of Goodyear Malaysia Berhad. She is also the Chairman of OrphanCare Foundation and Yayasan Sejahtera, and sits on the Board of Trustees of Yayasan Kebajikan Negara Malaysia and Temasek Foundation International (formerly known as 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 conviction for any offences within the past five years, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Tan Sri Faizah attended all the four Board meetings held during the financial year ended 31 December 2016.



Name

**DATO' ABDULLAH
THALITH
BIN MD THANI**

Nationality

Malaysian

Gender

Male

Age

62

Position

Independent Non-Executive Director

Dato' Abdullah Thalith Bin Md Thani (Dato' Abdullah) was appointed Director of Amway (Malaysia) Holdings Berhad on 15 May 2015. He also serves as a member of the Audit Committee and Remuneration Committee.

He graduated with a Bachelor of Surveying (Property Management) from Universiti Teknologi Malaysia in 1978. He holds a Master of Science (Business Studies) from University of Salford in 1993.

Dato' Abdullah started his career as a Valuation Officer in the Valuation and Property Services Department, Ministry of Finance, in 1978. Along the line, he has been elevated to District Valuer, State Director, Director of National Institute of Valuation, Director of National Property Information Centre (NAPIC), Deputy Director General and subsequently to the Director General of the Department in 2006. He retired from public service in 2012.

Dato' Abdullah 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 conviction for any offences within the past five years, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dato' Abdullah attended all the four Board meetings held during the financial year ended 31 December 2016.

KEY MANAGEMENT PROFILE

HO KIM POI

Nationality: Malaysian
Gender: Female
Age: 53
Position: Chief Financial Officer

Ho Kim Poi (Ms Ho) has 30 years of experience in finance and related functions in several multinational companies across Asia Pacific countries. She is a member of both the Malaysian Institute of Accountants and the Australian Society of Certified Practising Accountants.

She graduated from the University of Adelaide, Australia, majoring in Accounting and Computer Science and obtained a Master in Business Administration with the University of Lincolnshire.

Ms Ho joined AMWAY Malaysia as the Chief Financial Officer in September 2012. She is responsible for the financial, tax, treasury and risk management operations of the group, including establishing the group's financial strategies.

Prior to Amway Malaysia, she held senior management positions as well as regional roles in various industries, including pharmaceuticals and manufacturing.

Ms Ho 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 conviction for any offences within the past five years, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

LEONG KOK FONG

Nationality: Malaysian
Gender: Male
Age: 43
Position: Head of Marketing

Leong Kok Fong (Mr Leong) brings with him over 20 years of experience in marketing and sales.

He has led direct/indirect reports as well as cross functional teams in Fast Moving Consumer Goods companies such as SC Johnson, Energizer and Hawley & Hazel.

Mr Leong graduated from University of Malaya, majoring in Business Administration.

Mr Leong joined AMWAY Malaysia as the Head of Marketing in December 2013. He is responsible for Marketing and Communications, which is the key driver to the growth and success of the AMWAY business. Mr Leong and the Marketing team have four main areas of responsibilities, namely, Product and Brand Management, Product Development, ABO Communications and Digital Communications.

Mr Leong 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 conviction for offences within the past five years other than traffic offences, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KOK LAY CHENG

Nationality: Malaysian
Gender: Female
Age: 46
Position: Head of Sales

Kok Lay Cheng (Ms Kok) has over 12 years of experience in sales and sales management in the pharmaceutical industry, covering both the private and government sectors.

A Degree holder in Food Technology from University Sains Malaysia, Ms Kok joined AMWAY Malaysia as a Regional Sales Manager back in 2011 and was promoted to Head of Sales in July 2016. During her tenure, Ms Kok has demonstrated leadership in engaging and partnering with the ABO leadership. She has led the team in successfully executing key field initiatives and programs to support ABO's success.

As Head of Sales, Ms Kok is responsible for leading the Sales Division which comprises 50 members. The Sales Division has main areas of responsibilities in ABO Business Relations, Business Transformation, Sales Administration, ABO Training, Business Conduct and Rules, ABO Records and Special Events.

Ms Kok 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 conviction for offences within the past five years other than traffic offences, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

LOH TSU PING

Nationality: Malaysian
Gender: Male
Age: 43
Position: Head of Supply Chain

Loh Tsu Ping (Mr Loh) brings over 20 years of experience in supply chain, sales & marketing in multinational companies across Asia Pacific countries with key strengths in strategic business acumen on end to end system prospective, process reengineering to eliminate waste and optimise results and adept at developing strong customer and supplier relationships.

He graduated from the University of Alberta, Canada, with a Degree in Commerce and is pursuing a Master of Science in Supply Chain Management from the Malaysia Institute for Supply Chain Innovation.

He joined AMWAY Malaysia as the Head of Supply Chain in December 2016. He is responsible for demand and supply planning, customer service, logistics, sales order management, warehouse and distribution.

Mr Loh 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 conviction for offences within the past five years other than traffic offences, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Save as disclosed, the Directors and Key Management do not hold any directorships in other public companies and listed issuers.

STATEMENT ON CORPORATE GOVERNANCE

Amway (Malaysia) Holdings Berhad (AMHB or the Company) believes that embracing high corporate governance practices is the foundation to delivering its strategic objective of consistent and sustainable performance over the long term.

At the heart of our governance structure is an effective Board that is committed to upholding strong governance principles and reinforcing the long-established and deeply engrained corporate governance tradition as well as culture of accountability, transparency and integrity. This framework supports the Principles and Recommendations of the Malaysian Code of Corporate Governance 2012 (MCCG 2012).

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear function reserved for the Board and Management

The Board has established clear function reserved for the Board and those delegated to Management. A formal schedule of matters reserved for the Board's decision includes strategic issues and planning, performance reviews, capital expenditures, authority levels, risk management, announcements to Bursa Malaysia Securities Berhad (Bursa Securities) and approval of the Group's and Company's financial statements as well as the adequacy and integrity of internal controls.

The Managing Director ensures the effective implementation of the Group's strategic plan and policies established by the Board and manages the daily conduct of the business to ensure its smooth operations. The Managing Director is accountable to the Board for the achievement of the Group's goals and objectives. He is supported by the Management.

The ultimate responsibility for decision making, however, lies with the Board.

1.2 Clear Roles and Responsibilities of the Board

The Board is responsible for the oversight and overall management of the Company. In order to ensure the effective discharge of its functions and responsibilities, the Board has established a governance structure for the Group where specific powers of the Board are delegated to the relevant Board Committees and Management.

Our governance framework

We operate with a clear and effective governance structure.

BOARD OF DIRECTORS FRAMEWORK		
AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
- Oversees financial reporting process	- Nominates new Directors	- Manages the remuneration process of Executive Directors & Non-Executive Directors
- Evaluates internal and external audit processes	- Assesses independence of Independent Non-Executive Directors	
- Review internal control and risk management processes	- Assesses the effectiveness of the Directors, Board and its Committees	
MANAGEMENT GOVERNANCE FRAMEWORK		
RISK MANAGEMENT COMMITTEE	EXECUTIVE COMMITTEE	
- Manages the Group's principal business risks	- Implements the Group's strategic plan, policies and decision adopted by the Board	
	- Oversees the operations and business development of the Group	

Our governance framework serves as a guide for the Board and Management in the performance and fulfilment of their respective obligations to its stakeholders. The key components of our governance framework, including guidelines, policies, and procedures are to ensure:

- (i) the existence of a capable and qualified Board with diverse backgrounds and skills;
- (ii) the establishment of appropriate roles for the Board and Board Committees; and
- (iii) a collaborative and constructive relationship between the Board and Senior Management.

Statement on Corporate Governance

The following constitutes key components of our governance framework:

- Board Charter
- Boardroom Diversity Policy
- Audit Committee Terms of Reference
- Nominating Committee Terms of Reference
- Remuneration Committee Terms of Reference
- Internal Audit Charter
- Code of Ethics
- Whistleblower Policy
- Investor Relations Policy
- Policy on non-audit services provided by External Auditors
- Risk Management Policy

The Board assesses and enhances its governance framework, practices and principles in light of regulatory regimes as well as Company needs.

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 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.

1.3 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 adopted by the Board, 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 the 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 Whistleblower Policy is available for reference in the Company's corporate website at www.amway.my.

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

1.4 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 Economic, Environment and Social aspects is also taken into consideration. The Company's activities on corporate responsibilities for the year under review are disclosed on pages 14 to 18 of this Annual Report.

1.5 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 the Board's responsibilities.

Procedures have been established for the timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days, or shorter notice where it is unavoidable, 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 the 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 Charter in furtherance of their duties.

The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his responsibilities as a Director. If a Director considers such advice necessary for the discharge of his duties and responsibilities as Director and, for the benefit of the Company, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate. Subject to prior approval from the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

Statement on Corporate Governance

1.6 Qualified and Competent Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, policies and procedures and compliance with the relevant regulatory requirements, guidance and legislations as well as the principle of best corporate governance practices. The Directors are regularly updated by the Company Secretaries on changes made to the relevant regulatory requirements, particularly in areas relating to the duties and responsibilities and disclosure requirements of the Directors.

The Company Secretaries undertake the following functions, amongst others:

- a) Advising the Directors of their duties and responsibilities;
- b) Advising the Directors of obligations to disclose their interest in securities, disclosure of any conflict of interest and related party transaction;
- c) Advising the Directors of prohibition on dealing in securities during the closed period and restriction in the disclosure of price sensitive information;
- d) Prepare agendas of meetings for Board and Board Committees;
- e) 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;
- f) Advising the Board on its obligatory requirements to disclose material information;
- g) Ensuring the appointment of new Directors, re-appointment and resignation of Directors are in accordance with the relevant legislations; and
- h) Ensuring execution of assessment for Directors, Board and Board Committees.

Both Company Secretaries are qualified to act as Company Secretary under Section 235 of the Companies Act, 2016.

The Directors have unrestricted access to the advice and services of both the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries work closely with the Management to ensure that there are timely and appropriate information flows to the Board and Board Committees, and between the Non-Executive Directors and Management.

The Company Secretaries constantly keep abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through continuous training.

The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.

1.7 Board Charter

The Board Charter serves as a guidance for Directors regarding the responsibilities of the Board and Board Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. The Charter is available for reference in the Company's corporate website at www.amway.my and was last reviewed on 16 November 2016.

PRINCIPLE 2: STRENGTHEN COMPOSITION OF THE BOARD**2.1 Nominating Committee**

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); and
- Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (Independent Non-Executive Director – appointed on 9 February 2006).

The Nominating Committee is entrusted 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, training programmes for the Board and review of the Board's succession planning. In discharging its responsibilities, the Nominating Committee has developed certain criteria used in the recruitment process and annual assessment of Directors. The Terms of Reference of the Nominating Committee can be found at the Company's corporate website at www.amway.my.

The Board is committed to provide equal opportunities and nurturing diversity within the Group in evaluating the suitability of candidates. The Nominating Committee in making its recommendation on candidates for directorships will consider, inter-alia, mix of skills, knowledge, expertise, experience, professionalism, integrity, competencies, gender, ethnicity, age, character, commitment (including time commitment) and independence of the candidates.

A selection process for new appointees to the Board as recommended by the Nominating Committee has been adopted by the Board. The Committee has conducted a review on the candidates to identify suitable individuals for the Board in term of professionalism, skills, knowledge, competencies, expertise and experience before recommending to the Board for appointment.

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 onboard.

Statement on Corporate Governance

The Board strongly supports the need for board diversity to facilitate optimal decision-making by harnessing different insights and perspective. To this end, the Board has adopted a Boardroom Diversity Policy. The Board last reviewed its size and composition in February 2017.

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, 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.

During the year, the Nominating Committee facilitated the process for the appointment of a new Executive Director as part of an on-going programme for the progressive refreshing of the Board. Following a review and assessment carried out by the Nominating Committee, taking into consideration the candidate's character, experience, competency, integrity and time commitment, diversity of knowledge and ability to act and discharge his roles and responsibilities, the Board, on the recommendation of the Nominating Committee, approved the appointment of Michael Jonathan Duong as an Executive Director effective 1 January 2017.

On 16 November 2016, the Board had approved the re-designation of Liu, Ming-Hsiung @ Martin Liou as the Managing Director in place of Yee Kee Bing who resigned effective 1 January 2017.

Re-Election and Re-Appointment of Directors

In compliance with the Constitution of the Company, one third of the Directors shall retire by rotation at each Annual General Meeting (AGM) and that a Director who is appointed during the year shall retire at the next following AGM. The Constitution further provides that all Directors shall retire from office at least once in every three (3) years.

The Board has via the Nominating Committee, conducted an assessment and collectively agreed that Low Han Kee, Tan Sri Faizah Binti Mohd Tahir and Michael Jonathan Duong, the Directors standing for re-election and Dato' Ab. Halim Bin Mohyiddin and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, the Directors standing for re-appointment, meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the Listing Requirements and would therefore recommend their re-election/re-appointment for shareholders' approval.

2.2 Recruitment Process and Annual Assessment of Directors

The assessment and evaluation process is led by the Chairman of the Nominating Committee and supported by the Company Secretary annually with the aim of improving the effectiveness of the Board and Board Committees.

Annual assessments are carried out through the following:

- Directors' Evaluation Form (self and peer assessment);
- Board and Board Committee Evaluation Form;
- Audit Committee Evaluation Form (including assessments of the External and Internal Auditors);
- Mix of Skills and Experience of Board Matrix; and
- Declaration of Independence.

The assessment and comments from 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 year include the following:

- reviewed and assessed the 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 the 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 the character, experience, integrity, competency and time to effectively discharge the roles of Managing Director and Chief Financial Officer;
- reviewed and recommended the re-election of Scott Russell Balfour, Mohammad Bin Hussin, Dato' Abdullah Thalith Bin Md Thani and Liu, Ming-Hsiung @ Martin Liou who were subject to retirement by rotation;
- reviewed and recommended the retention of Dato' Ab. Halim Bin Mohyiddin and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham who have served for a cumulative period of more than nine years to continue in office as Independent Non-Executive Directors;
- reviewed and recommended the re-designation of Liu, Ming-Hsiung @ Martin Liou as Managing Director effective 1 January 2017; and
- reviewed and recommended the appointment of Michael Jonathan Duong as Executive Director effective 1 January 2017.

Statement on Corporate Governance

The Nominating Committee meets at least once every year. Three (3) meetings were held during the year. All recommendations of the Nominating Committee are subject to the approval of the Board.

2.3 Directors' Remuneration

The Remuneration Committee, established by the Board, is responsible for setting the 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 the 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 year, the Remuneration Committee comprised the following members:

- Scott Russell Balfour (Chairman of Committee, Non-Independent Non-Executive Director – appointed on 13 October 2016);
- Dato' Ab. Halim Bin Mohyiddin (Senior Independent Non-Executive Director – appointed on 19 October 2005);
- Dato' Abdullah Thalith Bin Md Thani (Independent Non-Executive Director – appointed on 15 May 2015); and
- Liu, Ming-Hsiung @ Martin Liou – (Resigned as Chairman of Committee on 13 October 2016).

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 the individual Director abstaining from the discussion of his/her own remuneration. The Company's Constitution provides that any payment of Directors' fees should be approved at a general meeting.

During the year, two (2) Remuneration Committee meetings were 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 AGM.

Details of the remuneration of Directors of the Company for the financial year ended 31 December 2016 are as follows:

RM'000	Executive		Non-Executive	
	Company	Group	Company	Group
Fees	-	-	394	394
Salaries and other emoluments	-	714	-	-
Bonus	-	380	-	-
EPF	-	181	-	-
Allowances	-	165	23	23
Benefits-in-kind	-	40	3	3
TOTAL	-	1,480	420	420

Bonuses payable to Executive Directors are performance based and relate to individual and Group's 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	
	Company	Group	Company	Group
RM0 – RM50,000	-	-	2	2
RM50,001 – RM100,000	-	-	4	4
RM100,001 – RM150,000	-	1	1	1
RM1,350,001 – RM1,400,000	-	1	-	-
TOTAL	-	2	7	7

PRINCIPLE 3: REINFORCE INDEPENDENCE OF THE BOARD

The Board currently has nine (9) members, comprising the Managing Director, Executive Director and seven (7) Non-Executive Directors, four (4) of whom are independent. The composition fulfils the requirement as set out under the Listing Requirements of Bursa Securities. The profile of each Director is set out on pages 27 to 35 of this Annual Report.

Statement on Corporate Governance

The Board had appointed Liu, Ming-Hsiung @ Martin Liou to assume the Managing Director's position following the resignation of Yee Kee Bing, effective 1 January 2017.

The Board considers that all its Independent Non-Executive Directors are independent in character and judgement, and their knowledge, diversity of experience and other business interests continue to enable them to contribute significantly to the work of the Board. The Board also 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.

3.1 Assessment of Independent Directors

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.

During the year, 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.

3.2 Tenure of Independent Director

In line with the MCCG 2012, the Company's 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.

3.3 Retention as Independent Directors

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 the 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 Board through the Nominating Committee, the Board is satisfied with the level of independence demonstrated by Dato' Ab. Halim Bin Mohyiddin and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, and recommended for them to continue in office as Independent Non-Executive Directors subject to shareholders' approval at the 22nd AGM.

Key justifications for the recommended continuance as Independent Non-Executive Director for the Directors are reflected in the Notice of AGM on page 107 of the Annual Report.

3.4 Separation of Chairman and the Managing Director

Dato' Ab. Halim Bin Mohyiddin has been our Chairman since January 2006 and Liu, Ming-Hsiung @ Martin Liou has been the Managing Director since January 2017.

There is a clear division of the responsibilities in the Company between the running of the Board, and the executives responsible for the running of the Company's business. The respective roles of the Chairman and the Managing Director and their division of responsibilities are stated as below:

Role of the Chairman

The Chairman leads the Board and is responsible for ensuring that both the Board and individual Directors perform their duties effectively and make active contributions to the Board's affairs. He fulfils this by facilitating and encouraging all Directors, in particular Independent Non-Executive Directors and other Non-Executive Directors, to voice their views and concerns openly. He also ensures the formation of constructive relations between Executive and Non-Executive Directors so that the decisions made by the Board fairly reflect a consensus. The Chairman keeps abreast of the development and operations of the Group via his communication with the Managing Director.

With the assistance of the Company Secretary, the Chairman also ensures that good corporate practices and procedures are established and implemented throughout the Group.

Role of the Managing Director

The Managing Director leads the day-to-day management of the Group. He is responsible for implementing the strategies and policies agreed by the Board, and leading the Management to fulfil the objectives set by the Board. The Board has entrusted the Managing Director with the authority to operate the business and he is accountable to and reports to the Board on the performances of the business. The Managing Director is supported by the Chief Financial Officer and Management. This management structure facilitates clear reporting and provides the Board with high quality information and recommendations to enable informed decisions in all aspects of the Company's business and strategy.

Statement on Corporate Governance

3.5 Recognise the Importance of Independence

The Board recognises the importance of independence and objectivity in the decision-making process. Four (4) of the nine (9) Directors are independent, exceeding the minimum one-third (1/3) requirement as set out in the Listing Requirements.

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.

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 meeting 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 year, four (4) meetings were held and the details of attendance of the members are as follows:

Directors	Number of meetings attended
Dato' Ab. Halim Bin Mohyiddin Chairman, Senior Independent Non-Executive Director	4/4
Liu, Ming-Hsiung @ Martin Liou Managing Director (Re-designated from Non-Independent Non-Executive Director on 1 January 2017)	4/4
Low Han Kee Non-Independent Non-Executive Director	4/4
Scott Russell Balfour Non-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	3/4
Tan Sri Faizah Binti Mohd Tahir Independent Non-Executive Director	4/4
Dato' Abdullah Thalith Bin Md Thani Independent Non-Executive Director	4/4
Yee Kee Bing Managing Director (Resigned on 1 January 2017)	4/4
Michael Jonathan Duong Executive Director (Appointed on 1 January 2017)	N/A *

* in view of his appointment subsequent to the financial year 2016.

4.1 Directors' Commitment

The Board recognises that it is important for all Directors to dedicate sufficient time to the Company to discharge 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 Paragraph 15.06 of the Listing Requirements of Bursa Securities allows a Director to sit on the boards of five (5) listed issuers. At present, no Directors have more than five (5) directorships at any one time.

The Board reviews annually the contributions required from the Directors and whether they are spending sufficient time performing their responsibilities.

4.2 Directors' Training

The Board, via the Nominating Committee, continues to review and assess the training needs of the Directors which he/she may require for personal development as well as to keep abreast of changes in legislation and regulations affecting the Group.

All Directors, had successfully completed the Mandatory Accreditation Programme (MAP) within the stipulated timeframe as required by the Listing Requirements of Bursa Securities including Michael Jonathan Duong who was appointed on 1 January 2017. 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. During the year, all Directors attended development and training programmes as well as conferences in areas of finance, corporate governance, risk management, leadership, legal, industry and regulatory developments. Some of the Directors have also participated as speakers at local and international conventions on topics relevant to their expertise.

Statement on Corporate Governance

Conferences, seminars and training programmes attended by Directors in 2016 included the following:

Corporate Governance/ Risk Management

1. Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom
2. Launch of the AGM Guide & CG Breakfast Series: How to Leverage on AGMs for Better Engagement with Shareholders
3. Annual Directors' Training 2016

Strategic/ Leadership/ Business Intelligence

1. Leadership Agility
2. International Forum on the World's Economic Outlook: Challenges & Opportunities for Malaysian Companies
3. Leading Digital Business Transformation
4. PNB Innovation & Quality Award Internal Convention

Industry/ Legal & Regulatory Development

1. Distinguishing Between Legitimate Direct Selling Sales Plans & Fraudulent Pyramid Schemes Operators - A Legal Primer
2. Cross Border Enforcement of Commercial Contracts

Finance/ Tax

1. MFRS/FRS Update 2015/2016 Seminar
2. Shariah Governance Framework

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 quarterly 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 46 to 49 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 Securities and the annual statutory financial statements. The Chief Financial Officer presents a review of quarter-to-quarter and year-to-date financial performance against budget at quarterly meetings.

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.

On an annual basis, the Audit Committee considers the re-appointment of the External Auditors and their remuneration and makes recommendations to the Board. The External Auditors are re-appointed each year at the AGM. The Audit Committee had, in February 2017, assessed the level of service provided by the External Auditors through the Audit Committee Evaluation Form, and took into consideration the following, amongst others:

- The quality and scope of the planning of the audit in assessing risks and how the External Auditors maintain or update the audit plan to respond to changing risks and circumstances;
- The quality and timeliness of reports provided to the Audit Committee;
- The level of understanding demonstrated of the Group's business; and
- Communication to the Audit Committee about new and applicable accounting practices and auditing standards and its impact on the Company's financial statement.

Messrs Ernst & Young have reported to the Audit Committee that, in their professional judgement, they are independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired.

The Audit Committee, having taken into consideration the findings of the assessment and Messrs Ernst & Young's independence as well as the level of non-audit services rendered by them for the financial year ended 31 December 2016 which was below the threshold set in the Policy on non-audit services provided by External Auditors, was satisfied that Messrs Ernst & Young continue to possess the competency, independence and experience required to fulfil their duties effectively. The Audit Committee has recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the 22nd 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 Board has also established a Risk Management Committee to identify principal risks and recommend policies and parameters for the key risks profile/register and overall risk strategy linking to value creation and the strategic objectives of the Group. Further details on the key features of the risk management framework and Risk Management Committee are

Statement on Corporate Governance

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 Deloitte Enterprise Risk Services Sdn. Bhd.. The scope of work covered by the internal audit function during the year is covered 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 can be accessed.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholder Participation at General Meeting

The 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 six (26) 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, 2016 and the Listing Requirements of Bursa Securities. The additional time given to shareholders allows them to make the 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 21st AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa Securities on the same meeting day. At the AGM, shareholders participated in deliberating on resolutions being proposed.

At the last AGM, the Deputy General Manager provided shareholders with an overview of the Group's operations while the Head of Finance 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.

8.2 Encourage Poll Voting

Pursuant to the Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all the resolutions as set out in the forthcoming and future general meetings will be conducted as such. An independent scrutineer will be appointed to validate the votes cast at the general meetings.

8.3 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, the financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, bi-annual briefings to the financial community, AGM 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 22 February 2017.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee (AC) Report for the financial year ended 31 December 2016.

MEMBERSHIP

The Company's AC, 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) AC 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, the Chairman of AC 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 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	
Scott Russell Balfour (Appointed on 19 October 2005)	Non-Independent Non-Executive Director
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (Appointed on 14 February 2006)	Independent Non-Executive Director
Tan Sri Faizah Binti Mohd Tahir (Appointed on 8 May 2014)	Independent Non-Executive Director
Dato' Abdullah Thalith Bin Md Thani (Appointed on 15 May 2015)	Independent Non-Executive Director

TERMS OF REFERENCE

The Terms of Reference of the AC is available on the Company website at www.amway.my. The Terms of Reference was last reviewed on 16 November 2016.

MEETINGS

During the financial year ended 31 December 2016, four (4) meetings were held and the attendance of the 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
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham Independent Non-Executive Director	4/4
Tan Sri Faizah Binti Mohd Tahir Independent Non-Executive Director	4/4
Dato' Abdullah Thalith Bin Md Thani Independent Non-Executive Director	4/4

The Executive Directors, Senior Management, External and Internal Auditors were in attendance at the meetings, upon invitation by the AC, to brief the members on specific issues. The AC had also met with the External and Internal Auditors separately 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 AC and its members through an annual AC evaluation and was satisfied that the AC and its members have been able to discharge their functions, duties and responsibilities in accordance to the Terms of Reference. The assessment was conducted on 22 February 2017.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

Financial Reporting

The AC reviewed the unaudited quarterly financial reports prior to recommending them to the Board for approval of announcement to Bursa Securities and the Securities Commission (SC). The AC had enquired the Management on the fluctuations in the financial performance and position of the Group during the relevant financial periods.

Audit Committee Report

The AC also reviewed the annual audited financial statements of the Company and of the Group for the financial year ended 31 December 2015 prior to recommending it to the Board for approval of announcement to Bursa Securities and SC. To this end, the AC had reviewed the significant accounting policies adopted by the Group to ensure conformity to the applicable approved accounting standards, reviewed the financial performance and position as reported in the annual audited financial statements and enquired the Management on the fluctuations and reviewed the External Auditor's report as part of their oversight over the accounting, auditing and financial reporting practices and procedures of the Group.

External Auditors

The AC assessed the suitability and independence of the External Auditors, Messrs Ernst & Young as well as reviewed the services provided including the provision of non-audit services. The AC had obtained confirmation from the External Auditors on their independence and was not aware of any potential conflict of interest situation.

The External Auditors presented the audit plan in relation to the statutory audit for the financial year ended 31 December 2016. The AC had discussed with the External Auditors, the scope of work and audit approach to be adopted, areas of audit emphasis and key changes to the accounting and financial reporting standards as well as auditing standards.

The AC undertook an annual assessment on the performance of the External Auditors, taking into account the quality and timeliness of the report furnished, the level of understanding demonstrated of the Group's business and communication about new and applicable accounting practices and auditing standards and its impact on the Company's financial statement. Having assessed and deliberated on the matter, the AC was satisfied that the External Auditors continue to possess the competency, independence and experience required to fulfil their duties effectively and agreed to recommend the Board to table their re-appointment at the AGM.

Internal Auditors

The Internal Auditors, namely Deloitte Enterprise Risk Services Sdn. Bhd., an independent professional services firm, conducted quarterly reviews of the internal controls within the Group in accordance with the internal audit plan for 2016 which had been approved by the AC.

The Head of Internal Audit presented the internal audit reports which highlighted the audit observations, recommendations and Management's responses at the quarterly AC meetings during the year. Management also shared the actions taken based on improvement opportunities identified in the reports.

The AC reviewed the audit plan for financial years ending 31 December 2017 and 2018, having regards to the adequacy of scope and coverage of the auditable areas as well as taking into consideration the findings of previous audits.

The AC also carried out an evaluation of the performance of the Internal Auditors, taking into account the scope, adequacy and effectiveness (including the methodology, competency and resources) of the internal audit function and was satisfied with their performance.

AC TRAINING AND EDUCATION

During the year, the AC members have attended the relevant development and training programmes as well as conferences relating to areas of finance, corporate governance, risk management, leadership, legal, 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 Deloitte Enterprise Risk Services Sdn. Bhd. (DERS). The Head of Internal Audit reports directly to the AC. Internal audit reports are presented, together with the Management's response and proposed action plans, to the AC 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 the business and operational risks of the Group and to benchmark global affiliates' efficiencies and controls to good corporate governance practices.

DERS undertakes internal audit based on the operational, compliance and risk-based audit plan that is reviewed and approved by the AC. 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. The scope of work, as approved by the AC, 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.

Audit Committee Report

During the financial year ended 31 December 2016, the internal audit function carried out internal audit to assess the adequacy and integrity of the system of internal controls.

The auditable areas cover amongst others:

- Revenue management which encompasses the process and controls relating to revenue and cash management, assessing the completeness and timeliness of invoicing, ascertaining the adequacy of segregation of duties and controls over prevention of fraud;
- Inventory management including a review on the stockholding procedures, an assessment of the warehousing management processes as well as an assessment on the control over recording and reporting;
- Payment and disbursement management including ascertaining the adequacy of controls and approvals of the payment process, reviewing the recording process and ascertaining the timeliness and completeness of recording and classification of expenses, and corresponding liabilities.

The total cost incurred in outsourcing the internal audit function to DERS, during the financial year amounted to approximately RM102,000.

ENTERPRISE RISK MANAGEMENT

The Group has in place an on-going 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 Deputy General Manager and represented by divisional 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 quarterly 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.

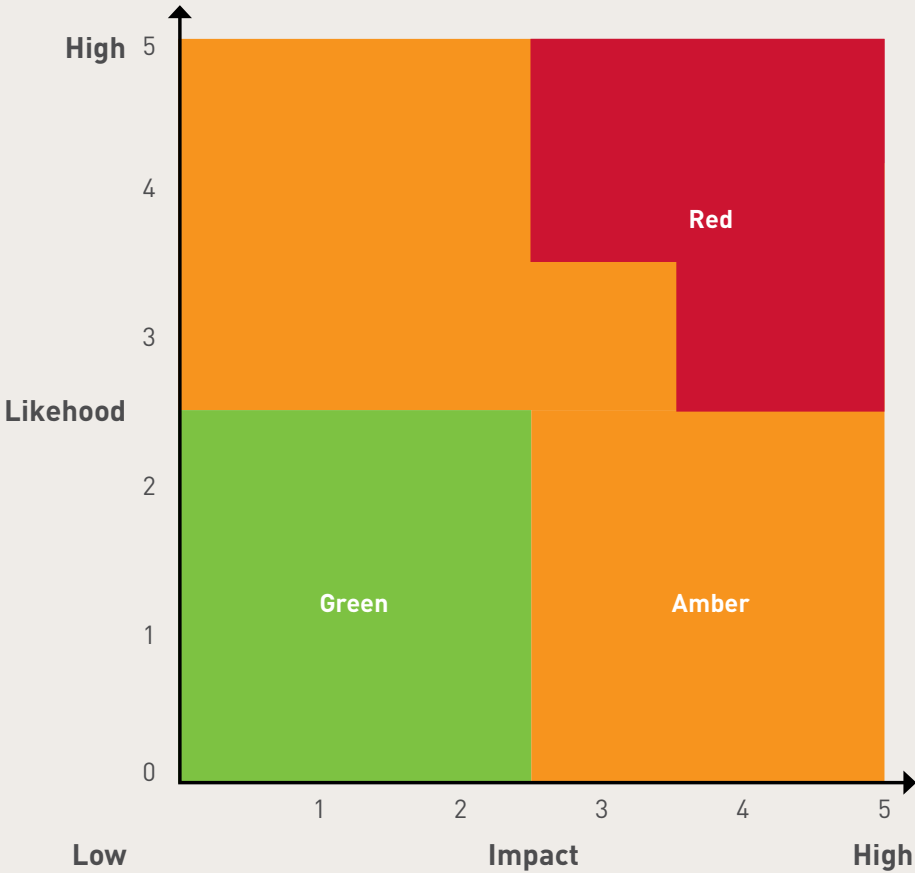
The RMC's responsibilities include the following:

- 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 AC 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
- Green quadrant** - high possibility of occurring; insignificant impact

During the year, the Risk Management Team met four (4) times to review the Group's risk profile. The risk management activities undertaken for each division included risk assessment at enterprise and operational levels, evaluation of the effectiveness of the controls in place and the requirements for further controls when mitigated residual risks are unacceptable. The results of these risk management activities were incorporated in the quarterly reporting to the AC. The AC was briefed by the Managing Director and the Deputy General Manager.

The Group recognises the importance of business continuity management which forms part of the wider enterprise risk management effort in business resilience. The established Business Continuity Plan (BCP) ensures essential business functions are able to continue in the event of unforeseen circumstances. Alternate sites are identified for the resumption of key operational activities and the risk of loss events is mitigated through appropriate insurance coverage.

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

This report was approved by the Board on 22 February 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed towards 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 2016.

For the purpose of disclosure, this Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities) and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

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 Deputy General Manager and represented by divisional 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 Malaysian Code on Corporate Governance 2012 (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 quarterly meetings.

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 Deloitte Enterprise Risk Services 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 four (4) 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 employees.

(c) Planning, Monitoring and Reporting

- there is an established strategic planning and budgeting process, requiring all functional divisions to prepare the operating and financial 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 the 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

Established Business Continuity Plan (BCP) and Disaster Recovery Plan 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.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

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 2016 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.

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 for inclusion in the Annual Report, 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.

This Statement was approved by the Board on 22 February 2017.

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 2016.

AUDIT AND NON-AUDIT FEES

The amounts of audit and non-audit fees paid or payable by the Company and the Group to the External Auditors for the financial year ended 31 December 2016 are as follows:

	Company (RM)	Group (RM)
Audit fees	36,000	185,320
Non-audit fees	10,800	10,800

MATERIAL CONTRACTS

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

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the 21st Annual General Meeting (AGM) held on Tuesday, 17 May 2016, 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 2016 is set out on pages 103 to 104 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 2016 is stated on pages 14 to 18 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 the 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.

A woman wearing a white hijab and a dark blue Amway uniform with a name tag is smiling. She is standing behind a table that displays several Amway products, including a bottle of Nutrilite and some boxes. The background is a blurred indoor setting.

FINANCIAL STATEMENTS

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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 2016.

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 RM'000	Company RM'000
Profit net of tax	54,649	51,268

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 amount of dividends paid by the Company since 31 December 2015 were as follows:

In respect of the financial year ended 31 December 2015 as reported in the directors' report of that year:

	RM'000
Fourth interim tax exempt (single-tier) dividend of 10.0 sen per share, on 164,385,645 ordinary shares, declared on 22 February 2016 and paid on 24 March 2016.	16,439
Special interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 22 February 2016 and paid on 24 March 2016.	8,219
	24,658

DIVIDENDS (CONTD.)

In respect of the financial year ended 31 December 2016:

	RM'000
(i) First interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 17 May 2016 and paid on 15 June 2016;	8,219
(ii) Second interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 17 August 2016 and paid on 15 September 2016; and	8,219
(iii) Third interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 16 November 2016 and paid on 15 December 2016.	8,219
	24,657
Total dividends paid	49,315

On 22 February 2017, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2016, of 5.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM8,219,000 and special interim tax exempt dividend of 10.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM16,439,000.

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 2017.

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]
Liu, Ming-Hsiung @ Martin Liou	[Managing Director, appointed on 1 January 2017]
Low Han Kee	
Scott Russell Balfour	
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	
Mohammad Bin Hussin	
Tan Sri Faizah Binti Mohd Tahir	
Dato' Abdullah Thalith Bin Md. Thani	
Yee Kee Bing	[Managing Director, resigned with effect from 1 January 2017]
Michael Jonathan Duong	[Appointed on 1 January 2017]

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:

Scott Russell Balfour
Dato' Ab. Halim Bin Mohyiddin
Dato' Abdullah Thalith Bin Md Thani

Directors' Report

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 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 31.12.2016
	As at 1.1.2016	Acquired	Sold	
The Company				
Direct interest:				
Dato' Ab. Halim Bin Mohyiddin	1,000	-	-	1,000
Low Han Kee	20,000	-	-	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.

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.

OTHER STATUTORY INFORMATION (CONTD.)

(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 22 February 2017.

Dato' Ab. Halim Bin Mohyiddin

Liu, Ming-Hsiung 廖 Martin Liou

STATEMENT BY DIRECTORS

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

We, Dato' Ab. Halim Bin Mohyiddin and Liu, Ming-Hsiung @ Martin Liou, 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 63 to 99 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 2016 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 29 on page 100 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 22 February 2017.

Dato' Ab. Halim Bin Mohyiddin

Liu, Ming-Hsiung @ Martin Liou

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 63 to 100 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 22 February 2017

Ho Kim Poi

Before me,

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

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Amway (Malaysia) Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 99.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their 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.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (By-Laws) and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Systems Integration and Data Integrity

The Group maintains a series of complex information systems which interfaces with each other in order to run its day to day operations. These systems processes high volume of transactions on a daily basis in order to accurately capture and record them in the Group's financial reporting system. The output of the information systems is used by the Board of Directors to prepare the financial statements of the Group. This information system affects the following items in the financial statements:

- 1) Revenue;
- 2) Cost of goods sold;
- 3) Provision for and expenses relating to commission and bonuses;
- 4) Trade receivables and payables;
- 5) Inventories; and
- 6) Cash and bank balances.

Due to the central and pervasive role of the information systems in generating key financial statement amounts, we have designated the integrity and accuracy of the information systems as a key audit matter.

To address this key audit matter, we have tested the general and application controls over the information systems and its various interfaces and the controls over the inputs to and outputs from the system.

Independent Auditors' Report

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

Key audit matters (contd.)

Cash and bank balances

The Group's receipts from its customers generally arise from various avenue, including through online transactions, credit card payments, over the counter cash payments and cheques. Due to the Group's nature of business and operations, where there are high volumes of cash receipts transactions being processed daily, we have designated cash and bank balances as a key audit matter.

To address this key audit matter, our audit procedures included obtaining bank confirmations, performing bank reconciliations prepared by management, reviewing the Group's cash book for unusual activities and tests of certain cash movements near the financial year end.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company 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 control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

To the member of Amway (Malaysia) Holdings Berhad (Incorporated 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 subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) 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.
- (c) 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.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 29 on page 100 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
22 February 2017

Loke Siew Heng
No. 2871/07/17(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	4	1,087,501	1,019,924	49,699	93,717
Cost of sales	5	(815,522)	(763,522)	-	-
Gross profit		271,979	256,402	49,699	93,717
Other income	6	9,229	8,235	3,437	3,237
Distribution expenses		(49,124)	(45,331)	-	-
Selling and administrative expenses		(159,076)	(129,988)	(1,055)	(978)
Profit before tax	7	73,008	89,318	52,081	95,976
Income tax expense	10	(18,359)	(25,390)	(813)	(808)
Profit net of tax		54,649	63,928	51,268	95,168
Other comprehensive income:					
Foreign currency translation		20	374	-	-
Other comprehensive income for the year, net of tax		20	374	-	-
Total comprehensive income for the year		54,669	64,302	51,268	95,168
Profit attributable to owners of the parent		54,649	63,928	51,268	95,168
Total comprehensive income attributable to owners of the parent		54,669	64,302	51,268	95,168
Earnings per share attributable to owners of the parent (sen per share)					
- Basic	11	33.24	38.89		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	64,218	64,258	-	-
Intangible asset	14	4,782	4,782	-	-
Investment in subsidiaries	15	-	-	86,202	86,202
Deferred tax asset	16	17,653	13,210	-	-
		86,653	82,250	86,202	86,202
Current assets					
Inventories	17	94,894	83,903	-	-
Trade and other receivables	18	40,787	46,017	196	191
Cash and cash equivalents	19	200,551	182,473	94,593	92,855
		336,232	312,393	94,789	93,046
Total assets		422,885	394,643	180,991	179,248
Equity and liabilities					
Equity					
Share capital	20	164,386	164,386	164,386	164,386
Share premium		685	685	685	685
Other reserves		2,002	1,982	1,365	1,365
Retained earnings	21	43,691	38,357	14,152	12,199
Total equity attributable to owners of the parent		210,764	205,410	180,588	178,635
Non-current liability					
Deferred tax liability	16	11	27	-	-
Current liabilities					
Trade and other payables	22	204,686	180,529	403	379
Current tax payable		7,424	8,677	-	234
		212,110	189,206	403	613
Total liabilities		212,121	189,233	403	613
Total equity and liabilities		422,885	394,643	180,991	179,248

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 2016

	Non-Distributable					
	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
Group						
At 1 January 2016	164,386	685	1,365	617	38,357	205,410
Total comprehensive income	-	-	-	20	54,649	54,669
Transaction with owners						
Dividends on ordinary shares (Note 12)	-	-	-	-	(49,315)	(49,315)
At 31 December 2016	164,386	685	1,365	637	43,691	210,764
At 1 January 2015	164,386	685	1,365	243	64,841	231,520
Total comprehensive income	-	-	-	374	63,928	64,302
Transaction with owners						
Dividends on ordinary shares (Note 12)	-	-	-	-	(90,412)	(90,412)
At 31 December 2015	164,386	685	1,365	617	38,357	205,410

	Non-Distributable				
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Distributable retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2016	164,386	685	1,365	12,199	178,635
Total comprehensive income	-	-	-	51,268	51,268
Transaction with owners					
Dividends on ordinary shares (Note 12)	-	-	-	(49,315)	(49,315)
At 31 December 2016	164,386	685	1,365	14,152	180,588
At 1 January 2015	164,386	685	1,365	7,443	173,879
Total comprehensive income	-	-	-	95,168	95,168
Transaction with owners					
Dividends on ordinary shares (Note 12)	-	-	-	(90,412)	(90,412)
At 31 December 2015	164,386	685	1,365	12,199	178,635

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 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	73,008	89,318	52,081	95,976
Adjustments for:				
Property, plant and equipment				
- depreciation	6,531	7,387	-	-
- gain on disposals	(94)	(4)	-	-
- written off	957	33	-	-
Interest income	(7,030)	(7,258)	(3,432)	(3,237)
Dividend income	-	-	(49,699)	(93,717)
Net impairment loss on trade receivables	260	108	-	-
(Reversal)/allowance for inventory obsolescence	(202)	186	-	-
Inventories written-off	325	546	-	-
Unrealised foreign exchange (gain)/loss	(2,079)	107	-	-
Operating profit/(loss) before working capital changes	71,676	90,423	(1,050)	(978)
Decrease/(increase) in receivables	1,183	(10,651)	(5)	(41)
Increase in inventories	(11,114)	(206)	-	-
Increase in payables	13,229	61,845	24	90
Cash generated from/(used in) operations	74,974	141,411	(1,031)	(929)
Tax paid	(24,071)	(31,619)	(1,047)	(759)
Net cash generated from/(used in) operating activities	50,903	109,792	(2,078)	(1,688)
Cash flows from investing activities				
Purchase of property, plant and equipment (Note A)	(5,488)	(3,465)	-	-
Proceeds from disposals of property, plant and equipment	105	4	-	-
Dividend received	-	-	49,699	93,717
Interest received	7,030	7,258	3,432	3,237
Net cash generated from investing activities	1,647	3,797	53,131	96,954

Statements of Cash Flows

For the financial year ended 31 December 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividends paid	(49,315)	(90,412)	(49,315)	(90,412)
Repayment from/(to) related companies	16,329	(15,117)	-	-
(Repayment to)/payment made on behalf by penultimate holding company	(3,452)	741	-	-
Net cash used in financing activities	(36,438)	(104,788)	(49,315)	(90,412)
Net increase in cash and cash equivalents	16,112	8,801	1,738	4,854
Effects of foreign exchange rate changes	1,966	400	-	-
Cash and cash equivalents at beginning of year	182,473	173,272	92,855	88,001
Cash and cash equivalents at end of year (Note 19)	200,551	182,473	94,593	92,855
Note A:				
Purchase of property, plant and equipment during the year by way of:				
Cash	5,488	3,465	-	-
Other payables	1,969	1,485	-	-
	7,457	4,950	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 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 2016 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 February 2017.

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 2016, the Group and the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after the dates stated below:

Description	Effective for annual periods beginning on or after
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 (Applying the Consolidation Exception)	1 January 2016
Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements to MFRS 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interest in Joint Ventures	1 January 2016
Amendments to MFRS 116 and 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016

The adoption of the standards 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 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**2.3 Standards issued but not yet effective**

The standards 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 10 and MFRS 128 Investment in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and Associate or Joint Venture)	Deferred
Amendments to MFRS 12 Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014–2016 Cycle)	1 January 2017
Amendments to MFRS 107 Statement of Cash Flows (Disclosure Initiative)	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 128 Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014–2016 Cycle)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except as stated below.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Basis of consolidation (contd.)

The Company controls an investee if and only if the Company 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.

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. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Basis of consolidation (contd.)

(a) Business combinations (contd.)

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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

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:

Long term leasehold land	Over the 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 values may not be recoverable.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**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.

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 tax 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.10 Income taxes (contd.)

(b) Deferred tax (contd.)

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 tax authority.

(c) Goods and Services Tax (GST)

The amount of GST Input tax is included in sundry receivables and GST Output tax is included in sundry payables in the statements of financial position.

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.

(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 translated 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 using the 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 items 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).

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**2.12 Foreign currencies (contd.)****(b) Foreign operation**

On consolidation, the assets and liabilities of foreign operation 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.

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

	2016 RM	2015 RM
United States Dollar	4.48	4.29
Singapore Dollar	3.10	3.03
Brunei Dollar	3.10	3.04

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 statement 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 and when circumstances indicate that the carrying value may be impaired.

Impairment test for goodwill is performed by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates to. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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 Group and the Company commits to purchase or sell the asset.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**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.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and deposits at call with a maturity of three months or less 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 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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:

- (i) In the principal market for the asset or liability; or
- (ii) 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 and the Company.

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:

- (i) Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) 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).
- (iii) Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.21 Current and non-current classification

The Groups presents assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

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.

(a) Critical judgements made in applying accounting policies

There is no critical judgement made by management in the process of applying the Group's accounting policies that has a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the differences will be able to crystallise. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details relating to deferred tax are disclosed in Note 16.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use (VIU) of the CGU to which goodwill is allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to apply a discount rate that reflects the specific risk relating to the respective CGU in order to calculate the present value of those cash flows. Details of the goodwill are disclosed in Note 14.

Notes to the Financial Statements

For the financial year ended 31 December 2016

4. REVENUE

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Sales of consumer products	1,087,501	1,019,924	-	-
Dividends	-	-	49,699	93,717
	1,087,501	1,019,924	49,699	93,717

5. COST OF SALES

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

6. OTHER INCOME

Included in other income are the following:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest income on deposits with licensed bank and licensed financial institutions	7,030	7,258	3,432	3,237
Net unrealised gain on foreign exchange	2,079	-	-	-
Realised foreign exchange gain	-	902	-	-
Gain on disposal of property, plant and equipment	94	4	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2016

7. PROFIT BEFORE TAX

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense (Note 8)	50,163	56,806	-	-
Non-executive directors' remuneration excluding benefits-in-kind	447	420	417	391
Auditors' remuneration				
- statutory	185	185	36	36
- other services	11	52	11	11
(Reversal)/allowance of inventory obsolescence	(202)	186	-	-
Inventories written off	325	546	-	-
Rental of premises	3,218	2,981	-	-
Net unrealised loss on foreign exchange	-	107	-	-
Net realised loss on foreign exchange	704	-	-	-
Property, plant and equipment				
- depreciation (Note 13)	6,531	7,387	-	-
- gain on disposal	(94)	(4)	-	-
- written off	957	33	-	-
Net impairment loss on trade receivables (Note 18)	260	108	-	-
Support charges received/receivable from related companies	(9,231)	(12,482)	-	-
Support charges paid/payable to related companies	36,155	19,761	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2016	2015
	RM'000	RM'000
Wages, salaries and bonus	36,827	41,067
Defined contribution plan	5,041	5,610
Social security contributions	243	220
Other benefits	8,052	9,909
	50,163	56,806

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM1,440,000 (2015: RM1,743,000) as further disclosed in Note 9.

Notes to the Financial Statements

For the financial year ended 31 December 2016

9. DIRECTORS' REMUNERATION

The remuneration of the directors of the Company are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Executive directors' remuneration (Note 8):				
- Other emoluments	1,440	1,743	-	-
Non-executive directors' remuneration:				
- Fees	394	399	394	370
- Other emoluments	23	21	23	21
	417	420	417	391
Total directors' remuneration	1,857	2,163	417	391
Estimated monetary value of benefits-in-kind	43	39	3	4
Total directors' remuneration including benefits-in-kind	1,900	2,202	420	395

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Executive:				
- Salaries and other emoluments	714	1,037	-	-
- Bonus	380	432	-	-
- Defined contribution plan	181	240	-	-
- Allowances	165	34	-	-
- Estimated monetary value of benefits-in-kind	40	35	-	-
	1,480	1,778	-	-
Non-Executive:				
- Fees	394	399	394	370
- Allowances	23	21	23	21
- Estimated monetary value of benefits-in-kind	3	4	3	4
	1,900	2,202	420	395

Notes to the Financial Statements
For the financial year ended 31 December 2016

9. DIRECTORS' REMUNERATION (CONTD.)

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	
	2016	2015
Executive directors:		
RM100,001 - RM150,000	1	-
RM850,001 - RM900,000	-	1
RM900,001 - RM950,000	-	1
RM1,350,001 - RM1,400,000	1	-
Non-executive directors:		
RM0 - RM50,000	2	5
RM50,001 - RM100,000	4	3
RM100,001 - RM150,000	1	1
	9	11

10. INCOME TAX EXPENSE

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- Malaysian income tax	24,141	32,896	816	808
- Foreign tax	(83)	363	-	-
	24,058	33,259	816	808
(Over)/under provision in prior years				
- Malaysian income tax	(1,240)	403	(3)	-
- Foreign tax	-	(14)	-	-
	(1,240)	389	(3)	-
	22,818	33,648	813	808
Deferred tax (Note 16):				
- Relating to origination and reversal of temporary differences	(4,855)	(9,017)	-	-
- Effect of changes in tax rate	-	540	-	-
- Under provision in prior year	396	219	-	-
	(4,459)	(8,258)	-	-
Total income tax expense	18,359	25,390	813	808

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

Notes to the Financial Statements

For the financial year ended 31 December 2016

10. INCOME TAX EXPENSE (CONTD.)

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% (2015: 18.5%).

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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit before tax	73,008	89,318	52,081	95,976
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	17,522	22,330	12,499	23,994
Changes in tax rate and tax structure in other jurisdiction	(164)	(191)	-	-
Income not subject to tax	-	-	(11,928)	(23,429)
Expenses not deductible for tax purposes	1,845	2,103	245	243
Effect of changes in tax rate	-	540	-	-
Under provision of deferred tax in prior year	396	219	-	-
(Over)/under provision of tax expense in prior years	(1,240)	389	(3)	-
Income tax expense	18,359	25,390	813	808

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.

	Group	
	2016	2015
Profit attributable to ordinary equity holders of the Company (RM'000)	54,649	63,928
Weighted average number of ordinary shares in issue (number '000)	164,386	164,386
Basic earnings (sen per share)	33.24	38.89

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 2016

12. DIVIDENDS ON ORDINARY SHARES

	Sen per share	Total amount RM'000	Date of payment
Recognised in the financial year ended 31 December 2016			
Interim tax exempt (single-tier):			
Fourth quarter interim 2015	15.00	24,658	24 March 2016
First quarter interim 2016	5.00	8,219	15 June 2016
Second quarter interim 2016	5.00	8,219	15 September 2016
Third quarter interim 2016	5.00	8,219	15 December 2016
		<u>49,315</u>	
Recognised in the financial year ended 31 December 2015			
Interim tax exempt (single-tier):			
Fourth quarter interim 2014	25.00	41,095	24 March 2015
First quarter interim 2015	10.00	16,439	17 June 2015
Second quarter interim 2015	10.00	16,439	15 September 2015
Third quarter interim 2015	10.00	16,439	15 December 2015
		<u>90,412</u>	

On 22 February 2017, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2016, of 5.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM8,219,000 and special interim tax exempt dividend of 10.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM16,439,000.

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 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2016

13. PROPERTY, PLANT AND EQUIPMENT

Group	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
At 31 December 2016									
Cost									
At 1 January 2016	1,420	17,356	33,291	21,193	5,098	36,603	2,542	1,485	118,988
Additions	-	-	-	501	483	4,504	-	1,969	7,457
Disposals	-	-	-	-	(6)	(247)	(172)	-	(425)
Write-offs	-	-	-	(2,394)	(134)	(1,981)	-	-	(4,509)
Reclassification	-	-	-	1,125	-	360	-	(1,485)	-
Effect of movements in exchange rates	-	-	-	-	7	10	-	-	17
At 31 December 2016	1,420	17,356	33,291	20,425	5,448	39,249	2,370	1,969	121,528
Accumulated depreciation									
At 1 January 2016	-	3,679	4,511	12,093	4,199	28,821	1,427	-	54,730
Charge for the year (Note 7)	-	540	666	1,744	526	2,602	453	-	6,531
Disposals	-	-	-	-	-	(242)	(172)	-	(414)
Write-offs	-	-	-	(1,595)	(134)	(1,823)	-	-	(3,552)
Effect of movements in exchange rates	-	-	-	-	7	8	-	-	15
At 31 December 2016	-	4,219	5,177	12,242	4,598	29,366	1,708	-	57,310
Net carrying amount	1,420	13,137	28,114	8,183	850	9,883	662	1,969	64,218

Notes to the Financial Statements

For the financial year ended 31 December 2016

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	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
At 31 December 2015									
Cost									
At 1 January 2015	1,420	17,356	33,291	20,558	4,389	35,149	2,048	541	114,752
Additions	-	-	-	635	365	1,971	494	1,485	4,950
Disposals	-	-	-	-	-	(213)	-	-	(213)
Write-offs	-	-	-	-	(239)	(379)	-	-	(618)
Reclassification	-	-	-	-	541	-	-	(541)	-
Effect of movements in exchange rates	-	-	-	-	42	75	-	-	117
At 31 December 2015	1,420	17,356	33,291	21,193	5,098	36,603	2,542	1,485	118,988
Accumulated depreciation									
At 1 January 2015	-	3,139	3,845	10,304	3,621	26,143	996	-	48,048
Charge for the year (Note 7)	-	540	666	1,789	775	3,186	431	-	7,387
Disposals	-	-	-	-	-	(213)	-	-	(213)
Write-offs	-	-	-	-	(239)	(346)	-	-	(585)
Effect of movements in exchange rates	-	-	-	-	42	51	-	-	93
At 31 December 2015	-	3,679	4,511	12,093	4,199	28,821	1,427	-	54,730
Net carrying amount	1,420	13,677	28,780	9,100	899	7,782	1,115	1,485	64,258

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 RM24,392,000 (2015: RM24,483,000).

Notes to the Financial Statements

For the financial year ended 31 December 2016

14. INTANGIBLE ASSET

	Group 2016 RM'000	2015 RM'000
Goodwill		
Carrying amount	4,782	4,782

(a) This represents the goodwill arising from acquisition of Amway (B) Sdn. Bhd. which represents a CGU on its own.

(b) Value in use was determined by discounting the future cash flows expected to be 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 basis used to determine the value assigned to the budgeted gross margin is the average growth rate achieved in the years before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.
- The pre-tax discount rates, applied to the pre-tax cash flows as determined by the Group is in line with the CGU's primary economic and financial environment in the country it operates.

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 2016 RM'000	2015 RM'000
Unquoted shares at cost	86,202	86,202

Notes to the Financial Statements

For the financial year ended 31 December 2016

15. INVESTMENT IN SUBSIDIARIES (CONTD.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Issued and paid-up share capital	Proportion of ownership interest 2016 %	2015 %	Principal activities
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

16. DEFERRED TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At beginning of financial year	13,183	4,913	-	-
Recognised in profit or loss (Note 10)	4,459	8,258	-	-
Exchange difference	-	12	-	-
At end of financial year	17,642	13,183	-	-
Presented after appropriate offsetting as follows:				
Deferred tax asset	17,653	13,210	-	-
Deferred tax liability	(11)	(27)	-	-
	17,642	13,183	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2016

16. DEFERRED TAX (CONTD.)

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:

	Others RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2015	-	(5,492)	(5,492)
Recognised in profit or loss	-	380	380
Exchange difference	-	(2)	(2)
At 31 December 2015	-	(5,114)	(5,114)
Recognised in profit or loss	(499)	(387)	(886)
At 31 December 2016	(499)	(5,501)	(6,000)

Deferred tax asset of the Group:

	Others RM'000	Accrued expenses RM'000	Total RM'000
At 1 January 2015	-	10,405	10,405
Recognised in profit or loss	-	7,878	7,878
Exchange difference	-	14	14
At 31 December 2015	-	18,297	18,297
Recognised in profit or loss	713	4,632	5,345
Exchange difference	-	-	-
At 31 December 2016	713	22,929	23,642

17. INVENTORIES

	Group 2016 RM'000	2015 RM'000
Consumer products:		
At cost	94,606	83,639
At net realisable value	288	264
	94,894	83,903

During the financial year, inventories recognised as cost of sales amounted to RM520,024,000 (2015: RM460,919,000).

Notes to the Financial Statements

For the financial year ended 31 December 2016

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables				
Third parties	4,541	10,372	-	-
Due from related companies	640	1,646	-	-
	5,181	12,018	-	-
Less: Allowance for impairment on amounts due from third parties	(895)	(635)	-	-
Trade receivables, net	4,286	11,383	-	-
Other receivables				
Amounts due from related companies	20,369	23,150	-	-
Sundry receivables	7,380	8,280	189	187
Deposits	1,330	1,301	4	4
Prepayments	7,422	1,903	3	-
	36,501	34,634	196	191
Total trade and other receivables	40,787	46,017	196	191
Add: Cash and cash equivalents (Note 19)	200,551	182,473	94,593	92,855
Less: Prepayments	(7,422)	(1,903)	(3)	-
Total loans and receivables	233,916	226,587	94,786	93,046

(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 (2015: 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 Amway Business Owners (ABOs) and any amounts which are due and not settled will be offset against the ABOs' bonuses.

Ageing analysis of trade receivables

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

	Group	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	4,286	11,383
Impaired	895	635
	5,181	12,018

Notes to the Financial Statements

For the financial year ended 31 December 2016

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:

	Group Individually impaired	
	2016	2015
	RM'000	RM'000
At beginning of financial year	635	527
Charge for the year (Note 7)	1,586	1,318
Reversal (Note 7)	(1,326)	(1,210)
At end of financial year	895	635

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 (2015: 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 are disclosed in Note 27.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	41,763	26,244	293	198
Deposits with licensed banks	158,788	156,229	94,300	92,657
Total cash and cash equivalents	200,551	182,473	94,593	92,855

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 2016

20. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares of RM1 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 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 2016 without any restrictions.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables				
Third parties	43,457	40,612	-	-
Due to related companies	30,635	17,190	-	-
	74,092	57,802	-	-
Other payables				
Amounts due to:				
- Penultimate holding company	39	3,491	-	-
- A subsidiary	-	-	-	27
- Related companies	6,230	7,264	-	-
Sundry payables	10,265	6,228	36	36
Accruals	114,060	105,744	367	316
	130,594	122,727	403	379
Total financial liabilities carried at amortised cost	204,686	180,529	403	379

Notes to the Financial Statements

For the financial year ended 31 December 2016

22. TRADE AND OTHER PAYABLES (CONTD.)

(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 (2015: 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 (2015: 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.

(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 (2015: 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 RM95,536,000 (2015: RM80,125,000) are in respect of ABOs' bonuses, seminars and its relevant expenses.

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

No details relating to the Group's business segment was disclosed as the Group has only one business segment which is the distribution of consumer products.

Accordingly, information on geographical and business segments of the Group's operations are not presented.

24. CAPITAL COMMITMENTS

	Group	
	2016 RM'000	2015 RM'000
Capital expenditure in respect of		
Property, plant and equipment:		
- Approved and contracted for	1,948	43
- Approved but not contracted for	267	25

Notes to the Financial Statements

For the financial year ended 31 December 2016

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	
	2016	2015
	RM'000	RM'000
Future minimum rentals payments:		
Not later than 1 year	2,265	2,555
Later than 1 year and not later than 5 years	1,801	2,412
	4,066	4,967

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

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 three (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-Seven (27) 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.
- Five (5) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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 2016 RM'000	2015 RM'000
Sales of goods and services:		
Amway (Singapore) Pte. Ltd. - (a)	(1,077)	(2,287)
Purchases:		
Access Business Group International LLC (a)	383,329	334,304
Support charges:		
Alticor Inc. (b)	13,698	9,659
Amway International Inc. (c)	2,862	2,537
Merchandising Productions Inc. (a)	116	-
Amway Vietnam Co., Ltd. (a)	(1,873)	(3,033)
Amway (Singapore) Pte. Ltd. (a)	(1,551)	(2,212)
P.T. Amway Indonesia (a)	(1,184)	(2,042)
Amway Philippines LLC (a)	(816)	(1,265)
Amway (Thailand) Limited (a)	(2,898)	(2,961)
Amway of Australia (a)	(909)	(969)
Amway Business Services Asia Pacific Sdn. Bhd. (a)	19,479	7,565
Royalties paid:		
- Access Business Group International LLC (a)	2,464	2,175

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 2016 are disclosed in Notes 18 and 22.

The nature of the related party relationships are as follows:

- (a) entities within the Alticor Global Holdings Inc.;
- (b) penultimate holding company;
- (c) intermediate holding company

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

	Group 2016 RM'000	2015 RM'000
Short-term employee benefits	5,172	4,329
Post-employment benefits:		
- Defined contribution plan	537	803
- Allowances	411	475
	6,120	5,607
Included in the remuneration of key management personnel are:		
- Executive directors' remuneration (Note 9)	1,440	1,743

Notes to the Financial Statements

For the financial year ended 31 December 2016

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
At 31 December 2016		
Group		
Deposits with licensed banks	4.00	158,788
Company		
Deposits with licensed banks	3.68	94,300
At 31 December 2015		
Group		
Deposits with licensed banks	3.69	156,229
Company		
Deposits with licensed banks	3.57	92,657

(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).

Notes to the Financial Statements

For the financial year ended 31 December 2016

27. FINANCIAL INSTRUMENTS (CONTD.)**(c) Foreign currency risk (contd.)**

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

	Group 2016 RM'000	2015 RM'000
Due from related companies		
Singapore Dollar	640	1,645
United States Dollar	29	20
Due to penultimate company		
United States Dollar	-	84
Due to related companies		
Singapore Dollar	3	276
United States Dollar	40	11

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 are payable on demand or mature 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. The analysis of the quality of credit risk are disclosed in Note 18.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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 2016 and 31 December 2015.

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 cashflow 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 2016 and 31 December 2015.

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 2016 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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	33,308	32,450	14,151	12,199
- Unrealised	17,642	13,183	-	-
	50,950	45,633	14,151	12,199
Less: Consolidation adjustments	(7,260)	(7,276)	-	-
Total retained earnings as per financial statements	43,690	38,357	14,151	12,199

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 2016

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	7	24,844	9 March 2006
26 & 26A Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan	7,934	Office, Warehouse and Shop	Leasehold expiring 26 March 2069	7	23,731	19 November 2004
1, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai Johor Darul Takzim	3,841	Office, Warehouse and Shop	Freehold	16	2,228	6 March 2000
10, Lorong Nagasari 4 Taman Nagasari 13600 Prai Penang	975	Warehouse	Freehold	25	413	19 June 1991

GROUP'S PHYSICAL PRESENCE

As at 31 December 2016

CORPORATE HEADQUARTERS

- | | | |
|-------------------------------------|---------------------------------|------------------------------------|
| ▶ Van Andel & DeVos Training Centre | ▶ Brand Experience Centre | 28, Jalan 223, 46100 Petaling Jaya |
| ▶ Product Pavilion | ▶ Warehouse & Logistic Facility | Selangor Darul Ehsan |
| ▶ One-stop Customer Service Centre | ▶ Office Block | Tel : 03-7946 2288 |
| | | Fax : 03-7946 2399 |

AMWAY SHOPS

ALOR SETAR

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

BATU PAHAT

12, Jalan Ceria
Pusat Perniagaan Ceria
83000 Batu Pahat
Johor Darul Takzim

BINTULU

Lot No 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, Lot 1669 & 1670
Bangunan Yakin
Jalan Raja Perempuan Zainab 2
Bandar Baru Kubang Kerian
16150 Kota Bharu
Kelantan Darul Naim

KOTA KINABALU

Lot 6 (1st Floor) & Lot 7 (Ground & 1st Floor)
Block F, Sri Kepayan Commercial Centre
88200 Kota Kinabalu
Sabah

KUALA TERENGGANU

Bangunan Pusat Niaga Paya Keladi
24 HS(D) 7349 Lot 3519
20100 Kuala Terengganu
Terengganu Darul Iman

KUANTAN

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

KUCHING

40 & 41
Jalan Tun Ahmad Zaidi Aduce
93200 Kuching
Sarawak

MELAKA

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

MENTAKAB

28B & 28C, Jalan Zabidin
28400 Mentakab
Pahang Darul Ridzuan

MIRI

Lot 1740, Block 9, MCLD
Rice Mill Road
Kampung Bahru
98000 Miri, Sarawak

NUSA BESTARI

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

PULAU PINANG

Lot 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 SO198-SO201
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

TAIPING

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 21st Annual General Meeting held on 17 May 2016, 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 for the financial year ended 31 December 2016 pursuant to the shareholders' mandate are disclosed as follows:

Transacting 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 LLC (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), Alticor Distribution LLC (Alticor Distribution), Alticor Corporate Enterprises Inc. (Alticor Corporate), Amway Nederland Ltd. (Amway Nederland), Access Business Group LLC (ABGL) and GDA B.V. (GDA)	2,464	Payment of Royalty Fees to ABGIL on any Substitute Products and / or Additional Products
ABGIL	AMSB	AGH, SHI, Alticor, Amway International, Alticor Distribution, Alticor Corporate, Amway Nederland, ABGL and GDA	383,329	Purchase of consumer products from ABGIL
Alticor and Amway International	AMSB and ABSB	AGH, SHI, Amway Nederland and GDA	16,560	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	1,077	a) Sale of products to Amway (S); and
			1,551	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 LLC (AFD)	1,873	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	1,184	Procurement of administrative and marketing support services from AMSB
Amway Philippines, LLC (Amway (P))	AMSB	AGH, SHI, Alticor, Amway International, AFD, Amway Foreign Investment Co. (AFI), Amway Nederland and GDA	816	Procurement of administrative and marketing support services from AMSB

Disclosure of Recurrent Related Party Transactions

Transacting 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
Amway (Thailand) Limited (Amway (T))	AMSB	AGH, SHI, Alticor, Amway International, Alticor Corporate, Amway Global Services Inc. (Amway Global Services), Amway Partners, Inc. (Amway Partners), Amway Nederland and GDA	2,898	Procurement of administrative and marketing support services from AMSB
Amway of Australia (Amway (A))	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	909	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	19,479	Procurement of administrative support services from ABSAP

Notes:

1. ABGIL, a company incorporated in the United States of America (USA), is 85%-owned by Alticor Distribution, 14%-owned by Alticor Corporate and 1%-owned by ABGL. Alticor Distribution, a company incorporated in the USA and a wholly-owned subsidiary of Alticor. Alticor Corporate, a company incorporated in the USA and a wholly-owned subsidiary of Alticor. ABGL, a company incorporated in the USA and a wholly-owned subsidiary of Alticor Corporate.
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, 0.5%-owned by Amway Global Services and 0.5%-owned by Amway Partners. Amway Global Services, a company incorporated in the USA and a wholly-owned subsidiary of Alticor Corporate. Amway Partners, a company incorporated in the USA and a wholly-owned subsidiary of Amway International.
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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 22nd 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 Wednesday, 17 May 2017 at 9.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

- | | |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' and the Auditors' Reports thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. To re-elect Mr Low Han Kee who is retiring pursuant to Article 87.1 of the Company's Articles of Association, comprising part of the Constitution of the Company (the Constitution). | Ordinary Resolution 1 |
| 3. To re-elect Tan Sri Faizah Binti Mohd Tahir who is retiring pursuant to Article 87.1 of the Company's Constitution. | Ordinary Resolution 2 |
| 4. To re-elect Mr Michael Jonathan Duong who is retiring pursuant to Article 94 of the Company's Constitution. | Ordinary Resolution 3 |
| 5. To re-appoint Dato' Ab. Halim Bin Mohyiddin, whose term of office shall be expiring at the conclusion of the 22 nd Annual General Meeting, as Director. | Ordinary Resolution 4 |
| 6. To re-appoint Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, whose term of office shall be expiring at the conclusion of the 22 nd Annual General Meeting, as Director. | Ordinary Resolution 5 |
| 7. To approve the Directors' fees and benefits of up to RM425,000.00 for the financial year ending 31 December 2017 (2016: fees of up to RM395,000.00). | Ordinary Resolution 6 |
| 8. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

As Special Business

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

- | | |
|--|-------------------------------|
| 9. Authority for Dato' Ab. Halim Bin Mohyiddin to continue in office as Independent Non-Executive Director

"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." | Ordinary Resolution 8 |
| 10. Authority for Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham to continue in office as Independent Non-Executive Director

"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." | Ordinary Resolution 9 |
| 11. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group International LLC (ABGIL), Amway Business Services Asia Pacific Sdn. Bhd. (ABSAP), Alticor Inc. (ALTICOR), Amway International Inc. (Amway International) and Amway (Singapore) Pte. Ltd. (Amway (S)) (Proposed Shareholders' Mandate) | Ordinary Resolution 10 |

Notice of Annual General Meeting

“THAT approval be and is hereby given for the Company and/or its subsidiaries (Group) to enter into recurrent transactions of a revenue or trading nature with ABGIL, ABSAP, Alticor, Amway International and Amway (S) as set out in Section 2.4 of the Circular to shareholders dated 20 April 2017, which are subject to the approval of the Proposed Renewal of Shareholders’ Mandate, provided that such recurrent transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are consistent with the Group’s normal business practices and policies and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders,

AND THAT such approval shall be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company (AGM) at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held under Section 340(2) of the Companies Act, 2016 (but must not extend to such extension as may be allowed under Section 340(4) of the Companies Act, 2016); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

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

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

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

12. To transact any other business of which due notice is given in accordance with the Companies Act, 2016 and the Company’s Constitution.

BY ORDER OF THE BOARD

WONG WAI FOONG (MAICSA 7001358)

KUAN HUI FANG (MIA 16876)

Company Secretaries

Dated this 20 April 2017

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.
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 & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 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 9 May 2017 (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.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), all resolutions set out in this Notice will be put to vote by way of poll.

Notice of Annual General Meeting

Explanatory Notes on Ordinary Business

1. Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 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, Tan Sri Faizah Binti Mohd Tahir, Mr Michael Jonathan Duong are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 22nd Annual General Meeting.

The Board of Directors (the Board) has through the Nominating Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the MMLR on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

The Board has also through the Nominating Committee, conducted an assessment on Tan Sri Faizah Binti Mohd Tahir's independence and is satisfied that she has complied with the criteria prescribed by the MMLR and Malaysian Code on Corporate Governance 2012.

3. Dato' Ab. Halim Bin Mohyiddin and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham who will hold office until the conclusion of this Annual General Meeting, have offered themselves for re-appointment as Directors at the 22nd Annual General Meeting.

The Board has through the Nominating Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the MMLR on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

4. The Board has through the Audit Committee, considered the re-appointment of Messrs Ernst & Young as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 22nd Annual General Meeting are disclosed in the Statement on Corporate Governance of this Annual Report.

Explanatory Notes on Special Business

1. Ordinary Resolution 8

The 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 MMLR, 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 9

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 MMLR, 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 10

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

Please refer to the Circular to Shareholders dated 20 April 2017 for further details.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of The Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Directors who are standing for Re-Appointment:

- 1) Dato' Ab. Halim Bin Mohyiddin
- 2) Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham

The details of the Directors who are standing for re-appointment are disclosed on page 27 and 32 of this Annual Report.

ANALYSIS OF SHAREHOLDINGS

As at 10 March 2017

Issued and Paid-Up Share Capital : RM164,385,645
 Class of Shares : Ordinary Shares
 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	307	6.60	7,496	0.00
100 - 1,000	1,908	40.99	1,349,955	0.82
1,001 - 10,000	2,183	46.90	7,096,459	4.32
10,001 - 100,000	226	4.85	5,555,019	3.38
100,001 - 8,219,281	27	0.58	19,632,600	11.94
8,219,282 and above	4	0.08	130,744,116	79.54
Total	4,655	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)	-	-	*84,990,283	51.70
Amway International Inc. (Amway International)	-	-	*ii84,990,283	51.70
Alticor Inc. (Alticor)	-	-	*iii84,990,283	51.70
Solstice Holdings Inc. (SHI)	-	-	*iv84,990,283	51.70
Alticor Global Holdings Inc. (AGH)*vi	-	-	*84,990,283	51.70
AmanahRaya Trustees Berhad	21,475,200	13.06	-	-
- Amanah Saham Bumiputera				
Kumpulan Wang Persaraan (Diperbadankan)	14,521,600	8.83	568,100	0.35
Employees Provident Fund Board	9,940,333	6.05	-	-

Notes:

*i Deemed interest by virtue of its interest in GDA pursuant to Section 8 of the Companies Act, 2016.

*ii Deemed interest by virtue of its interest in Amway Nederland pursuant to Section 8 of the Companies Act, 2016.

*iii Deemed interest by virtue of its interest in Amway International pursuant to Section 8 of the Companies Act, 2016.

*iv Deemed interest by virtue of its interest in Alticor pursuant to Section 8 of the Companies Act, 2016.

*v Deemed interest by virtue of its interest in SHI pursuant to Section 8 of the Companies Act, 2016.

*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.

Analysis of Shareholdings

As at 10 March 2017

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.	Liu, Ming-Hsiung @ Martin Liou	-	-
3.	Michael Jonathan Duong	-	-
4.	Low Han Kee	20,000	0.01
5.	Scott Russell Balfour	-	-
6.	Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	-	-
7.	Mohammad Bin Hussin	-	-
8.	Tan Sri Faizah Binti Mohd Tahir	-	-
9.	Dato' Abdullah Thalith Bin Md Thani	-	-

** Negligible

Analysis of Shareholdings

As at 10 March 2017

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 – Amanah Saham Bumiputera	21,475,200	13.06
3.	Kumpulan Wang Persaraan (Diperbadankan)	14,521,600	8.83
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. – Employees Provident Fund Board	9,757,033	5.94
5.	AmanahRaya Trustees Berhad – Amanah Saham Malaysia	8,000,000	4.87
6.	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera 2	3,150,000	1.92
7.	AmanahRaya Trustees Berhad – Public Dividend Select Fund	1,661,400	1.01
8.	CIMB Commerce Trustee Berhad – Public Focus Select Fund	940,000	0.57
9.	AmanahRaya Trustees Berhad – Amanah Saham Nasional 2	899,100	0.55
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	653,600	0.40
12.	Citigroup Nominees (Tempatan) Sdn. Bhd. – Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	543,400	0.33
13.	Citigroup Nominees (Asing) Sdn. Bhd. – CBNY for DFA Emerging Markets Small Cap Series	354,800	0.22
14.	Public Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Lee Sey Liang (KLC/KEN)	339,700	0.21
15.	AmanahRaya Trustees Berhad – AS 1Malaysia	210,900	0.13
16.	Lembaga Tabung Haji	204,000	0.12
17.	Citigroup Nominees (Tempatan) Sdn. Bhd. – Employees Provident Fund Board (KIB)	183,300	0.11
18.	AmanahRaya Trustees Berhad – Amanah Saham Nasional 3 Imbang	177,800	0.11
19.	Public Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Chew Er Hong (E-KPG)	158,900	0.10
20.	Chua Soon Gin	149,000	0.09
21.	Ajeet Kaur A/P Inder Singh	128,700	0.08
22.	Mehar Singh @ Mehar Singh Gill	127,000	0.08
23.	AmanahRaya Trustees Berhad – ARB for Yayasan Tun Ismail Mohamed Ali (Berdaftar)	119,000	0.07
24.	Teo Chiang Hong	116,000	0.07
25.	Yeoh Saik Khoo Sendirian Berhad	114,500	0.07
26.	CIMB Group Nominees (Tempatan) Sdn. Bhd. – CIMB Commerce Trustee Berhad – Kenanga Premier Fund	110,600	0.07
27.	CIMB Group Nominees (Asing) Sdn. Bhd. – Exempt An for DBS Bank Ltd (SFS-PB)	110,000	0.07
28.	Citigroup Nominees (Asing) Sdn. Bhd. – CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	109,600	0.07
29.	AmanahRaya Trustees Berhad – Public Strategic Smallcap Fund	106,100	0.06
30.	Boh Plantations Sdn Berhad	105,300	0.06
		150,275,716	91.43

INFORMATION FOR SHAREHOLDERS ON 22ND ANNUAL GENERAL MEETING

Date	Time	Venue
Wednesday, 17 May 2017	9.30 a.m.	Van Anandel & DeVos Training Centre Amway (Malaysia) Sdn. Bhd. 1 st Floor, 28, Jalan 223, 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia

REGISTRATION

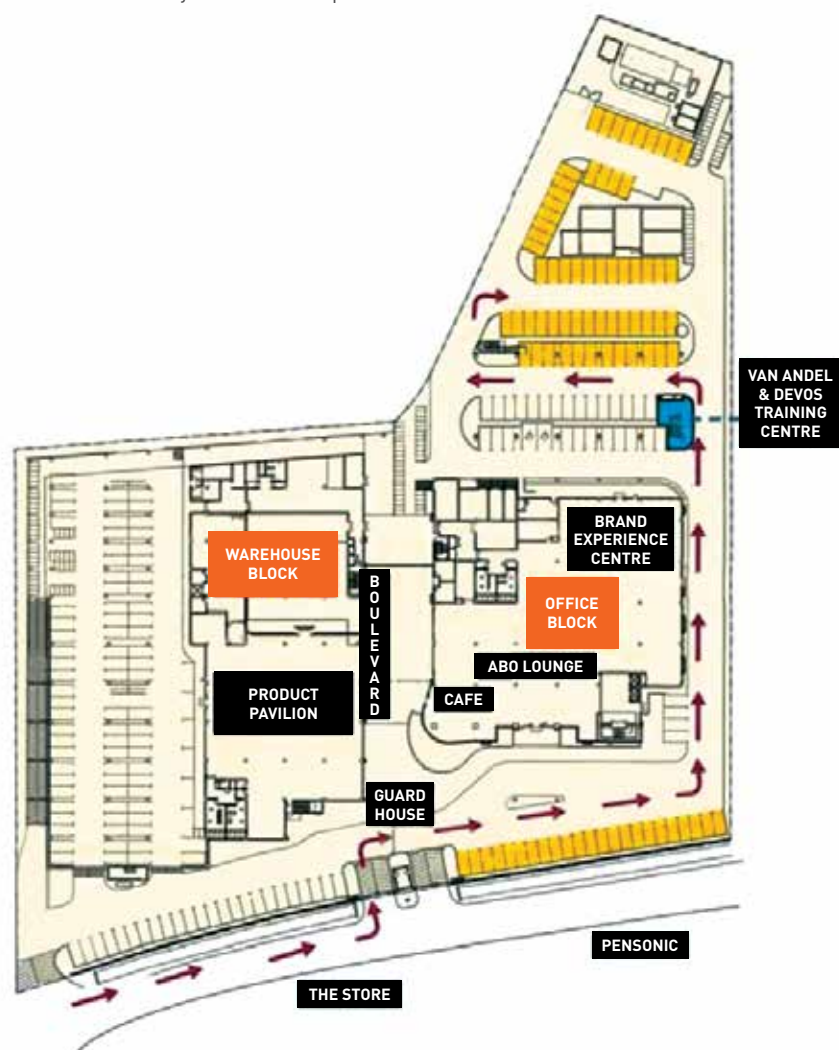
1. Registration will start at 8.30 a.m.
2. Please produce your original Identity Card (IC) or Passport (applicable for foreigners) for verification. No photocopy of IC or Passport will be accepted.
3. You are not allowed to register on behalf of another person, even with the original IC or Passport of that other person.
4. Upon verification, kindly sign on the Attendance List.
5. Upon registration, you will be given one (1) wristband to enter the meeting venue. You will only be allowed to enter the meeting venue if you are wearing the wristband.
6. Only beverages will be provided.
7. 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.
8. There will be no replacement in the event that you lose or misplace the wristband.

HELP DESK

1. Please proceed to the Help Desk for any clarification or queries.
2. The Help Desk will also handle revocation of Proxy's appointment.

PARKING

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



AMWAY (MALAYSIA) HOLDINGS BERHAD (340354-U)

Incorporated in Malaysia

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 22nd 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 Wednesday, 17 May 2017 at 9.30 a.m. or at any adjournment thereof, and to vote as indicated below:

ORDINARY RESOLUTION		FOR	AGAINST
1.	Re-election of Mr Low Han Kee as Director		
2.	Re-election of Tan Sri Faizah Binti Mohd Tahir as Director		
3.	Re-election of Mr Michael Jonathan Duong as Director		
4.	Re-appointment of Dato' Ab. Halim Bin Mohyiddin as Director		
5.	Re-appointment of Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham as Director		
6.	Approval of Directors' fees and benefits for the financial year ending 31 December 2017		
7.	Re-appointment of Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration		
8.	Authority for Dato' Ab. Halim Bin Mohyiddin to continue in office as Independent Non-Executive Director		
9.	Authority for Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham to continue in office as Independent Non-Executive Director		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group International LLC, Amway Business Services Asia Pacific Sdn. Bhd., Alticor Inc., Amway International Inc. and Amway (Singapore) Pte. Ltd.		

[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 _____ 2017

Signature of Shareholder/Common Seal

NOTES:

- 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.
- 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.
- 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.
- 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.
- 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 & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 9 May 2017 (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.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 22nd Annual General Meeting will be put to vote by way of poll.

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**AFFIX
STAMP**

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD. (11324-H)

Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No.8, Jalan Kerinchi
59200 Kuala Lumpur

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AMWAY (MALAYSIA) HOLDINGS BERHAD (340354-U)

28, Jalan 223, 46100 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel : 03-7946 2288
Fax : 03-7946 2399

www.amway.my