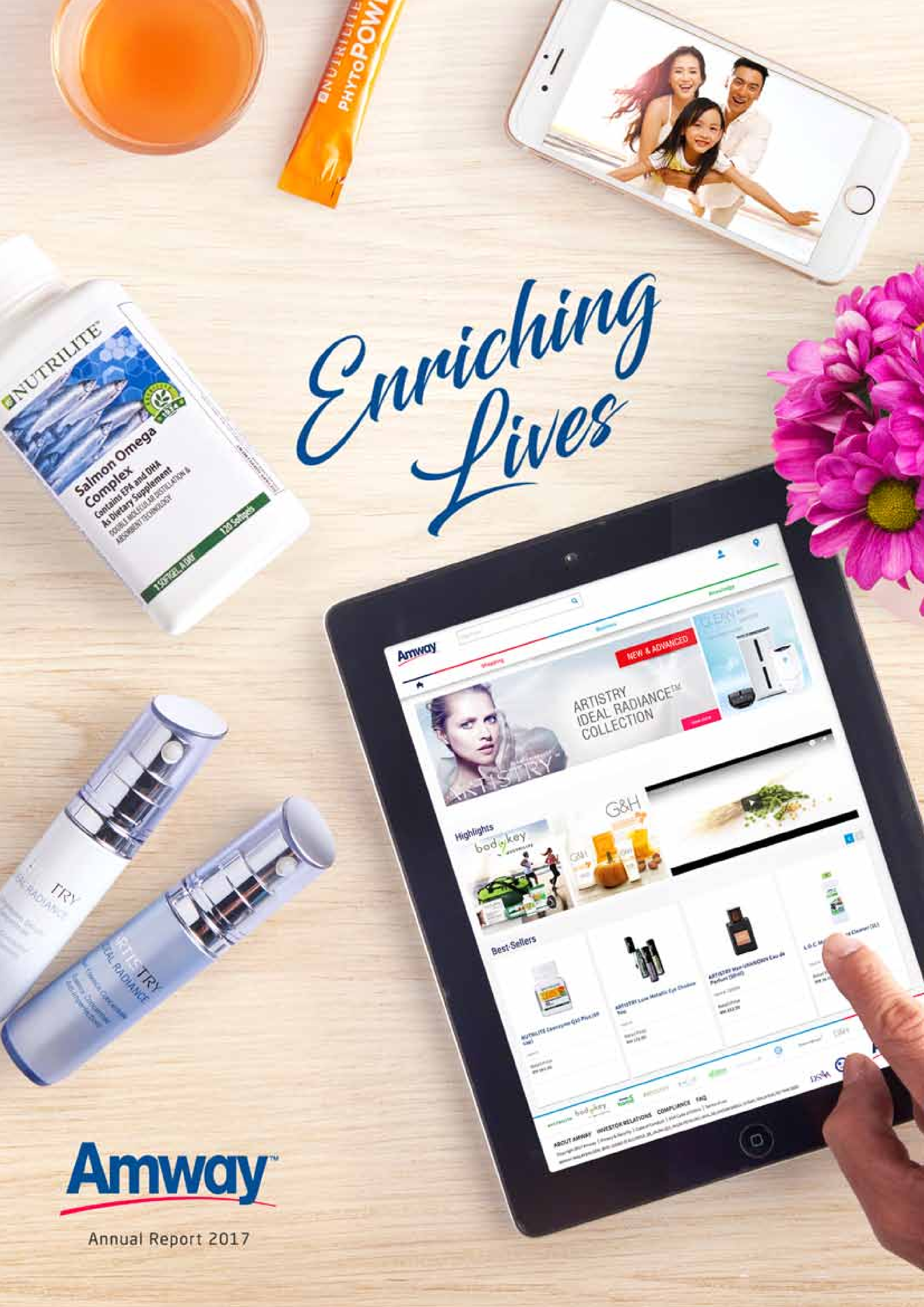

Enriching Lives

Amway™

Annual Report 2017

for our Family

Ever since its inception in 1976, Amway Malaysia has always had one aim in mind: to help Malaysians live better lives. As the company progressed and continues to grow, its Amway Business Owners have also grown. Together, we have overcome challenges, reached new milestones and established a long-standing track record that firmly puts us on the path of continued success.

252,000

Amway Business Owners

Total revenue **2017**

RM984.2 million

A net dividend payout of

RM45.2 million

..to improve Wellness

As well as offering innovative products, we constantly seek ways to improve people's health and wellness through our education and mentoring programmes.

Nutrilite™ clinched the **Reader's Digest's Trusted Brand Award 2017 Gold (Malaysia)** in the Vitamin/ Health Supplement Category

Raising awareness of childhood malnutrition through the **Nutrilite™ Power of 5 campaign**

In 2017, **BodyKey™** by **Nutrilite™** inspired 562 participants from all over Malaysia to shed a total of 2,640kg, or 4.7kg per person, through the **Dare to Be Fit** and **Consumer Challenge** programmes

..driving
Sustainability

We look for innovative solutions that can help our consumers live better, from new products that improve health to social programmes that touch millions of lives.

eSpring™ Water Treatment System was awarded the **2017 Frost & Sullivan Asia Pacific Home Water Treatment Company of the Year**

The **Atmosphere™ DRIVE** Car Air Treatment System is a self-installed in-vehicle air purification system that leverages on the proven Atmosphere Air Purifier filtration technology. With a 99% removal rate of pollutants (PM2.5), it is the first of its kind to carry the Allergy UK seal of approval

Supporting our ABOs: support the continuous growth of our ABOs and their businesses, by giving them the opportunity to **make a difference** in their lives and **the lives of others**

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ENRICHING LIVES

'Enriching Lives' is a common thread that binds everything that we do at Amway. It has united our Amway Business Owners ("ABOs"), employees and founding families to make us stronger and inspire us to reach greater heights.

Our unique style of providing support to our ABOs, employees and founding families has evolved from our willingness to continually review, grow and adapt to meet the changing needs of the individual and the market. As part of our growth strategy, we aim to continue to deliver the best Amway experience, achieve significant milestones, and explore ideas and actions that contribute to sustainable ways of enriching lives.

Scan this QR code to find more information online at www.amway.my

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 via 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

Sales Revenue	Profit Before Taxation	Net Profit
RM984.2 Million	RM70.5 Million	RM52.6 Million

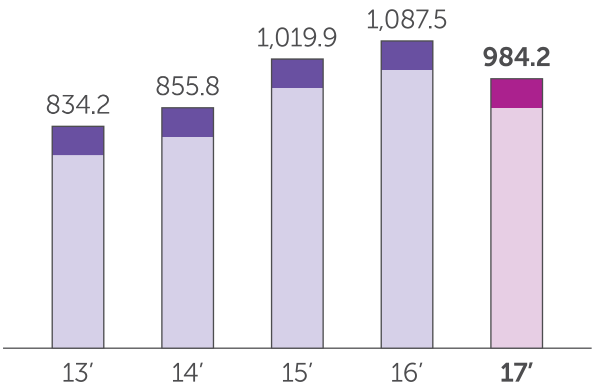
2017	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Sales Revenue (RM Million)	237.2	252.1	243.6	251.3	984.2
Profit Before Taxation (RM Million)	13.3	19.9	19.5	17.8	70.5
Net Profit (RM Million)	9.4	14.8	14.9	13.5	52.6
Net Earnings Per Share (Sen)	5.7	9.0	9.1	8.2	32.0
Net Dividend Per Share (Sen)	5.0	5.0	5.0	12.5	27.5

2016	1st Quarter	2nd Quarter	3rd Quarter	4th 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

5-YEAR FINANCIAL HIGHLIGHTS

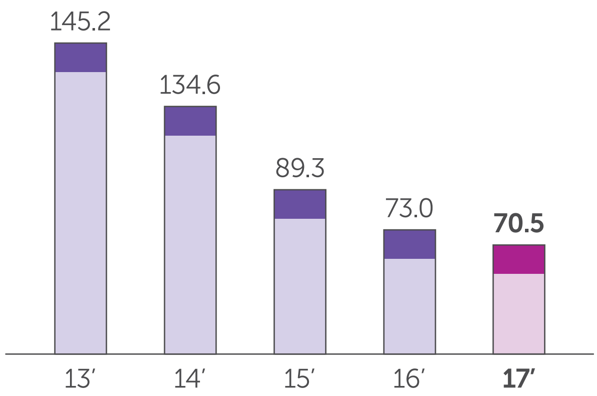
Sales Revenue

(RM Million)



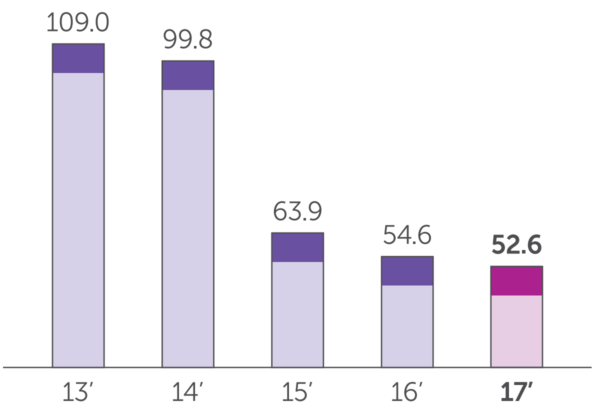
Profit Before Taxation

(RM Million)



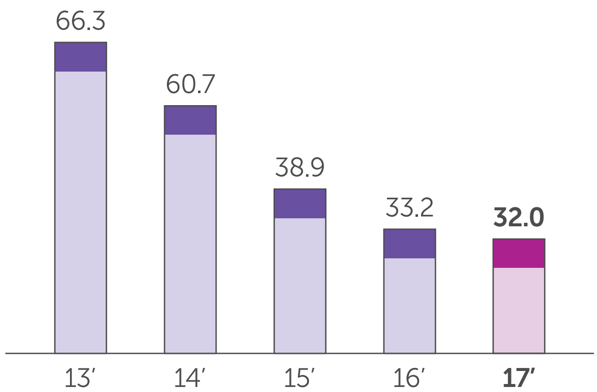
Net Profit

(RM Million)



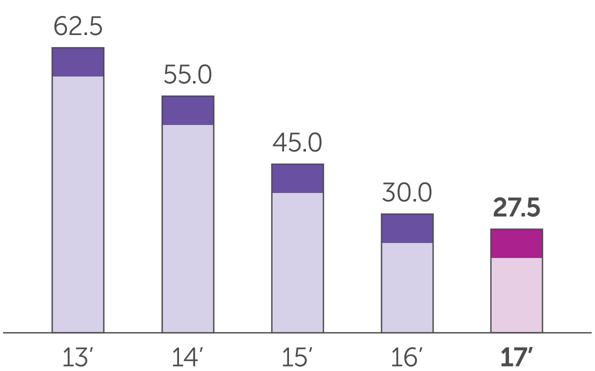
Net Earnings Per Share

(Sen)



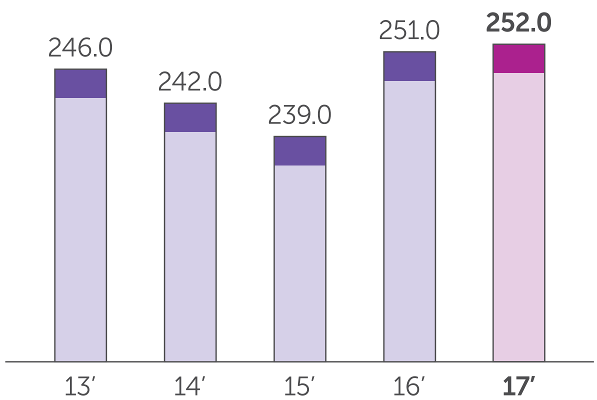
Net Dividend Per Share

(Sen)



Core ABO Force

(Thousand)



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

I am pleased to present the annual report and audited financial statements for Amway (Malaysia) Holdings Berhad ("Amway" or the "Company") for the financial year ended 31 December 2017 (FY2017).

DATO' AB. HALIM BIN MOHYIDDIN
Chairman, Senior Independent Non-Executive Director

CHAIRMAN'S STATEMENT

Despite facing a challenging year, the Group (comprising Amway (Malaysia) Holdings Berhad and its subsidiaries) made steady progress in the realisation of its long-term business objectives and goals. FY2017 was a year in which many business and operational highlights were achieved, including several firsts which cumulatively have further strengthened the Amway brand and its market presence in Malaysia.

FY2017 marked 41 years since Amway (Malaysia) Sdn. Bhd. first made its mark in this country. For over four decades, we have developed in tandem with the changing times to establish the Amway brand as one of the market leaders in the direct selling business. We also remained a favourite and trusted choice for a wide range of consumer goods ranging from health supplements to skin care, personal care, home care, and more. Our products continue to cater to a wide range of people from all walks of life irrespective of their ethnic or socio-cultural backgrounds.

Since Amway's inception, we have brought much benefit to society – empowering individuals to realise their fullest potential and providing opportunities for families and communities to achieve socio-economic improvement via our direct selling business model.

We are proud and pleased to have been a positive force that has yielded numerous benefits across the years in line with our growing aspirations to be a force of good and to create sustainable, win-win outcomes for all stakeholders.

On a similar note, our dedication to the development of our employees has led to Amway Malaysia becoming a recipient of the Top Employers Asia Pacific 2018 certification by the Top Employers Institute. As a responsible and ethical organisation, we continuously emphasise on the importance of business sustainability, viewed from a triple bottom-line parameter of Economic, Environmental and Social ("EES") parameters.

Ultimately, sustainability is good for all stakeholders, including the Amway business, to unlock new opportunities, weather the increasingly challenging operating environment, attract new investors and bolster our financial performance.

In conjunction with business sustainability, we enhanced our corporate governance framework and mechanisms, in line with the principles and practices outlined in the Malaysian Code on Corporate Governance ("MCCG"). Furthermore, the Group continues to employ effective internal controls and risk management mechanism in achieving the Management's objective of ensuring the efficient conduct of its business.

With regards to materiality issues, the Board is cognisant of the potential influence and impact of growing consumer awareness and desire for organic, sustainably produced products with full traceability, responsible marketing practices, eco-friendly business practices and corporate governance.

CHAIRMAN'S STATEMENT

We launched studioABO which saw over 2,500 ABO Leaders in attendance. We also introduced the Phyto Café concept at selected Amway Shops for the convenience and benefit of our ABOs.

In supporting our ABOs, we launched studioABO which saw over 2,500 ABOs in attendance. We also introduced the Phyto Café concept at selected Amway Shops for the convenience and benefit of our ABOs.

Tapping the power of going digital, we launched our new mobile friendly website which allows ABOs to fully harness the power of eCommerce to drive their businesses forward. While our business objectives remained unchanged, with the rise of mobile technologies, we have progressively made the shift towards a digital first mindset to further our business advantage.

BUSINESS/OPERATIONAL HIGHLIGHTS

Against reduced consumer confidence and spending, as well as consolidation after two years of hyper growth, the Group's revenue for financial year ended 31 December 2017 stood at RM984.2 million, a 9.50% decline compared to the previous year. Given the decline in sales and weakened Ringgit against the US Dollar, the Group continued to prudently manage near term operating expenses to yield profit before tax ("PBT") of RM70.5 million, a 3.4% dip against the previous year. Additionally, PBT as a percentage of sales increased to 7.2% versus 6.7% against the previous year.

A comprehensive review of the Group's financial performance is provided in the Management Discussion and Analysis on pages 15 to 25 of this Annual Report.

The Board remains confident of the Group's business model and financial performance going forward. The strategies put in place and the various programmes initiated ensure that we respond proactively to macro-economic challenges while staying well aligned with our business objectives and goals.

KEY ACHIEVEMENTS/ HIGHLIGHTS

FY2017 bore witness to several new product launches. This included the new and advanced ARTISTRY™ IDEAL RADIANCE, the 7-Day Intensive Solutions, Dermasonic, Skin Analyzer and UNKNOWN for Men. We also brought to market the Atmosphere™ DRIVE, an easy-to-install, in-vehicle air purification system that leverages on the proven Atmosphere™ filtration technology. These launches were supported by various on-ground activities, trainings, roadshows and Amway Business Owners' ("ABOs") rallies/ events.

We have also begun investing in enhancing our core systems and infrastructure in FY2017 which will enable us to provide a more comprehensive support to our ABOs in areas such as warehousing, enterprise resource planning and back-office operations. To manage our costs and investments better, we leveraged on Enterprise and Regional IT teams to support these systems. We believe the investments made in FY2017 are vital in ensuring our ABOs have the best support to succeed in an increasingly competitive market.

CORPORATE GOVERNANCE

The Board recognises the importance of independence and objectivity in the Group's decision-making processes. As such, we put in place a series of measures and updated policies to further comply with MCCG's principles and practices.

CHAIRMAN'S STATEMENT

In February 2018, the Board adopted a revision to the Boardroom Diversity Policy to include a measurable minimal target of female Directors on the overall Board composition. The Remuneration Committee expanded the current policy and practice of reviewing the remuneration of Executive and Non-Executive Directors to also include the Group's top-5 Senior Management members. The Board also revised and approved the Board Charter and the Terms of Reference of the Audit Committee, Nominating Committee and Remuneration Committee to further comply with Bursa Malaysia and MCCG's requirements, and announced Tan Sri Faizah Binti Mohd Tahir as the new Audit Committee Chairperson and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham as the new Chairman of the Nominating Committee.

In the later part of 2018, the Group will take further steps to ensure that 50% of the Board are comprised of Independent Directors.

OUTLOOK & PROSPECTS FOR 2018

Notwithstanding the strengthening of the Ringgit, better than predicted GDP performance and an expected improvement in consumer sentiment, we foresee the external operating environment to remain challenging and consumer spending to remain under pressure.

Nevertheless, the Board expects sales to stabilise in 2018 as we draw continued confidence from our strong fundamentals, proven robust business model and brand equity which have been well established for over four decades.

The Group will continue to pursue its goals of ensuring ABO success and sustaining a healthy marketplace for entrepreneurs and consumers. The Group, together with our ABO partners, will digitally transform Amway to help our ABOs grow loyal buyers and build young leaders, thereby ensuring the long term profitability and health of our mutual partnership and businesses.

APPRECIATION

On behalf of the Board of Directors, I wish to extend my heartfelt thanks to Martin Liou who has served the Group well during his tenure as the Managing Director of Amway. His contributions are well appreciated, especially the key role he played in developing the business landscape in Malaysia and South East Asia. He has also been a tireless advocate for ABOs and employees. We wish him well in his new role in the Amway Greater China region.

In the same vein, I welcome Michael Jonathan Duong (Mike) as the Group's new Managing Director, effective 1 May 2018. Mike has served on the Board since his appointment on 1 January 2017 and is the General Manager of Amway (Malaysia) Sdn. Bhd., Amway (B) Sdn. Bhd. and Amway (Singapore) Pte. Ltd. The Board is confident of his capabilities to lead the Senior Management team and helm the Company towards greater heights.

I wish to acknowledge our shareholders, business partners and bankers for their continued trust and confidence in Amway. I also convey my appreciation to our ABOs for making us their preferred choice and for their faith in our business model.

Similarly, I express our deepest gratitude to the Management and employees of the Group who have made stellar contributions during the financial year. Their performance has been nothing short of excellent and I am pleased to recognise them for a job well done during a most challenging financial year.

Last but not least, I wish to thank my fellow Board members for their wise counsel and service and for journeying with me during this past year. Together, we look forward to continued success and progress in 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

2017 was a challenging year given the overall economic market conditions arising from the weakened Ringgit and low crude oil prices, coupled with weak consumer sentiments.

LIU, MING-HSIUNG @ MARTIN LIOU
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, during the previous two years, Amway (Malaysia) Holdings Berhad and its subsidiaries ("the Group") recorded hyper growth sales results, attributed to robust demand ahead of GST implementation, the successful launch of the BodyKey™ weight management programme and strong motivation driven by the "Go1B" and 40th Anniversary incentive reward programmes.

Responding to these existing conditions, the Group initiated strategies to help our entrepreneurial Amway Business Owners ("ABOs") grow their businesses, strengthen product appeal, increase brand awareness and retain our market leadership position. We have made steady progress on these fronts while striving to remain profitable and delivering on our dividend commitments to shareholders.

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Amway (Malaysia) Holdings Berhad is an investment holding company and 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 trademark.

From our humble beginnings in 1976, Amway (Malaysia) Sdn. Bhd. has since expanded to support the business of its ABOs with an extensive network of 25 Amway Shops throughout Malaysia and Brunei and over 450 high quality products as of 31 December 2017.

We take pride that Amway's business model and quality products continue to deliver meaningful life-changing differences to customers regardless of their age, culture or ethnicity. For almost six decades worldwide and 41 years here in Malaysia, the Amway brand and its products have empowered people from all walks of life to become self-employed, independent and successful business owners, while delivering tremendous value and benefits to their families, friends and communities.

GROUP OBJECTIVES & STRATEGIES

As one of the key players in the direct selling industry, Amway's core objective is to help our ABOs grow healthy and sustainable businesses, thereby introducing more people to our award-winning satisfaction guaranteed quality products and entrepreneurship opportunity.

On a high note, we are proud to announce that Amway Malaysia has been certified by the Top Employers Institute as one of the Top Employers Asia Pacific 2018. The Top Employers Institute is an independent organisation studying employee offerings of significant employers around the world and comparing them against international standards.

In looking after investors' interests, we remain committed to delivering value to shareholders and providing the best possible short-term and

MANAGEMENT DISCUSSION AND ANALYSIS

long-term returns on investment via dividends, capital growth and share price appreciation. Finally, we continue to address the sustainability and betterment of our environment, communities, and corporate governance via our Earth conservation campaigns, *Program Harapan/Projek HeadSTART* and the adoption of the Malaysian Code on Corporate Governance ("MCCG") principles respectively.

We are cognisant that our business operates in a highly competitive environment and are susceptible to certain business risks. These include fluctuations in currency exchange and the emergence of third party websites, which can potentially undermine the efforts of our ABOs. We continue to take strategic action to mitigate these and other risks faced.

FINANCIAL RESULTS

The first half of FY2017 was most challenging in terms of the macro-environment impact and prior year comparison. The Group responded proactively to prevailing conditions with effort and investments in various sales and marketing initiatives, ABO experience related infrastructure and strategic cost rationalisation effort to prudently manage operating expenditure.

FINANCIAL INDICATORS	FY2017	FY2016	FY2015	FY2014	FY2013
Revenue (RM'mil)	**984.2**	1,087.5	1,019.9	855.8	834.2
Cost of Sales (RM'mil)	**(740.0)**	(815.5)	(763.5)	(597.3)	(568.2)
Profit before tax (RM'mil)	**70.5**	73.0	89.3	134.6	145.2
Net profit (RM'mil)	**52.6**	54.6	63.9	99.8	109.0
Shareholders' equity (RM'mil)	**214.1**	210.8	205.4	231.5	234.3
Total assets (RM'mil)	**410.0**	422.9	394.6	362.6	328.9
Debt/equity ratio	**0.91**	1.01	0.92	0.57	0.40
Net assets per share (RM)	**1.30**	1.28	1.25	1.41	1.43
Net dividend per share (Sen)	**27.5**	30.0	45.0	55.0	62.5
Market Capitalisation (as at financial year end) ('000)	**1,213,168**	1,219,744	1,548,516	1,709,614	1,972,632

For the financial year ended 31 December 2017 ("FY2017"), Group revenue was RM984.2 million, a 9.50% decline versus the previous year. Sales were affected by various macro-environmental factors that were not unique to Amway with many consumer goods and direct selling companies, including our competitors, experiencing similar effects. Factors such as rising living costs, the weakened Ringgit particularly against the US Dollar and other developments has had an impact on consumer sentiments and consumer purchasing power. In 2017, Malaysia's inflation rate was 4.3% year-on-year ("y-o-y"), attributed to rising transportation costs as well as increased prices of food and non-alcoholic beverages.

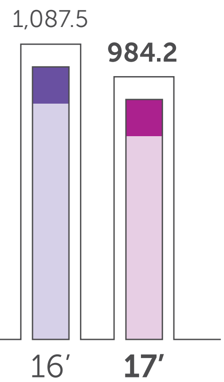
The FY2017 decline was further compounded given the Group's hyper growth in FY2015 which is attributed to pre-GST sales demand, the BodyKey™ weight management launch and the "Go1B" campaign reward incentives, while FY2016 performance was attributed to the continued momentum of the ABO performance year and Amway's 40th anniversary reward programme.

MANAGEMENT DISCUSSION AND ANALYSIS

-9.5%

GROUP REVENUE

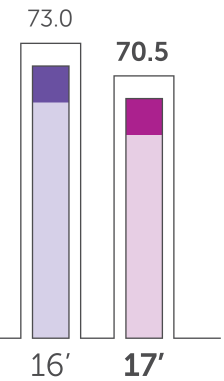
(RM Million)



-3.4%

PROFIT BEFORE TAX

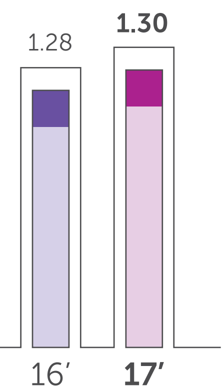
(RM Million)



+1.6%

NET ASSETS PER SHARE

(RM)



Earnings & Margins (Profit Before Tax)

Despite the decline in sales and weakened Ringgit against the US Dollar, the Group prudently managed near term operating expenses to yield profit before tax ("PBT") of RM70.5 million, a 3.4% dip versus the previous year. PBT as a percentage of sales increased to 7.2% versus 6.7% on a y-o-y comparison to FY2016.

Given that a large portion of Amway products are imported from particularly the USA, the weakened Ringgit drove our import costs higher and increased our overall operating expenses. To offset the impact of import costs, the Group achieved greater operating cost efficiency by adjusting our marketing promotional programmes, leveraging on digital technologies to reduce printing and postage costs and implementing rationalisation measures.

While cognisant of costs, we continued to invest in sales and marketing programmes, events, experience related infrastructure and incentives to support the ABOs in growing their businesses, and to maintain high morale and motivation. We are positive that the investments made at this juncture will reap long-term benefits in sustaining our market positioning going forward while instilling greater confidence among ABOs.

KNOWN TRENDS & EVENTS

Market Engagement & Brand Building Activities

In 2017, the Group launched more than 25 new products across our various brand categories - Beauty & Personal Care, Nutrition & Wellness and Durables. The launches were

part of our strategic marketing efforts to strengthen our position in a competitive market and to refresh our product portfolio.

Beauty & Personal Category

In the early part of 2017, we launched the new and advanced ARTISTRY™ IDEAL RADIANCE, a collection of six skin care products specially formulated to help women achieve brighter, lighter and more luminous skin.

We take pride that two products from the new ARTISTRY™ IDEAL RADIANCE Collection - ARTISTRY™ IDEAL RADIANCE Complexion Serum Concentrate and ARTISTRY™ IDEAL RADIANCE Spot Essence Concentrate - were winners by popular vote in leading publications. The ARTISTRY™ IDEAL RADIANCE Complexion Serum Concentrate

MANAGEMENT DISCUSSION AND ANALYSIS

won the *Pilihan Juri & Pilihan Pembaca - EH!* magazine and Best Radiance Booster Serum in CLEO magazine. The ARTISTRY™ IDEAL RADIANCE Spot Essence Concentrate received the following accolades: *JELITA Serum Merawat Cela Terbaik*, the FEMALE Judges' Choice award and CLEO's Best Dark Spot Corrector.

The later part of the financial year was highlighted by the record setting launch of the ARTISTRY™ Signature Solutions, which featured our exclusive and patented ARTISTRY™ Skin Analyzer, 7-Day Intensive Solution, INTENSIVE SKINCARE Boosting Infusion, INTENSIVE SKINCARE Advanced Vitamin C + HA Treatment and Dermasonic.

As part of the launch, the team organised the ARTISTRY™ Signature Solution Beauty Camp seminar that was attended by over 2,000 ABOs, with guest speakers that included an Amway Beauty Scientist from our Asian Innovation Centre and Diamond ABO Leaders from Korea. The programme is a prime example of our marketing strategy to introduce holistic and meaningful long term programmes to help our ABOs grow their passion and increase their knowledge for award winning ARTISTRY™ products whilst growing their Amway businesses.

Catering to the men's market, we launched ARTISTRY™ UNKNOWN for Men, the first ARTISTRY™ prestige fragrance for men. The unique selling proposition for the fragrance is Amway's collaboration with the globally acclaimed house of International Flavors and Fragrances ("IFF"). Leveraging on IFF's 125-year heritage and branding was a savvy strategy to expand the ARTISTRY™ range.

The other Beauty & Personal Care product launches throughout the financial year included the ARTISTRY™ Spring 2017 Limited Edition Modern Icon Collection, EXACT FIT™ Cushion Foundation, EXACT FIT™ Perfecting Concealer, All-Out Glam Collection and SIGNATURE COLOR Velvet Kiss Lip Trio. We also launched the new G&H Bath and Body Care collections: NOURISH™, REFRESH™ and PROTECT™.

Nutrition & Wellness Category

In the Nutrition & Wellness category, BodyKey™ by Nutrilite™, the first globally branded Amway weight management programme, continued to be the highlight of success for our ABOs. Unlike the one-size-fits-all approach, BodyKey™ by Nutrilite™ combines scientifically formulated products and cutting-edge technology including the BodyKey™ App 2.0 to create a personalised, effective, achievable and sustainable weight management plan.

The BodyKey Dare To Be Fit Programme saw 98% of participants shedding an average weight loss of almost 5kg per participant in just two months, with the winning team averaging 15kg per participant throughout the programme. Leveraging on the huge popularity of the programme, we launched the new BodyKey™ App 2.0 allowing over 70,000 fellow users across South East Asia, Australia and New Zealand to create an online community of users to share experiences, seek peer advice and motivate each other to get fit.

MANAGEMENT DISCUSSION AND ANALYSIS

Extending the campaign to the larger consumer market, we rolled-out the BodyKey Consumer Challenge with hundreds of participants forming teams to achieve an average weight loss of almost 5kg per person. In addition, we also supported 70 ABO-organised BodyKey Fitness Community ("BFC") events nationwide from January to April. After a short hiatus, we launched BFC 2.0 in October and supported an additional 30 events.

These programmes and the proven results provided our ABOs with a platform to create "sticky communities" among their groups and customers. Besides encouraging leadership by example, such activities drove the momentum and provided multiplier effects in terms of contributing to the credibility of the BodyKey™ weight management programme, which in turn helped our ABOs grow their Amway businesses.

Throughout the financial year, we also introduced simpler, more consumer friendly product labelling for our Nutrilite™ health supplements. We also renamed six products to better reflect their supplement attributes while providing better clarity on nutrition information to consumers.

Durables Category

Under the Durables category, we launched the Atmosphere™ DRIVE, an easy-to-install in-vehicle air purification system that leverages on the proven Atmosphere™ filtration technology. It remains the first and only in-car air treatment system to receive the Seal of Approval by the British Allergy Foundation for its efficiency in removing allergens. This certification indicates that the

Atmosphere™ DRIVE is scientifically proven to reduce and remove allergens, thus rendering it suitable for use by allergen sufferers.

ABO Development & Leadership Growth Programmes

In driving sales, we held numerous ABO events including 17 recognition rallies, which included a Crown Ambassador and Diamond Recognition Rallies.

We launched a new ABO Sign-Up & Activation programme, offering three e-Coupons to encourage new ABOs to purchase and try our quality products during the critical first three months after signing up. An additional coupon was issued to ABOs who opted for the eAmagram, the digital version of our monthly Amagram magazine, thereby reducing our carbon footprint and operational impact associated with printing, mailing, distribution and disposal.

Amway held its National Leadership Conference and Leadership Dinner & Dance 2017 at the Setia City Convention Centre, themed "My Family, My Driving Force". The event gave Amway the opportunity to update more than 2,000 ABO Leaders on related business topics, upcoming sales plan enhancements and new product launches.

MANAGEMENT DISCUSSION AND ANALYSIS

MORE THAN
2,500 ABOs
Attended the launching of studioABO LIVE

We announced an improved Core Sales Plan with increased Leadership Bonus effective September 2017. This enhancement rewards and motivates ABO Leaders who continue to build their businesses in line with best practices towards creating long term, sustainable and profitable Amway businesses.

In the later part of 2017, we launched studioABO LIVE at the Malaysian International Trade & Exhibition Center ("MITEC"). studioABO is a modernised learning programme that offers impactful, interactive, interesting, inspiring and informative content, via a "TED"-like forum that synergises and complements what ABO leaders do. More than 2,500 ABOs who are active business builders attended the event, which reflected their commitment to taking their businesses to the next level. 98% of the ABO attendees said that they gained greater confidence and skills after attending studioABO and over 95% look forward to joining the next module and will recommend other ABOs to attend future sessions.

Adopting the Digital Landscape
The Group launched its new mobile-friendly website which was well received by the ABO segment aged 35 and below. The new site provides full eCommerce capabilities including multiple online payment options, online registration for new ABOs and other useful features that make ordering more convenient.

Based on ABOs' feedback on additional desired functionality, work has commenced on new code releases, which will offer further enhancements to the site, enabling our ABOs to be more effective in terms of selling, placing orders and operating an on-demand business model anytime and anywhere they desire.

My Amway Place
Our physical presence journey has certainly come a long way since the initial pickup/distribution centres to our first shop in Seremban in 2008, and subsequently to the opening of the Product Pavilion at Amway HQ in Petaling Jaya in 2016.

The evolution of our stores continued in FY2017 as we took the retail experience to the next level with the launch of My Amway Place in Klang. Essentially, My Amway Place fuses both retail and social lifestyle elements which elevated every aspect of the Amway experience for our ABOs and their prospects.

MANAGEMENT DISCUSSION AND ANALYSIS

The Klang Shop featured Amway Malaysia's first Phyto Café and lounge, where ABOs can order a selection of healthy and tasty Phytonutrient-rich beverages and spend time with their prospects, customers or other entrepreneurs in a coffee shop-like atmosphere.

Not to be outdone, we also launched "Amway By-the-Sea" in Penang, named for its scenic seaside vista. In addition to the Phyto Café and lounge area, "Amway By-the-Sea" Penang also features an Amway Kitchen studio where cooking demos can be organised, professional meeting rooms, surau and other amenities. There is also a monthly performance by a live musician on the open deck. The location provides an ideal scenic setting to conduct BodyKey™ by Nutrilite™ community programmes at the seaside boardwalk area.

At our Amway HQ in Petaling Jaya, ABOs now have additional facilities to help grow their businesses, such as myARTISTRY™ STUDIO which can be customised for private group functions, professional meeting rooms, and 4-metre (ground to ceiling) LED screen at the Training Centre to provide an enhanced audio-visual experience for ABO related business meetings, demos, workshops, events and rallies.

Our ABO Force

Without a doubt, our core ABO force is one of the Group's most vital stakeholders, notwithstanding our employees and investors. Ensuring their satisfaction and morale whilst providing them with the support network and confidence to succeed is vital for the Group's business model.

As part of Amway Malaysia/Brunei's 40th Anniversary programme, over 1,200 qualified ABO Leaders were

MANAGEMENT DISCUSSION AND ANALYSIS

invited onboard the Royal Caribbean Cruise Line's *Freedom of the Seas vessel* for Amway Leadership Seminar 2016 (ALS 40th Anniversary). The ALS 40th Anniversary included a series of programmes such as business conference-styled "PowerTalk" meetings with influential ABO guest speakers, a business recognition gala, social networking amongst ABO Leaders, business consultation training, new product demonstrations, business sharing from top ABO Leaders and company updates, as well as informal sessions with Amway's Senior Management.

In the first quarter of the financial year, our top ABO Leaders were invited for a trip to Tanzania, Africa, for Amway's Diamond Invitational Conference ("DI 2017"). Given the smaller audience and more senior leadership participation levels, the business sessions conducted at DI 2017 were geared towards individualised business consultation and personalised product demonstrations. "PowerTalk" meetings with globally successful ABOs were also held at DI 2017. Amway also organised private discussions between the top leaders and Amway staff, along with a business recognition gala and the platform for the top leaders to network with other top ABO Leaders. This marked the second league in Amway's 4 Years 4 Continents ("4Y4C") Diamond Invitational Campaign through Europe, Africa, South America and culminating in North America in 2019 in conjunction with Amway's global 60th Anniversary business event and leader recognition.

ALS 2017 was held in Hawaii, USA. In addition to our standard business programmes, we introduced XS™, the first exclusively sugar-free energy drink brand sold globally, during an event on Waikiki Beach. The launch event was hosted by the Founder of XS™ Energy Drink, David Vanderveen. During ALS 2017, the ABO Leaders also participated in the Honolulu Marathon 2017's 10km walk and 32km marathon in support of Amway's global Power of 5 campaign to raise awareness of and fight childhood malnutrition. Dr Sam Rehnborg, President of the Nutrilite Health Institute, cheered on the participants whilst running alongside ABO Leaders.

During the year, our total core ABO force grew to 252,000, despite a challenging year with reduced consumer confidence and spending. The increase was attributed to strong sponsoring numbers from previous years as well as our continued success in the Bumiputera segment. Our Bumiputera core ABO force set new records in terms of sponsoring rate, activation, sales and number of successful entrepreneur leaders. We also held our first ever Tamil Rally in collaboration with Indian ABO Leaders which was well attended by more than 1,000 ABOs from across Malaysia. The Tamil speaking segment of our core ABO force also experienced positive business momentum during the past year.

SUSTAINABILITY BELIEF – ECONOMIC, ENVIRONMENT AND SOCIAL RESPONSIBILITY

As part of our business and operational strategy, the Group continues to embed sustainability via the key parameters of Economic, Environmental and Social ("EES") responsibility, as well as in our Corporate Governance framework.

POWER OF 5 PROGRAMME

RM600,000

of donation collected to tackle childhood malnutrition

Our sustainability approach is derived from our close partnerships with our ABOs, Amway employees and the communities we work within. Throughout 2017, we continued our focus on 1) *Program Harapan*, which exposed young children towards education, science, business, personal accountability and self-worth and 2) *Projek HeadSTART*, which aimed at helping school-leavers from challenging backgrounds transition and develop themselves by enhancing their abilities and skills.

Together with our ABOs, we successfully implemented the global Power of 5 programme which is designed to build awareness of childhood malnutrition, address the critical need for proper nutrition during the first five years of life and offer a way that everyone can help. Thanks to the generosity of our ABOs and employees, we collected over RM600,000 in donations.

The Group also achieved a reduction in power usage by switching from conventional

MANAGEMENT DISCUSSION AND ANALYSIS

TOTAL DIVIDEND

RM45.2 Million

a payout ratio of 86% of its current year net earnings

lighting to LED bulbs throughout our Amway HQ in Petaling Jaya and four of our 25 shops, which are the Product Pavilion in Petaling Jaya, Klang, Melaka and Penang Shops. The Group also implemented energy conservation air conditioning practices by standardising air-conditioning temperature and fan speed controls.

In FY2017, the Group collected 70.54 tonnes of recycled material from used product bottles, carton boxes, mixed paper, metal waste as well as shipping materials. In addition to our effort, our ABOs were offered the option to go paperless with eBonus statements, eAmagram magazine, online sign up process and an option for the New ABO Welcome Pack, thereby reducing our carbon footprint and amount of paper printing.

We continued with our corporate code of forming business partnerships with vendors who uphold ethical practices. As part of the compliance process implemented within the Group, vendors were required to sign a declaration of non "conflict-of-interest". The selection of ethical vendors aligned to our business values and principles is critical to ensure that the Group's extended business footprint is sustainable.

In tandem with business sustainability, we continued to enhance our Corporate Governance framework and practices to be in line with the Principles outlined in the MCCG. In particular, we continued to update our Risk Register, Board Charter and Terms of Reference of the Audit Committee and Nominating Committee, Code of Ethics, Whistleblower Policy and Gender Diversity Policy.

ANTICIPATED OR KNOWN RISKS

As mentioned before, the Group is cognisant of the strategic and operational risk factors it faces and has developed clear mitigation strategies to ensure that its business remains on track. The Group acknowledges our ABOs operate in the competitive consumer goods marketplace, where consumers have multiple choices and brand equity, and where consumer confidence and spending are crucial to building long term sustainable businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Factors such as a weakened local currency affects overall consumer purchase sentiment as well as operational expenses associated with costs of goods sold, enterprise support and overseas leadership seminars. While the rapid growth of the eCommerce marketplace also poses multiple challenges, the rise of third party eCommerce sites may undermine the efforts of our ABOs who focus on relationship selling.

We continue to monitor such activities vigilantly and will take necessary action to ensure the sustainability of our business model and the livelihood of our ABOs. We do this by continuing to work with the authorities and the industry to combat such illicit activity. While Amway is confident of the quality of its products, we continue to monitor the market for counterfeit products, which could impact our bottom-line as well as brand reputation. Being a global brand name, we continue to be vigilant of international developments that could potentially impact our brand appeal. As we move further into the digital space, it is also essential to strengthen our cyber security infrastructure to provide a safe and secure business ecosystem.

More details on the risk profile can be found in the Statement of Risk Management and Internal Control on pages 85 to 86.

DIVIDEND

Given the Group's performance and its commitment to payout no less than 80% of its current year net earnings, the Board has declared a total dividend of 27.5 sen net per share. This is equivalent to a total dividend payout of RM45.2 million, which represented a payout ratio of 86% of its current year net earnings.

FORWARD LOOKING STATEMENT & OUTLOOK FOR 2018

We foresee an improved economic landscape going forward for Malaysia due to the strengthening of the Ringgit, stabilising of oil prices and forecasting of higher GDP growth forecast, all of which will help to bolster overall consumer confidence. However, it remains to be seen how quickly this will translate into the strengthening of consumer purchasing power which may continue to remain under pressure.

Nevertheless, as seen from Amway's Global Entrepreneur Report ("AGER"), Malaysians showed great interest in becoming business owners, seeking self-employment and finding part time supplemental income. The Amway business model is ideal for individuals to pursue this path given its low start-up fees, little requirement for prior business experience or knowhow, and the ample support and mentoring provided by Amway.

While we believe that 2018 will indeed be challenging, there will also be opportunities and we will continue to leverage our strengths while effectively facing the expected headwinds. More importantly, we will continue to prudently manage our costs – investing where necessary while constantly seeking ways and means to reduce expenditure via the use of digital technologies and other innovative ideas.

Moving forward into 2018, Amway's focus remains on stabilised revenue growth and supporting the success of our ABOs. The Group, in conjunction with our ABO partners, will digitally transform Amway to help our ABOs grow loyal buyers and build young leaders, thereby ensuring the long-term profitability and health of our mutual businesses.

SUSTAINABILITY STATEMENT

Sustainability is of paramount importance to Amway (Malaysia) Holdings Berhad and its subsidiaries ("Amway" or "the Group").

Progressively, the Group continues to embed sustainability as part of its business and operational strategy – making economic, environmental and social parameters a key part of its plans going forward.

Our sustainability approach is derived from our close partnership with Amway Business Owners ("ABOs"), our employees and the communities we work within.

In FY2017, we continued to refine our sustainability scope, governance and assessment of materiality issues for the Group. Going forward, we will continue to seek ways and means to make our business operations more sustainable in line with Bursa Malaysia Securities Berhad's Main Market Listing Requirements relating to Sustainability Statement in Annual Reports.

SCOPE

The scope of this Sustainability Statement follows the scope and boundary of the Annual Report. The Group is looking to expand its boundaries to include its value chain in future Sustainability Statements. This Sustainability Statement is to be read in conjunction with the rest of Amway's 2017 Annual Report, which highlights other financial and non-financial aspects of our business. Certain parts of this Statement may make reference to existing content within other sections of this Annual Report.

GOVERNANCE

Sustainability leadership and governance resides at the highest levels of the Group; that of the Board of Directors, where sustainability related topics are deliberated in detail on a regular basis.

The Board plays a key role in ensuring business sustainability by reviewing key issues such as operational and business risk, corporate governance, established business policies and others. These roles and responsibilities are further expanded on pages 57 to 77 of this Annual Report.

SUSTAINABILITY STATEMENT

OUR PRINCIPAL STAKEHOLDERS

As in previous years, we continue to actively engage various internal and external stakeholders, predominantly our ABOs. The Group defines stakeholders as interest groups or individuals who are impacted or influenced by the organisation's business activities or presence and vice versa.

More importantly, the exercise of stakeholder engagement allows us to ensure that our scope of materiality issues has been developed inclusively. It has taken into account the views of both impacted external and internal parties to reflect a truly comprehensive view of the various materiality matters faced.

In FY2017, we engaged the following stakeholders through a diverse range of communication channels and mediums. Our principal stakeholders remain our ABOs, regulators, investors and employees.

AMWAY BUSINESS OWNERS ("ABOs")

Engagement Approach

- Marketing and promotions
- Client/Service Managers
- Customer contact centre
- Social media
- Events, forums/seminars, roadshows and rallies, i.e. Diamond/Platinum Forums, studioABO
- Amway Diamond Advisory Council ("ADAC")

Focus Areas

1. "Top-of-mind" and consumer awareness
2. Marketing activities
3. Product training
4. Business process changes

EMPLOYEES

Engagement Approach

- Townhalls
- Intranet/newsletters
- Engagement Events (in-house talks, trainings, development programmes and social events)
- Employee satisfaction surveys

Focus Areas

1. Career development and goals
2. Job satisfaction
3. Work-life balance
4. Service culture
5. Business objectives alignment

SHAREHOLDERS, INVESTORS & ANALYSTS

Engagement Approach

- Annual Reports
- Annual General Meetings
- Financial Reports
- Analyst Briefings
- Media Releases
- Investor Relations page on our website

Focus Areas

Short and long-term business goals and performance

GOVERNMENT & REGULATORS

Engagement Approach

- Participation in Government and Regulator events
- Regulatory and technical association

Focus Areas

Regulatory and legal compliance

COMMUNITY & GENERAL PUBLIC

Engagement Approach

- Sales, marketing and promotions
- Corporate Social Responsibility activities
- Social media
- Direct selling industry engagement

Focus Areas

Community investment, development and impact

MEDIA

Engagement Approach

- Press Releases

Focus Areas

Continuous and meaningful communications

SUSTAINABILITY STATEMENT

DEFINING MATERIALITY & PRIORITISATION OF MATERIALITY MATTERS

Based on insights gathered from engaging stakeholders coupled with the Management's own view and internal data, the Group has established its materiality matters, defined as internal and external developments or possibilities, that if left unmitigated, could potentially have a significant impact on the Group's business operations.

- ABO Force
- Brand Credibility & Experience
- eCommerce (3rd Party websites)
- Foreign Exchange Risk
- Equal Opportunity Employment & Work Environment
- Vendor Management & Procurement Practices
- Confidentiality of Information (Data Privacy)
- Usage of Resources
- Community Relations & Community Empowerment

ABO FORCE

The growth and strength of our ABO force is crucial to the success of the Group. Not just from a financial perspective, but also in terms of driving brand awareness, equity and reputation. The Group has a diverse, multi-cultural ABO force that reflects the nature of Malaysia's multi-ethnic population. More importantly, our ABO force continues to see encouraging growth over the years.

Creating a Diverse ABO Force

Amway is a both a global and local brand. While we have an international presence, we have been established in Malaysia for 41 years, with our products being used by Malaysians from all walks of life irrespective of race, religion or education levels. We take pride in our reach and appeal which has transcended barriers and as such, look to continue using our brand as a force for socio-economic equitability.

We continued our reach into the Bumiputera segment with enhanced sponsoring rates, activation, sales and number of successful leaders. In FY2017, we made inroads via concerted efforts to re-ignite the Tamil community by launching a Tamil Rally, which was attended by over 1,000 Indian or Tamil speaking ABOs from across Malaysia. The event served to motivate our Tamil speaking ABOs and to further showcase that Amway is committed to being a truly inclusive Malaysian brand that caters to people from all walks of life.

As at 31 December 2017, our Core ABO Force ("CAF") increased to 252,000 from 251,000 as at 31 December 2016.

Enhancing ABO Experience

In improving ABO experience, we have been and continue to encourage ABOs to purchase our New ABO Welcome Pack and submit their ABO application forms online compared to the submission of physical application forms for new ABOs. The move is meant to create a faster and seamless self service and convenient registration process, thereby encouraging more new sign-ups while reducing operational costs associated with paper usage, telephone call management and other factors.

SUSTAINABILITY STATEMENT

In engaging our ABOs, we held numerous company led events in FY2017 including over 17 recognition rallies to recognise the success of our ABOs, as well as over 250 trainings and workshops in conjunction with new product launches. To show their support for our digital initiatives, we have had over 30,000 ABOs logging in to our eLearning platform to access training materials online.

We also supported over 360 ABO-organised seminars and products fairs, as well as 10 Shop Fairs held in various towns throughout Malaysia. We continued to help our ABOs develop into an immersive community. In FY2017, we supported 70 ABO-organised BodyKey Fitness Community events nationwide. These events empower ABOs and their customers to take charge of their health and lead more physically active lifestyles, as well as provide them with a platform to create "sticky communities" among their groups and customers.

Dedicated Digital Assets for ABOs

We launched a new mobile-enabled website in May 2017 which is more responsive and user-friendly for tablet and mobile device users. This new mobile website enables the ABOs to conduct their businesses anywhere anytime, which allow ABOs to place their orders on demand – 24/7. In addition, they can also better manage their businesses easily via the new website.

Other digital assets launched for ABOs in 2017 are as follows:

- **New eAmagram** – flipbook e-magazine format with articles to read, videos to watch and photos to view – all on an interactive platform which is shareable via email

- **New Amway Events App** – modules on the app that were developed for ABOs are the National Leadership Conference and Leadership Dinner & Dance 2017, Diamond Invitational African Safari, Amway Leadership Seminar ("ALS") Mediterranean Cruise and ALS Hawaii where ABOs get event information, photos and updates through the app

- **New ABO Welcome Pack** – From May 2017 onwards, new ABOs are able to download the New ABO Welcome Pack from www.amway.my and the Amway Central App. The pack contains all the information new ABOs need in order to start their businesses

SUSTAINABILITY STATEMENT

BRAND CREDIBILITY & EXPERIENCE

As a direct selling business, the awareness and trust in our brand is a material matter and we continue to invest in creating rewarding Amway experiences for our stakeholders.

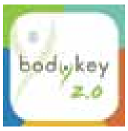
Given the proliferation of technology and the widespread use of social media, the Group believes that an integrated branding strategy that employs conventional and digital media is crucial to connect with ABOs and the larger market.

Thus far, our digital presence continues to show strong growth with increasing consumer traction via our Instagram, WeChat and Facebook platforms.

Digital Presence and Awareness

In FY2017, we launched the WhatsApp Broadcast Platform for Diamonds and above, and Platinums and above, in order to communicate more effectively with our ABO Leaders. We also launched the Beauty Community Facebook, a platform to engage with ABOs who are passionate about the ARTISTRY™ brand. Other digital applications and enhancements to support product experiences in FY2017 include:

1. **ARTISTRY™ Skin Analyzer and Skin Analyzer App**
   An app that works with the Skin Analyzer device to help ABOs sell ARTISTRY™ products more effectively.



2. **BodyKey™ 2.0 App**
   Enhanced BodyKey™ App to support the InBodyWATCH launch in 2018, the latest aid to help individuals keep track of their weight loss activities together with the BodyKey™ community.

3. **Atmosphere™ DRIVE**
   Launched a new microsite www.atmospheredrive.com.my that allows ABOs to get in-depth information and details on the product.

Product Labelling

From our initial launch of new product labels, six Nutrilite™ products bore the new labels: Nutrilite™ Soy Protein Drink, Nutrilite™ Soy Protein Powder Mixed – Delicious Chocolate Flavored, Nutrilite™ Soy Protein Powder Mixed – Green Tea Flavor, Nutrilite™ Soy Protein Powder Mixed – Mixed Berries Flavor, Nutrilite™ OsteGlucosamine and Nutrilite™ Mixed Fibre Chewable Tablet. We have plans to update more products in 2018.

SUSTAINABILITY STATEMENT

We also ensure that our products have a high level of traceability. We also back our products with extensive satisfaction and return policies that provide consumers with the confidence to buy our products.

Amway Shops: Physical Presence

The Group presently has 25 on-ground retail shops nationwide and we continue to invest in growing and improving our physical presence to support our ABOs. In FY017, we made enhancements to two shops, Klang and Penang.

The newly relocated Klang Shop began operations in September 2017 and offered a new experience to our ABOs. The Klang Shop is Amway's first outlet equipped with Phyto Café, where ABOs and their prospects can enjoy healthy blended drinks made from Nutrilite's range of products and fresh ingredients.

Dubbed "Amway By-the-Sea", the relocated Penang Shop opened its doors in November 2017. The Penang Shop is Amway's first outlet equipped with an "Amway Kitchen" where ABOs are able to conduct cooking demonstrations, meeting rooms, Phyto Café, Surau, a terrace overlooking the seaside boardwalk with live musicians performing once a month, amongst other attractions.

The newly refurbished shops provide ABOs with a comfortable and inviting place to meet prospects or ABO team members. It also serves to strengthen impressions of our brand among Malaysians while attracting new ABOs. The new ambience resulted in a visitor increase of over 50% at both the Klang and Penang Shops.

Brand Credibility

We continue to subscribe to fair and accurate marketing of our products and the recruitment of ABOs. This is so that consumers can make informed product choices.

All products come with clear and comprehensive labelling with instruction provided on proper application and use. Products also come with safety and health advisories (where required) with clear details on manufacturing details and ingredients. In FY2017, in line with a global directive towards providing more information to consumers, we launched new product labels for our Nutrilite™ products.

SUSTAINABILITY STATEMENT

ECOMMERCE (3RD PARTY WEBSITES)

Online selling is becoming a rapidly growing trend both in Malaysia and globally. In view of this, we have been monitoring, and will continue to do so, the implications that the trend has on manufacturers, the direct selling industry and direct selling companies.

We remain cognisant of the risks we face as Amway products are continuously available on third party eCommerce sites and social media platforms. This undermines the ability of our ABOs, who comply with the regulations and Amway's governance, in conducting their businesses. In essence, the sale of Amway products on unauthorised, third party websites at reduced prices potentially undercuts our ABOs, which could lead to them losing sales, thus impacting their earning potential.

In supporting our ABOs and dealing with third party websites, Amway continues to work closely with the relevant authorities to identify such operators and to ensure appropriate action is taken to safeguard the Amway brand, reputation and price margins of our products.

In addition, we have communicated with our ABOs advising them on the inappropriate selling of Amway products on unauthorised channels such as eCommerce platforms and social media. ABOs who were found to be selling products on the Internet, or even supplying products to others who may sell there, will be subjected to strict sanctions.

We take the necessary measures to enforce Amway's Best Practices on the sale of Amway products on unauthorised platforms especially on third party eCommerce websites and social media platforms:

- Identification of the seller and issuance of warning letters/emails to the ABO, with imposition of other sanctions.
- Working with respective third party websites to take action on the unauthorised sale of Amway products on their website.

FOREIGN EXCHANGE RISK

Given that a large portion of Amway products are procured from overseas, particularly, the USA, the Group is cognisant of its exposure to any potential fluctuations in the local currency against the US Dollar. Any change in currency exchange is due to macroeconomic developments and national policies that are beyond Amway's control.

However, fully recognising the need to be proactive in mitigating any currency exposure risks, the Group has implemented measures with details on page 85.

EQUAL OPPORTUNITY EMPLOYMENT & WORK ENVIRONMENT

We remain committed to providing a non-discriminatory, ethnically and culturally diverse work environment where merit and initiative are the basis upon which one is rewarded.

This we believe is material to the Group as it allows us to recruit and retain the best possible talent for the organisation while strengthening our branding and corporate image as a company that is here for good. It is also aligned with our corporate values.

Given that our products cater to a large demographic beyond any specific age group, race or income level, it is imperative that we maintain a diverse workforce to support customer service and business growth. To this end, we are pleased to have maintained a diverse workforce across all facets of our business operations:

SUSTAINABILITY STATEMENT

Executive								
Age Range	20 - 30		31 - 40		41 - 50		51 - 60	
Gender	Female	Male	Female	Male	Female	Male	Female	Male
Chinese	21	6	42	14	17	10	8	2
Indian	1	1	2	4	2	2	1	
Malay	3	2	8	3	5	2	2	1
Others		1						
Grand Total	**25**	**10**	**52**	**21**	**24**	**14**	**11**	**3**

Non-Executive										
Age Range	Below 20		20 - 30		31 - 40		41 - 50		51 - 60	
Gender	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Chinese	1		14	7	12	5	4	1	6	3
Indian		2	8	9	8	4	6	5	5	4
Malay		1	42	28	22	35	11	14	7	12
Others			6	3	2	1	2	2	1	3
Grand Total	**1**	**3**	**70**	**47**	**44**	**45**	**23**	**22**	**19**	**22**

We continue to emphasise this spirit of diversity and equality by initiating various related employee programmes and activities.

Employing The Physically Challenged & Those With Disabilities

In truly reflecting our equal opportunity spirit, the Group has made it a priority to provide persons with disabilities suitable employment opportunities where possible. The Group has on its workforce five permanent staff in the Supply Chain Division, working in the warehouse and shops.

The Group also subscribes to a policy of non-discrimination with regards to employment and treatment of ABOs, employees and other stakeholders based on ethnicity and religion.

Work-Life Balance

We continue to emphasise on the overall well-being of our staff, especially in leading fulfilling lives outside of their employment with the Group. We believe that the enjoyment of one's work, coupled with a healthy balance of leisure and family time is essential for sustainable, long-term staff retention.

Through various policies and programmes, the Group continues to emphasise on our staff's physical, emotional and mental well-being. Towards this end, the Company conducted in-house fitness classes like Zumba and Yoga on a weekly basis. We also actively engaged our employees to use the gym facilities located at the Training Centre.

In 2017, the Amway Sports & Recreation Club ("ASRC"), an employee-led group organising committee, helped to conduct the following activities to promote work-life balance:

Break The Code – Amazing Race

ATV Adventure

Jump Street

Bowling Tournament

Tadom Hill

SUSTAINABILITY STATEMENT

VENDOR MANAGEMENT & PROCUREMENT PRACTICES

As part of the compliance process implemented within the Group, vendors were required to declare any conflict of interest by signing a declaration of non conflict-of-interest and other company supporting documents such as company registration requirement documents.

The selection of ethical vendors aligned with our business values and principles is critical to ensure that the Group's extended business footprint is sustainable and is creating value from an EES perspective.

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.

CONFIDENTIALITY OF INFORMATION (DATA PRIVACY)

We continue to respect ABO and consumer privacy and take reasonable measures to ensure the security of the personal data that we collect, store, process or disseminate.

Data collection is limited only to information that is absolutely required and is maintained by the company solely for its own use. This includes demographic data and other related information such as income levels, spending and consumption patterns. In accordance with local laws, Amway complies with the Personal Data Protection Act 2010 ("PDPA").

Data is not provided to third parties and is maintained within the Group. ABO and consumers' consent is sought for any use of consumer data for marketing or other purposes.

USAGE OF RESOURCES

We continue to focus on better managing our power consumption and the usage of resources. Both of these are material to the Group as it contributes to our operating costs and has an impact on the Group's ability to conduct business and to operate as per normal going forward. Power tariffs are increasing over time and so are paper costs.

Continued Reduction of Power Usage

In FY2017, the Group switched from conventional lighting to LED bulbs (pin type) at levels one, mezzanine, two and three of Amway HQ in Petaling Jaya and four of Amway's 25 Shops. In addition, the Group also implemented energy conservation air conditioning practices by standardising air-conditioning temperature and fan speed controls. This has resulted in a significant drop in electricity consumption and resulted in a total savings of RM105,194.

Recycling Practices

The Group continues to reduce its usage of paper and has been recycling existing paper and other material used in its operations since 2015.

Over 70 tonnes of carton boxes, plastic bottles, mixed paper (paper wastage), metal waste from broken warehouse shelves and chairs, carbonised paper were recycled

Over 21% savings through the reduction of printed copies of the Amagram.

Moving forward, we continue to look for more avenues that would enable us to make the shift to digital platforms.

SUSTAINABILITY STATEMENT

COMMUNITY RELATIONS & COMMUNITY EMPOWERMENT

The Group continues to actively engage the larger community via various strategic uplifting and meaningful programmes that would impact children and/or young adults. Our approach to these Corporate Social Responsibility ("CSR") related activities is to ensure that these will go towards creating a legacy; one that is sustainable and has a long-term positive, multiplier effect that delivers wide-ranging socio-economic benefit.

Ongoing Engagement with Underprivileged Children: Saturday Shows

Saturday Shows were held to impart life skills and inspire the children at foster homes on possible future opportunities. In 2017, Amway conducted six Saturday Shows, out of which, one Saturday Show was spent at a foster home, cleaning and maintaining the premise in preparation for Ramadhan (fasting month) with the help of the foster home residents, ABOs and employee volunteers. FY2017 logged 672 volunteer hours from both our ABOs and employees, and made a difference to over 400 children.

No.	Venue	Programme
1	Van Andel & DeVos Training Centre, Amway HQ	Program Harapan Saturday Show Ideas2Action—Giving Confidence for Young Stars to Dream & Do
2	Van Andel & DeVos Training Centre, Amway HQ	"Program Harapan Saturday Day Show: Champions...My Dream"
3	Rumah Tunas Harapan Kompleks Penyayang Bakti, Sungai Buloh	Gotong-Royong at Rumah Tunas Harapan Kompleks Penyayang Bakti, Sungai Buloh
4	Rumah Tunas Harapan Kompleks Penyayang Bakti, Sungai Buloh	Program Harapan Saturday Show Engagement Session on Career Development and Dynamic Self Esteem
5	Rumah Tunas Harapan Kompleks Penyayang Bakti, Sungai Buloh	Program Harapan Saturday Show Colours of Life

Projek HeadSTART

Working with the Social Welfare Department or Jabatan Kebajikan Masyarakat ("JKM"), we continued to hold Projek HeadSTART 2017, a six-month apprenticeship programme. Now in its third year, the programme targets 18-year-olds who have just completed their Sijil Pelajaran Malaysia ("SPM") examinations. Its objective is to assist school leavers to successfully transition to independent working life.

Throughout their apprenticeship, the young adults/candidates undergo work experience rotation at various departments and were guided by four mentors comprising our employees. The apprentices were also exposed to project assignments to identify the critical nutritional needs of children residing in foster homes, guided by Amway employee mentors. Throughout FY2017, the apprentices improved their confidence, command of the English language and computer skills through on-the-job training. Projek HeadSTART 2017 ended with four graduates; with two being offered permanent jobs at Amway Shops.

SUSTAINABILITY STATEMENT

Power of 5 Campaign

The Nutrilite™ Power of 5 Campaign is designed to build awareness on childhood malnutrition, in particular, the importance of addressing proper nutrition during the first five years of a child's life.

As part of the Power of 5 campaign in March 2017, Amway launched the Nutrilite™ Power of 5 Leadership Circle in Zambia, Africa, where five of our top ABO Leaders were invited to participate and help distribute Nutrilite™ Little Bits to malnourished children. This experience made such an impression that these leaders have gone on to inspire their business groups to contribute by hosting fundraisers and helping people around the world learn more about malnutrition and how they may support the cause.

In conjunction with World Food Day 2017, Amway held the Power of 5 Virtual Run globally where every participant donated US$10 to the cause and participated by pledging to run / walk / treadmill for 5km in support of the Power of 5 campaign. In this way, participants were also encouraged to be physically active while contributing to a good cause. The Virtual Run conducted in Malaysia recorded over 600 participants, which consisted of both ABOs and employees.

In December 2017, many ABO Leaders who attended the ALS in Honolulu, Hawaii, USA, participated in the Honolulu Marathon (10km walk and 32km full marathon) in support of the Power of 5 campaign. Cheering them on and running with them was Dr Sam Rehnborg, President of the Nutrilite Health Institute. Fundraising for Power of 5 is ongoing at ABO rallies and events. In 2017 alone, our ABOs have raised more than RM600,000.

AWARDS AND ACHIEVEMENTS

top EMPLOYER MALAYSIA 2018 — CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

top EMPLOYER ASIA PACIFIC 2018 — CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

eSPRING™ WATER TREATMENT SYSTEM

2017 Frost & Sullivan Asia Pacific Home Water Treatment Company of the Year

Reader's Digest's Trusted Brand Award 2017 Gold (Malaysia) in the Water Purifier Category

Nutrilite™

Reader's Digest's Trusted Brand Award 2017 Gold (Malaysia) in the Vitamin/Health Supplement Category

AMWAY'S NEWS

Artistry Ideal Radiance
姬百合亮颜效能

Brighten up

ATMOSPHERE DRIVE RAWAT UDARA TIDAK BERSIH DALAM KERETA

Teknologi penapisan tiga dalam satu

Amway kekal momentum pertumbuhan jualan

MAINSTREAM

Amway's ABO programme continues to drive growth

Company banking on new younger sign-ups and the bumiputera segment to boost revenue

AMWAY (MALAYSIA) HOLDINGS BHD

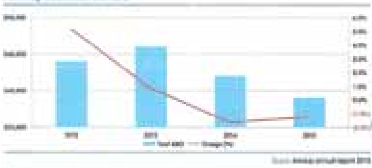
Global headwinds

Consumer sentiment

Downward pressure

Exchange rate

Amway business owners



Lower provisions and spending lift Amway earnings by 139% y-o-y

BY TAN XUE YING

KUALA LUMPUR: Amway (M) Holdings Bhd's net profit for the second quarter ended June 30, 2017 (2QFY17) jumped 139% year-on-year (y-o-y) from RM6.18 million to RM14.77 million, led by lower incentive provisions and operating expenses.

The favourable impact of those was partially offset by lower sales and higher import costs, it said. Quarterly revenue shrank 6% y-o-y to RM252.06 million from RM268.87 million, its Bursa Malaysia filing showed.

It declared a second interim dividend of five sen net per share, payable on Sept 27.

Amway said the lower quarterly revenue was due to a higher base stemming from its Amway Business Owner sales last year in response to the company's 40th anniversary, as well as a stronger buy-up prior to its price hike in April that year.

Its cumulative net profit for the first half of FY17 was flat at RM24.22 million, compared with RM24.23 million a year ago, while revenue shrank 15% to RM489.21 million from RM574.81 million.

Moving forward, Amway is cautious about its operating environment remaining challenging due to weak consumer sentiment, while foreign exchange may continue to erode its margins.

维持业务健康增长
安利今年推 10 产品

AMWAY'S NEWS

次季净利翻倍 安利派息5仙

（吉隆坡23日讯）安利（马）控股（AMWAY，6351，主板贸服股）截至6月30日次季，净利激增1.3倍至1477万令吉；宣布派息5仙。

同期营业额则跌6.3%，报2亿5206万令吉。

该公司宣布派发每股5仙的第二次中期股息，将今年迄今的每股股息推高至10仙。

累计上半年，净利持稳在2422万2000令吉，营业额萎缩14.9%至4亿8921万1000令吉。

安利（马）控股向交易所报备，当季营业额滑落，是因为市场去年赶在起价前消费。此外，适逢40周年庆祝，也推动了去年的销售表现，造成比较基础较高。

至于税前盈利暴涨，归功于销售奖被拨备和营运开销减少，抵消了部分销售滑落和进口成本的劣势。

安利（马）控股相信，下半年的营运环境将持续充满挑战，因消费者情绪疲弱，汇兑因素也将持续对赚幅施压。

Amway: Weak consumer sentiment to prevail

By Sharina Ahmad

PETALING JAYA — Amway (Malaysia) Holdings Bhd aims for healthy growth this year despite the weak ringgit and poor consumer sentiment that are expected to be key challenges throughout the year.

General manager for Malaysia and Brunei Michael Jonathan Duong said the group expects to record continuous healthy growth in its business, supported by the planned launches of 10 products this year.

"We are optimistic that the (new) products would boost sales as they are in demand. To achieve our tar- … a car," he told reporters in a media briefing on Amway's 2017 outlook here yesterday.

Duong said Amway Malaysia will capitalise on its sales and marketing strategy activities by continuously working with Amway Business Owners (ABOs) to attract more new application of ABOs.

"In 2015, we had 10,000 to 12,000 new applicants per month on average, which is an increase of 19% from 2014 and inline with its 19% sales growth over the same period.

"We aim to keep our focus on person-to-person relationships in our business with the strength of our ABOs, while utilising technologies such as social media to grow our business," said Duong.

Group revenue was RM337 mil- … er ringgit and higher production price), as well as higher incentive provisions for sales and marketing programmes and increased operating expenses.

Amway reported 3Q16 revenue of RM262 million, higher by 8.3% from RM242 million in the corresponding period in 2015. Pre-tax profit for the quarter was RM24 million, skyrocketing 43% compared to RM17 million for the same period in 2015.

The quarterly results were driven by strong ABO momentum in response to the company's 40th anniversary sales and marketing programmes.

Amway's 2016 figures are not available yet, though Duong said the company would continue to be resilient, as it could offer opportu-

安利空氣清淨機 讓車廂常保乾爽清新

Amway warns of weak ringgit impact

It expects pressure on profit margin as 90% of products imported

Amway susun strategi hadapi tahun sukar 2017

Stale air away

THOSE who are concerned about the air quality inside their cars should check out the Amway Atmosphere Drive in-car air treatment system.

A unique filtration device that helps provide cleaner air inside cars, it is sold only by Amway Business Owners at RM1,887.50 with GST included.

Atmosphere Drive can help to reduce 99% of pollutants (PM2.5) in a vehicle.

It is also certified to reduce airborne tobacco smoke, removes more than 50% of particulate from air passing through the filter in 5 minutes, and reduces odour from smoke and exhaust.

The air treatment system uses a unique three-in-one filter consisting of Pre-Filter, Particulate Filter, and Carbon Filter and first captures large contaminants such as hair and dust.

Then, the second stage removes small particulates and smoke.

This helps with PM2.5 and other major airborne contaminants.

The three-in-one filter not only reduces airborne tobacco smoke, and exhaust, but also chemical pollutants such as formaldehyde, toluene and other volatile organic compounds (VOCs).

With a Clean Air Delivery Rate (CADR) of 30 cubic meter per hour at maximum speed, Atmosphere Drive offers superior performance.

Atmosphere Drive is also the first and only car air treatment system to receive the Allergy UK Seal of Approval, and is suitable for allergy sufferers.

Do note that Atmosphere Drive is only for use in standard passenger vehicles (12V), and not to be used in large commercial vehicles (24V).

A few weeks ago, we were given an Atmosphere Drive unit for use.

It is quite easy to install, with a Velcro strap for mounting on the cover/armrest of our car's (a Toyota Corolla) central console storage unit.

Plug the power cord into the car's 12V power outlet, and the Atmosphere Drive unit is switched on automatically when you start the engine.

The unit has green and blue light indicators; with green lights on the Filter Replacement indicator, and also the three Particle Sensor indicators (above the Power button).

Based on the user manual, you will know it's time to replace the filter when the indicator turns red.

The filter's lifespan is about 350 hours of usage, and replacement frequency may vary depending on the hours of use and outside air quality.

It uses a blue light for the fan speed indicators - Low, High and Automatic.

We left the fan speed in automatic all the time.

As for the noise level (Amway says it does not exceed 55dBa), you can hear the fan working but even at High speed, it isn't really loud.

Now, the unit doesn't take up much space and you can even use it as an arm rest, if you don't mind air blowing against the palm of your hand.

The Atmosphere Drive in-car air treatment system.

So, do we really feel any difference in air quality in the weeks since we started using it?

To be honest, we can't really tell.

However, we are among the unlucky people who have dust allergy and occasionally suffer from symptoms like sneezing, runny nose, and nasal congestion in our car.

Ever since we installed Atmosphere Drive, we haven't suffer dust allergy symptoms - so that should say something about the performance of the system. — *THOMAS HUONG*

2017 EVENT HIGHLIGHTS

ARTISTRY™ IDEAL RADIANCE COLLECTION LAUNCH

FEBRUARY 2017
Sunway Pyramid Convention Centre

A new ARTISTRY™ skin care system was launched in Malaysia with more than 3,000 ABO Leaders and guests in attendance. IDEAL RADIANCE is a six-piece line which combines unique skin botanicals and breakthrough skin brightening technology. It contains a special blend of the powerful Star Lily, known for its ability to maintain luminosity in the midst of harsh environmental conditions.

2017 EVENT HIGHLIGHTS

DARE TO BE FIT WITH BODYKEY™

MARCH 2017

Pullman Putrajaya Lakeside

160 ABOs and ExComm teams participated in the 60-day BodyKey™ Weight Management Journey – Amway's first globally branded weight management programme. BodyKey™ by Nutrilite™ is a comprehensive, clinically and scientifically backed product that is personalised and tailored to each individual. Under the programme, participants must set and meet required bodyweight goals each week. Teams had to lose either 5% of body weight or 1% of body fat during the programme. Over the 60-day duration, many participants achieved encouraging weight loss and that has served as inspiration for them to progress with their personal bodyweight goals.

NATIONAL LEADERSHIP CONFERENCE AND LEADERSHIP DINNER & DANCE

MAY 2017

Setia City Convention Centre

This year's event, themed "My Family, My Driving Force" was a fun-filled packed day which drew thousands of ABO Leaders. It was a memorable event for families, friends and the Amway community to come together as one. The highlight of the evening was the gala dinner and the glorious décor which was inspired by a beautiful Japanese winter wonderland theme to celebrate next year's Amway Leadership Seminar 2018 destination, Hokkaido, Japan.

2017 EVENT HIGHLIGHTS

HEADSTART GRADUATION

AUGUST 2017
Amway HQ

The 2017 HeadSTART project saw four (4) apprentices successfully completing their 6-month stint with us. During their time with Amway, apprentices received valuable work experience in various departments under the tutelage of Amway staff. They also improved their English proficiency and computer skills. Two of the four candidates were offered permanent positions with Amway based on their commendable performance.

A DATE WITH BEAUTY

AUGUST 2017
HGH Convention Center

More than 2,000 ABO Leaders attended our ARTISTRY™ Signature Solution Beauty Camp. Attendees received valuable training and information from a Korean senior researcher who is attached to Amway's Asia Innovation Centre who shared many tips and techniques to help ABOs grow and propel their ARTISTRY™ businesses.

2017 EVENT HIGHLIGHTS

CLEAN AIR ON THE GO WITH ATMOSPHERE™ DRIVE

OCTOBER 2017
Sunway Pyramid Convention Centre

Our largest product launch of the year and carrying the British Allergy Foundation Seal of Approval, Atmosphere™ DRIVE is a unique, three-in-one filter which effectively cleans the air inside cars. With a superior performance in Clean Air Delivery Rate ("CADR"), the product removes 99% of airborne particles including those as small as 0.015 microns. It is scientifically proven to reduce allergens, thus rendering it suitable for use by allergen sufferers.

THE FIRST EVER studioABO

NOVEMBER 2017
Malaysian International Trade Exhibition & Center

Amway made history with the introduction of studioABO, a learning resource created by the company together with ABO Leaders. Designed to help ABOs achieve goals and grow sustainable businesses, the varied range of materials are available through its online portal and live events. The launch, which included the inaugural studioABO LIVE, saw more than 2,500 ABOs attending the event.

CORPORATE INFORMATION

COMPANY SECRETARIES

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

REGISTERED OFFICE

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No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9191
Fax : 03-2783 9111

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

AUDITORS

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

PRINCIPAL BANKERS

Public Bank Berhad
Standard Chartered Bank Malaysia Berhad

PRINCIPAL BUSINESS ADDRESS

28, Jalan 223
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7946 2800
Fax : 03-7946 2399
E-mail : ir@amway.com

COMPANY WEBSITE

www.amway.my

STOCK EXCHANGE LISTING

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

DIRECTORS' PROFILES

DATO' AB. HALIM BIN MOHYIDDIN

Nationality
Malaysian

Gender
Male

Age
72

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 has been the Audit Committee Chairman since 2002 and was re-designated as a member on 26 February 2018. He is also serves as 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.

Save as disclosed, Dato' Ab. Halim does not hold any directorship in other public companies and listed issuers.

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 four Board meetings held during the financial year ended 31 December 2017.

DIRECTORS' PROFILES

LIU, MING-HSIUNG @ MARTIN LIOU

Nationality
Republic of China

Gender
Male

Age
60

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. ("AMSB") 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 does not hold any directorship in other public companies and listed issuers.

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 four Board meetings held during the financial year ended 31 December 2017.

Mr Martin Liou is stepping down as Managing Director of AMHB and AMSB effective 1 May 2018 to take up a new management role in Amway Greater China Region.

DIRECTORS' PROFILES

MICHAEL JONATHAN DUONG

Nationality
American

Gender
Male

Age
44

Position
Executive Director

Michael Jonathan Duong (Mr Mike Duong) was appointed Director of Amway (Malaysia) Holdings Berhad ("AMHB") 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, ABSB and Amway (Singapore) Pte. Ltd.

He started his career with Amway as the Director of Internal Audit, Director of Amway Business Services Asia Pacific, and Director of Strategy & Planning Asia Pacific 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 does not hold any directorship in other public companies and listed issuers.

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 four Board meetings held during the financial year ended 31 December 2017.

Mr Mike Duong will be re-designated as Managing Director of AMHB and AMSB effective 1 May 2018.

DIRECTORS' PROFILES

LOW HAN KEE

Nationality
Malaysian

Gender
Male

Age
58

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 does not hold any directorship in other public companies and listed issuers.

Mr Low 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 Low attended all four Board meetings held during the financial year ended 31 December 2017.

DIRECTORS' PROFILES

SCOTT RUSSELL BALFOUR

Nationality
American

Gender
Male

Age
56

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 the Remuneration Committee and a member of the Audit Committee. He has been the Nominating Committee Chairman since 2014 and was re-designated as a member on 26 February 2018.

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 does not hold any directorship in other public companies and listed issuers.

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 four Board meetings held during the financial year ended 31 December 2017.

DIRECTORS' PROFILES

TAN SRI DATO'CECIL WILBERT MOHANARAJ ABRAHAM

Nationality
Malaysia

Gender
Male

Age
72

Position
Independent
Non-Executive Director

Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (Tan Sri Cecil) was appointed Director of Amway (Malaysia) Holdings Berhad on 9 February 2006. He has been a member of the Nominating Committee since 9 February 2006 and was re-designated the Chairman of the Nominating Committee on 26 February 2018. He also serves as a member of the Audit Committee.

Tan Sri 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 Bencher 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 Cecil does not hold any directorship in other public companies and listed issuers.

Tan Sri 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 Cecil attended all four Board meetings held during the financial year ended 31 December 2017.

DIRECTORS' PROFILES

MOHAMMAD BIN HUSSIN

Nationality
Malaysian

Gender
Male

Age
57

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 several corporations including Edaran Otomobil Nasional Berhad and UMW Toyota Sdn. Bhd.

Presently, En Mohammad is a Board member of the Federation of Investment Managers Malaysia, Amanah Saham Nasional Berhad and Amanah Mutual Berhad.

Save as disclosed, En Mohammad does not hold any directorship in other public companies and listed issuers.

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 2017.

DIRECTORS' PROFILES

TAN SRI FAIZAH BINTI MOHD TAHIR

Nationality
Malaysian

Gender
Female

Age
67

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 has been a member of the Audit Committee since 8 May 2014 and was re-designated the Chairperson of the Audit Committee on 26 February 2018.

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.

Save as disclosed, Tan Sri Faizah does not hold any directorship in other public companies and listed issuers.

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 four Board meetings held during the financial year ended 31 December 2017.

DIRECTORS' PROFILES

DATO' ABDULLAH THALITH BIN MD THANI

Nationality
Malaysian

Gender
Male

Age
63

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. His career in the Ministry saw him serve in various capacities including as District Valuer, State Director, Director of National Institute of Valuation, Director of National Property Information Centre ("NAPIC"), Deputy Director General and subsequently the Director General of the Department in 2006. He retired from public service in 2012.

Dato' Abdullah does not hold any directorship in other public companies and listed issuers.

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 four Board meetings held during the financial year ended 31 December 2017.

KEY MANAGEMENT PROFILES

NG AI LEE

Nationality: Malaysian
Age: 46
Gender: Female
Position: Chief Financial Officer

Ng Ai Lee (Ms Ng) was appointed Amway Malaysia's Head of Finance in June 2014, and assumed her present position as Chief Financial Officer ("CFO") in May 2017. As CFO, Ms. Ng is responsible for all financial related matters of the Group including financials, tax, treasury and risk management operations.

She brings over 18 years of finance related experience having worked in similar capacities with various large and multinational companies in Malaysia and Singapore. These include companies involved in pharmaceuticals, trading and manufacturing.

Ms Ng holds a Bachelor of Accounting from the University of Malaya. She is also a member of the Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants ("MICPA").

KOK LAY CHENG

Nationality: Malaysian
Age: 47
Gender: Female
Position: Head of Sales

Kok Lay Cheng (Ms Kok) joined Amway Malaysia as its Regional Sales Manager in 2011, and progressed to Head of Sales in July 2016. Leading the Sales Division of 50 staff members, her team is collectively responsible for various Amway Business Owner ("ABO") matters, with the key areas being ABO Business Relations, Business Transformation, Sales Administration, ABO Training, Business Conduct and Rules, ABO Records and Special Events.

She holds a degree in Food Technology from Universiti Sains Malaysia and has over 12 years of experience in sales and sales management in the pharmaceutical industry.

WONG CHOOM YEE

Nationality: Malaysian
Age: 48
Gender: Female
Position: Senior Manager, Human Resources

Wong Choom Yee (Ms Wong) joined Amway Malaysia as the Head of Human Resources in February 2017. She is in charge of implementing Amway Malaysia's human resource strategies which include talent management and development, retention and other matters related to human capital towards supporting the Group's overall strategic objectives.

Ms Wong brings with her more than 20 years of experience, having helmed a full spectrum of human resource functions in leading organisations in the cement, power and telecommunications industries. She holds professional qualifications from the Institute of Chartered Secretaries and Administrators ("ICSA") and a Diploma in Human Resources Management from the Malaysian Institute of Human Resource Management.

LEONG KOK FONG

Nationality: Malaysian
Age: 44
Gender: Male
Position: Head of Marketing

Leong Kok Fong (Mr Leong) was appointed as Amway Malaysia's Head of Marketing in December 2013. He oversees the planning and execution of Group marketing and communication strategies which include product and brand management, product development, ABO communications and digital communications.

Mr Leong graduated from University of Malaya, majoring in Business Administration and has 21 years of related industry experience having helmed marketing and communication positions previously with well-established large international companies such as SC Johnson, Energizer and Hawley & Hazel.

MAGDELINE TAY SWEE CHOO

Nationality: Malaysian
Age: 50
Gender: Female
Position: Head of Supply Chain

Magdeline Tay Swee Choo (Ms Tay) joined Amway Malaysia in October 2017 as the Head of Supply Chain. She leads the Supply Chain team and has over 23 years of related industry experience in all areas of supply chain management encompassing planning, procurement, inventory, warehousing, distribution, logistics and customer service.

In the past 23 years, Ms Tay has served in similar roles with leading international companies such as Alcon-Novartis, DSG, Loreal, Baxter-Gambro and Cargill. She is currently pursuing her Masters of Science in Supply Chain Management from the University of Bolton.

The Senior Management do not hold any directorship in any public companies and listed issuers. None of the Senior Management mentioned above are shareholders of the Company. They do not have any familial ties with any Director and/or major shareholder of the Company nor conflict of interest with the Company. They have not been convicted of any offence in the past five years, nor has had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") is committed to maintaining a high standard of corporate governance throughout Amway (Malaysia) Holdings Berhad ("Amway" or "the Company") and its subsidiaries (collectively "the Group") to ensure long-term, sustainable business growth while safeguarding the interest of stakeholders and enhancing shareholders' value.

The Board is of the view that good corporate governance is achieved when it is embedded into the organisation through a comprehensive approach that involves formalised processes and systems as well as via a culture or spirit that encourages such behaviour and values. The Group's vision and values also serve as a cornerstone in the creation of a strong corporate governance organisation.

The Corporate Governance Overview Statement ("CG Overview Statement" or "Statement") sets out the principles and features of the Group's corporate governance framework and main governance practices as per the Malaysian Code on Corporate Governance ("MCCG") and has been prepared in accordance to Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("Listing Requirements"). Except where stated otherwise, it complies with the practices of the MCCG ("Practices") for the financial year ended 31 December 2017 ("FY2017").

The CG Overview Statement illustrates how the Group has applied the three (3) principles set out in the MCCG:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

With regard to Board leadership and effectiveness, the Group has focussed its corporate governance efforts in improving and enhancing the roles and responsibilities of the Board while providing detailed disclosure of its Board composition, remuneration and other key focus areas.

This Statement also provides disclosure on the Group's effort in ensuring effective audit and risk management through an on-going and consistent risk management framework and should be read together with the Audit Committee Report and Statement of Risk Management and Internal Control published in this Annual Report.

Last but not least, this Statement also shares the Group's continuing progress to engage shareholders and other stakeholders with the view of creating meaningful dialogue that leads to mutually beneficial outcomes for both parties. This includes creating improved awareness of the Group's product and services, its primary business activities and strategies, the facilitation of greater shareholder feedback and inputs.

One key feature of the engagement exercise is to encourage greater shareholder participation at Company meetings, particularly, the annual general meeting ("AGM").

Since the launch of the MCCG in April 2017, the Board has undertaken various measures to improve its corporate governance framework in line with the Practices. This includes engaging an external consultant to brief the Board on corporate governance matters, conducting a gap analysis to identify improvement areas and following which, has implemented various action steps to improve its overall corporate governance framework, policies and practices. In effect, the Group has made comprehensive attempts to comply with the practices stipulated within the MCCG, taking into account its unique business and operating context i.e. the industry and environment that we operate in, the Group's size, which is regarded as not being a large issuer and the Group's specific risk profile.

Where there is departure from the Practices, the Group has provided clarification for doing so, as well as made reference to alternatives. This is in line with the required "apply or explain an alternative" approach set out in the MCCG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

For FY2017, the Group has complied with the required practices in the MCCG with the following exceptions:

- Practice 4.1 (At least half of the Board comprises of independent directors)
- Practice 4.5 (The Board discloses the company's policies on gender diversity, its targets and measures to meet those targets)
- Practice 4.7 (The Nominating Committee is chaired by an Independent Director or the Senior Independent Director)
- Practice 6.1 (The Board has in place policies and procedures to determine the remuneration of Directors and Senior Management)
- Practice 6.2 (The Board has a Remuneration Committee with written Terms of Reference to implement its policies and procedures on remuneration of Board and Senior Management)
- Practice 7.1 (The Board discloses on a named basis for the remuneration of individual directors)
- Practice 7.2 (The Board discloses on a named basis the top five (5) senior management's remuneration in bands of RM50,000)
- Practice 8.1 (The Chairman of the Audit Committee is not the Chairman of the Board)
- Practice 8.2 (The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee)
- Practice 12.2 (All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them)

As of 26 February 2018, Amway has complied with Practices 4.5, 4.7, 6.1, 6.2, 7.1, 8.1, and 8.2. Effective 1 May 2018, Amway will be in compliance with Practice 4.1 of the MCCG.

The Group's compliance with specific Practices as well as clarifications for departure and improvements made in this regard is accounted for in the Corporate Governance Report which is available at our website www.amway.my.

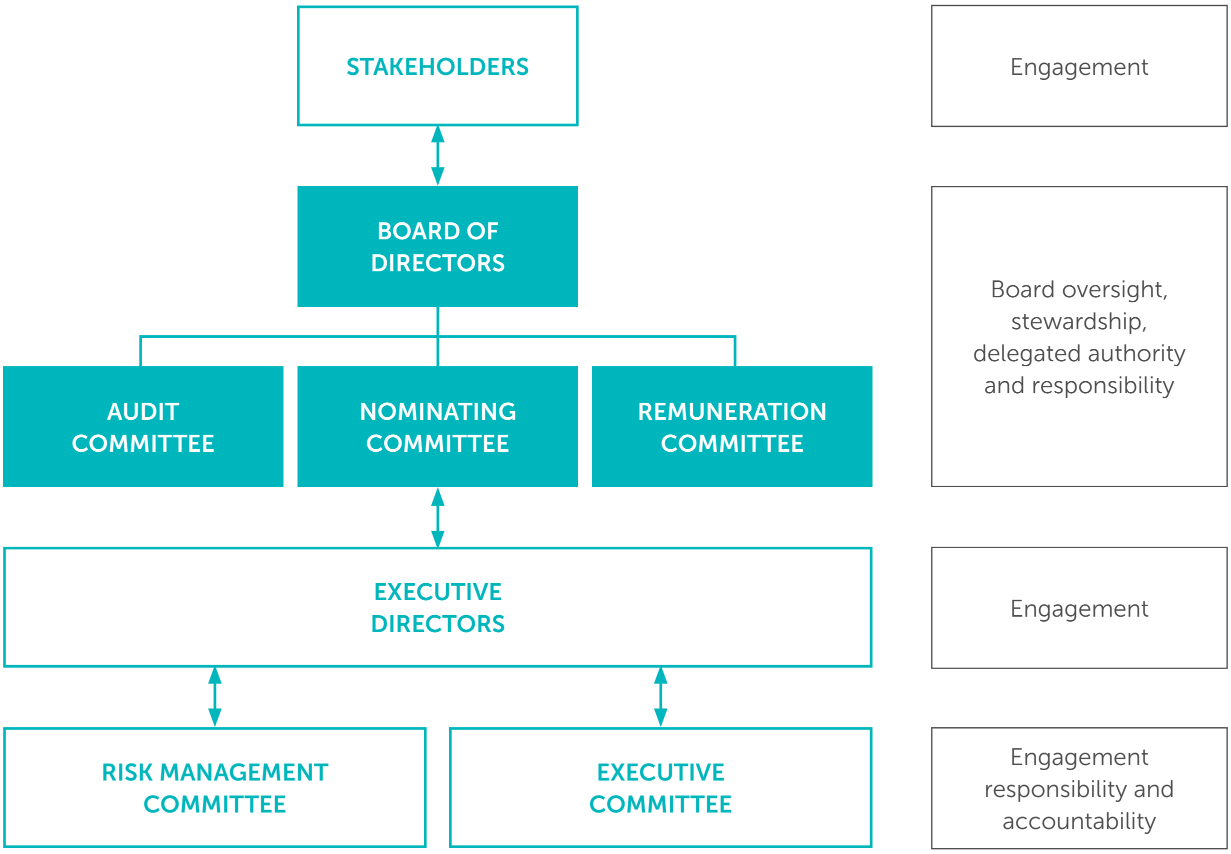
Moving forward, the Board will continue to comply with the MCCG towards achieving corporate continued excellence in corporate governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS

i. Board Responsibilities

Governance Framework



Our corporate governance framework is augmented by a set of guidelines, policies, procedures and our corporate values. The following constitutes key components of our governance framework which guide the Board in the execution of its duties:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board regularly reviews its governance framework in response to developments in the regulatory space as well as per the Group's evolving requirements. It also is cognisant of the key role it plays while discharging its fiduciary and leadership duties. These include but are not limited to the following:

- Reviewing and adopting a strategic plan for the Group towards addressing business sustainability;
- Overseeing the conduct of the Group's business and evaluating whether its businesses are properly managed;
- Identifying principal business risks and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- Ensuring that all candidates appointed to senior management and board 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;
- Ensuring that the Board has capable and qualified members with diverse backgrounds and skills and the establishment of appropriate roles for the Board and Board committees;
- Ensuring a collaborative and constructive relationship between the Board and Senior Management;
- Overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Group;
- Reviewing the adequacy, integrity and effectiveness of the Group's internal control and management information systems;
- Reviewing and recommending the remuneration of Executive Directors and the fees and benefits of Non-Executive Directors of the Company for shareholders' approval, with the individuals concerned abstaining from discussions of their own remuneration;
- Reviewing and recommending Senior Management's remuneration to ensure compensation offered is competitive and is aligned to Group and individual performance; and
- Ensuring that the Group adheres to high standards of ethics and corporate behaviour.

Board Charter

The Board has adopted a formalised Charter which spells out the roles and responsibilities of Directors in discharging their fiduciary duties towards the Group. The Charter is available at our website www.amway.my.

On 26 February 2018, the Board has updated the Charter in light of the MCCG which came into effect in April 2017. The revised Charter was approved and adopted on the same day.

Code of Ethics and Whistleblower Policy

The Board has instituted a Code of Ethics since 2012 which provides the basis for the definition and cultivation of good corporate practice, standards and behaviour in the Group. The Code governs internal business conduct as well as conduct and relationships between staff and management, the Group and customers, suppliers, vendors and contractors. A copy of the Code of Ethics is available at our website www.amway.my. It has been augmented to be better aligned with the MCCG.

All new employees are briefed on the Code of Ethics during their induction into the Group. The Group has implemented systems and processes to ensure compliance by employees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Augmenting the Code of Ethics is the Group's Whistleblower Policy which was implemented in 2012. The Policy serves to provide a confidential, safe and secure means for any employee to raise concerns outside of the organisational structure. It provides clear guidance as to how, when a concern may be raised while safeguarding the identity of the whistleblower and removing the fear of victimisation.

The AC shall be responsible for oversight of the Whistleblower policy while administration of the policy is performed by the Group's legal counsel. Under the policy, the whistleblower has the option of reporting his/her concern (s) to his/her line manager, legal counsel or the Chairman of the Audit Committee in writing, via email or orally.

Contents of the Whistleblower Policy can be viewed at our website www.amway.my. Those who wish to disclose information under the Whistleblower policy may contact our Senior Independent Non-Executive Director via email: hskdan40@gmail.com.

Schedule of Matters Reserved for the Board

There is a formal schedule of matters reserved for the Board's decision except if the Board chooses to delegate determination and/or approval of any such matter to the respective Board Committees or Management.

These include strategic issues and planning, performance reviews, capital expenditures, authority levels, risk management, appointments of external auditors, announcements to Bursa Securities and approval of the Group's and Company's financial statements and regulatory compliance as well as the adequacy and integrity of internal controls.

The Board may alter the matters reserved for its decision, subject to the limitations imposed by the Constitution and the law.

The role of the Board is clearly defined towards ensuring the long-term direction and sustainability of the Group. There is a clear delineation of roles and functions between the Board and Senior Management to ensure the strategic operations and the day-to-day operations of the Group are well managed.

Separation of the Roles of Chairman and the Managing Director

There is a clear division of responsibilities and power between the Chairman and Managing Director to ensure a proper system of check and balance within the Group. This is also to avoid over-centralisation of power and authority.

Role of the Chairman

The Chairman helms 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Role of the Managing Director

The Managing Director drives the strategic day-to-day management of the Group.

He is responsible for implementing the strategies and policies established 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 Executive Director, 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 Group's business and strategy.

Roles & Responsibilities of Key Positions

CHAIRMAN

- Providing leadership for the Board to ensure it executes its responsibilities effectively
- Helming the Board towards ensuring good corporate governance within the Group
- Representing the Board to shareholders
- Maintains regular contact with the Managing Director
- Facilitates healthy discussion and deliberation at Board meetings and ensures all Board members participate actively
- Sets Board agenda and ensures Board members receive all required information in a timely manner prior to meetings

NON-EXECUTIVE DIRECTORS

- Serve as a bridge between Management, shareholders and other stakeholders
- Provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests while ensuring that high standards of corporate governance are applied

MANAGING DIRECTOR

- Ensure effective implementation of the strategic direction set by the Board
- Develops tangible business targets and goals towards translating Board directives into achievable results
- Develops and ensure the execution of day-to-day operational strategies together with the Management team
- Accountable to the Board for the overall Group performance and the observance of Management's limits
- Acts within all specific authorities delegated by the Board.

INDEPENDENT DIRECTORS

- Safeguarding the interests of shareholders and bringing an independent, non-biased perspective on matters discussed by the Board
- Actively monitor areas of discussion where there may be potential conflicts of interests such as executive performance and remuneration, related party transactions and audit
- Conducting performance monitoring and enhancement of corporate governance and internal controls

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ii. Board Composition

Board Composition and Independence

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 exceeds the one-third (1/3) requirement as set out under the Listing Requirements. The profile of each Director is set out on pages 45 to 53 of this Annual Report.

Currently, no alternate Directors have been appointed in respect of any of the Directors.

During the year, a new Executive Director was appointed as part of an on-going programme for the progressive refreshing of the Board.

The Board is satisfied that its present composition and size provides a diverse range of professional qualifications, skills, experiences, opinions and views as well as business acumen and entrepreneurial capabilities. These include key areas such as corporate planning, risk management, financial (including audit, tax and accounting), legal and technical expertise. The Board also believes that its present composition represents an adequate balance of Executive and Non-Executive Directors to safeguard shareholders' interest while also facilitating effective decision making.

Independent Directors

The Board is cognisant on the importance of Non-Executive Directors, who provide objectivity, impartiality and independent judgement to ensure that there is an adequate check and balance on the Board.

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 Group's decision making by bringing in the quality of detached impartiality.

During the year, the NC has assessed the independence of the Independent Directors based on criteria set out in the Listing Requirements.

The NC is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the interest of the Group. In justifying the decision, the NC is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria of independence.

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 Group.

Following an assessment by the Board through the NC, the Board is satisfied with the level of independence demonstrated by Dato' Ab. Halim Bin Mohyiddin and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, who have both sat on the Board for more than twelve years; and recommended for them to continue in office as Independent Non-Executive Directors subject to shareholders' approval at the 23rd AGM.

This is in line with the Group's Board Charter and Practice 4.2 of the MCCG, where if the Board continues to retain an Independent Director after the twelfth (12th) year, the Board shall seek annual shareholders' approval through a two-tier voting process.

Key justifications for the recommended continuance as Independent Non-Executive Directors for the said Directors are given in the Notice of AGM on pages 155 to 156 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Senior Independent Non-Executive Director

The Chairman, Dato' Ab. Halim Bin Mohyiddin is also the Senior Independent Non-Executive Director. He provides an independent point of contact for shareholders. The Senior Independent Non-Executive Director may be reached via email: hskdan40@gmail.com.

Board Committees

In effectively discharging its duties, the Board has established relevant Board Committees where specific powers of the Board are delegated to these Committees as well as Management.

BOARD OF DIRECTORS FRAMEWORK		
Audit Committee	**Nominating Committee**	**Remuneration Committee**
- Oversees financial reporting process	- Nominates new directors	- Implement policies and procedures on remuneration of the Board and Senior Management
- Reviews the independence of internal and external auditors and the performance of the audit functions	- Assesses the independence of Independent Directors	- Review and recommend the individual remuneration package of the Board and Senior Management
- Assesses the effectiveness of the system of internal control and risk management processes	- Assesses the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director	- Assist the Board in developing a fair and transparent procedure for setting policy on remuneration of Directors and Senior Management

Supporting the Board Committees are the Risk Management Committee and the Executive Committee.

MANAGEMENT GOVERNANCE FRAMEWORK	
Risk Management Committee	**Executive Committee**
• Ensures the effective implementation and maintenance of the risk management framework	• Implements the Group's strategic plan, policies and decision adopted by the Board
• Manages the Group's principal business risks on a timely basis	• Oversees the operations and business development of the Group

The composition of the Board Committees is on page 66 of this Annual Report.

All Committees report to the respective Chairman of each Committee. The Chairman of each Committee in turn reports to the Board. Minutes of Committee meetings are tabled at the Board level to keep Board member appraised of matters being discussed at the Committee level. The Independent Non-Executive Directors contribute via their participation in the respective Board Committees. Their role is focussed on performance monitoring and enhancement of corporate governance and controls while providing an independent perspective of proposals and plans put forward by Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Managing Director together with the Senior Management Team oversee day-to-day management of the Group which include financial, business and operational matters within the prescribed limits of authority and in accordance with the Group's standard operating procedures. Their role encompasses developing operational strategies and setting key performance targets ("KPIs") to realise the approved business plan for the year. In executing their roles, the Senior Management Team is supported by the rest of the management personnel and staff.

The Board however, retains the ultimate responsibility for decision making and is responsible for oversight and stewardship of the Group. The Board reviews the Group's performance on a quarterly and annual basis based on the financial results for the same.

The Audit Committee

The Board's Audit Committee ("AC") comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. Dato' Ab. Halim Bin Mohyiddin has held the position of AC Chairman since 2002. Effective 26 February 2018, the Board has re-designated Tan Sri Faizah Binti Mohd Tahir, who has been a member of the AC since 8 May 2014, as the AC Chairperson. This appointment is in line with Practice 8.1 of the MCCG which states that the Chairman of the AC is not the Chairman of the Board.

The AC is responsible for ensuring that the financial statements of the Company and Group have been made out in accordance with the provisions of the Companies Act 2016 ("the Act") and applicable accounting standards; and that these provide a balanced and fair view of the financial state and performance of the Group. Through the AC, the Board entrusts the Risk Management Committee ("RMC") with the overall responsibility for overseeing risk management activities of the Group.

The Remuneration Committee

The Board's Remuneration Committee ("RC") comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. Scott Russell Balfour assumed the position as RC Chairman since 2016.

The RC is responsible for establishing the framework to review and determine the remuneration packages of Executive Directors, Non-Executive Directors and Senior Management towards attracting and retaining high-calibre and experienced individuals to support the Group's growth plans going forward.

The Nominating Committee

The Board's Nominating Committee ("NC") comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. Scott Russell Balfour has held the position of NC Chairman since 2014. Effective 26 February 2018, the Board has re-designated Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, who has been a member of the NC since 9 February 2006, as the NC Chairman. This appointment is in line with Practice 4.7 of the MCCG which warrants having an Independent Director as the Chairman of the NC.

The NC is tasked with specific terms of reference to assist the Board in identifying suitable individuals for appointment as Directors for the Board and Board Committees, identifying training programmes for the Board and review of the Board's succession planning and assessing the Directors on an ongoing basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Terms of Reference of the NC can be found at our website www.amway.my. The activities of the NC 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 criteria set out in the Listing Requirements;
- 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 Low Han Kee, Tan Sri Faizah Binti Mohd Tahir and Michael Jonathan Duong who were subject to retirement by rotation;
- Reviewed and recommended Dato' Ab. Halim Bin Mohyiddin and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham to continue in office as Independent Non-Executive Directors; and
- Reviewed and approved the appointment of Ms Ng Ai Lee as Chief Financial Officer ("CFO") effective 18 May 2017.

The NC held two meetings during the year. All recommendations of the NC are reported by the NC Chairman at the Board Meetings. All recommendations are subject to the approval of the Board.

Qualified and Competent Company Secretaries

The Group employs two (2) qualified Company Secretaries as per Section 235 of the Act and who are also tasked to function as the secretaries to the Board Committees.

They are Wong Wai Foong and Kuan Hui Fang, both of whom have more than 20 years of corporate secretarial experience individually. The appointment and removal of Company Secretaries is subject to Board approval.

The Company Secretaries are tasked to advise the Board particularly on matters pertaining to the Group's constitution and ensuring Board policies and procedures are in accordance with set rules and regulations. Their functions include (but not limited to):

- Advising the Directors of their duties and responsibilities;
- Advising the Directors of obligations to disclose their interest in securities, disclosure of any conflict of interest and related party transaction;
- Advising the Directors of prohibition on dealing in securities during the closed period and restriction on disclosure of price sensitive information;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Prepare agendas of meetings for Board and Board Committees;
- 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;
- Advising the Board on its obligatory requirements to disclose material information;
- Ensuring the appointment of new directors, re-appointment and resignation of Directors are in accordance with the relevant legislations; and
- Ensuring execution of assessment for Directors, Board and Board Committees.

The Company Secretary has been present at all Board and Board Committees' meetings. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.

Time Commitment

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, relevant reports and Board papers are furnished to Directors and Board Committee members at least seven (7) days 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 AC informs the Directors at each Board meeting of any salient matters noted by the AC 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.

In accordance to Board policy, Directors seeking to accept any new directorships are required to notify the Chairman, notwithstanding that Paragraph 15.06 of the Listing Requirements 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board and Board Committees Attendance

The Board recognises that it is important for all Directors to dedicate sufficient time to discharge their responsibilities. The Board obtains this commitment from Directors at the time of appointment. Following is the attendance of Board members for Board meetings and Board Committees' meetings held during the year:

Directors	Number of Meetings Held			
	Board	AC	RC	NC
Non-Executive Directors				
Dato' Ab. Halim Bin Mohyiddin *(Board Chairman, AC Chairman until 26 February 2018)*	4/4	4/4	1/1	2/2
Tan Sri Faizah Binti Mohd Tahir *(AC Chairperson effective 26 February 2018)*	4/4	4/4		
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham *(NC Chairman effective 26 February 2018)*	4/4	4/4		2/2
Dato' Abdullah Thalith Bin Md Thani	4/4	4/4	1/1	
Mohammad Bin Hussin	3/4*			
Low Han Kee	4/4			
Scott Russell Balfour *(RC Chairman, NC Chairman until 26 February 2018)*	4/4	4/4	1/1	2/2
Executive Directors				
Liu, Ming-Hsiung @ Martin Liou *(Managing Director)*	4/4			
Michael Jonathan Duong *(Executive Director)*	4/4			

**Note: Unable to attend due to medical reasons (hospitalisation)*

All Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Listing Requirements. The Board is satisfied with the level of time commitment afforded by its Directors towards fulfilling their roles and responsibilities as Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Effectiveness

The Board adheres to a set agenda in the discharge of its respective duties. This encompasses strategic, budget, sustainability, risk management and internal control matters as well as corporate governance matters. Following is a snapshot of the key matters deliberated at the Board level:

Board's Activities & Focus in 2017		
Strategy-Sustainability	**Governance and Reporting**	**Financial & Risk Management**
Reviewed business strategies & operating plans	Deliberated & approved unaudited quarterly financial results and annual audited financial statements	Deliberated and approved capital expenditure
Oversee the conduct of the Group's business	Reviewed Group's corporate governance framework	Deliberated and approved the Group's budget, forecasts and key performance indicators
Succession planning and reviewing remuneration of the Board	Reviewed the term of office and performance of the AC	Reviewed principal business risks and ensure the implementation of mitigating measures and internal controls

Board Committees' Activities & Focus in 2017		
Audit Committee (AC)	**Remuneration Committee (RC)**	**Nominating Committee (NC)**
Reviewed annual audited financial statements & unaudited quarterly financial results	Reviewed Executive Directors' remuneration package	Conducted Board evaluation on the effectiveness of the Board and Board Committees
Reviewed internal audit findings and management responses	Reviewed Directors' fees and benefits payable	Reviewed and recommended the retiring Directors standing for re-election and re-appointment at the AGM in 2017
Reviewed risk profiles and mitigating plans		Reviewed the appointment of CFO

Board Appointments

The appointment of new Directors is meant to meet the needs of the Board in line with the Group's strategies and business objectives.

The search for candidates is performed through various means which include recommendations from incumbent Directors, Management or external parties including leveraging on the Group's contacts in related industries, as well as from the finance, accounting and legal professions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NC is responsible for meeting candidates and performing an assessment of their suitability for appointment. In shortlisting and recommending candidates for Board's approval, the NC considers the following criteria:

- The candidate's independence, in the case of the appointment of an Independent Non-Executive Director;
- The composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees);
- The candidate's age, track record, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other relevant factors that may potentially contribute to the Board's collective skills; and
- Any competing time commitments if the candidate has multiple Board representations.

A non-discriminatory policy is applied in the assessment of potential directors. Only factors relevant to the individual's competence and performance as a potential Board member are considered.

All newly appointed Directors will be given an induction programme to acquaint them with the Group and its business operations and strategies, as well as on-going activities and any potential issues or developments. This includes visits to the Group's significant places of operations, meetings with Senior Management and relevant staff.

The Board has via NC conducted an assessment and collectively agreed that Scott Russell Balfour, Mohammad Bin Hussin and Dato' Abdullah Thalith Bin Md Thani, the Directors standing for re-election 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 recommended their re-election subject to shareholders' approval at the 23rd AGM.

Diversity

The Board is cognisant of the need for diversity and plurality in its composition to reflect a wider range of perspectives on issues and to facilitate sounder decision-making. The Board seriously considers diversity in terms of gender, age, ethnicity, academic and professional qualification, experience, skills, character, commitment (including time commitment) and independence in its selection of candidates for Directors.

At present, the Board has a female Independent Non-Executive Director; Tan Sri Faizah Binti Mohd Tahir who was appointed on 8 May 2014. The Board has enhanced the Group's Boardroom Diversity Policy by passing a resolution to achieving a target of at least one (1) female Director sitting on the Board.

The NC will continue to ensure that suitable women candidates are considered as part of its recruitment exercise.

Creating Board diversity remains a long-term plan and the Board is committed to progressively striving towards this objective giving due consideration to the present size of the Board, the knowledge and experience of the present Board members and the evolving challenges to the Group over time.

The Board believes that at present, its Directors possess a diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business. The Board maintains a focus on its composition, thereby working to ensure that the Executive and Non-Executive Directors continue to have an appropriate balance of skills, experience and independence.

Conflicts of Interest

In the event of conflict of interest, the Board has established processes for declaring and monitoring actual and potential conflicts. The Code of Ethics of the Group allows the non-conflicted members of the Board to authorise a conflict or potential conflict situation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Access to Information & Advice

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs. The Board is provided 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.

The agenda and board papers are circulated to the Board members at least seven (7) days prior to Board and Board Committee meetings, to allow sufficient time for the Board to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda.

Directors may also obtain independent professional advice at the Group's expense, if considered necessary, in accordance with established procedures set out in the Charter in furtherance of their duties.

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. Directors have unrestricted access to the advice and services of both Company Secretaries.

The Board is engaged on all announcements made to Bursa Securities.

Board Evaluation

Annually, the Chairman of the NC and supported by the Company Secretary, conduct a Board Effectiveness Evaluation ("BEE") exercise to independently assess the performance of every member of the Board. Directors were assessed based on effectiveness with key focus areas being Board Committees' compositions, roles and responsibilities, time commitment and contribution of Directors during Board and Board Committees' meetings.

The assessment is based on the following:

- Directors' evaluation form (self and peer assessment);
- Board and Board Committee evaluation form;
- AC evaluation form (including assessments of the External and Internal Auditors);
- Mix of skills and experience of Board Matrix;
- Declaration of Independence; and
- Time commitment

The BEE is a continuous, periodic exercise and the Board is satisfied with the outcome of the BEE. Areas requiring improvements were identified and action plans were recommended to the Board for approval for implementation.

As part of the BEE process, the Board also reviewed the self-evaluation form completed by the Chief Financial Officer and the Managing Director. After considering the Group's overall performance, both their performance and the self-assessment forms, the NC is satisfied with the MD and CFO's character, experience, integrity and competence and their time commitment in discharging their roles.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Re-election of Directors

In compliance with the Constitution of the Group, one third of the directors shall retire by rotation at each 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.

As such, Scott Russell Balfour, Mohammad Bin Hussin and Dato' Abdullah Thalith Bin Md Thani are subject to re-election by shareholders at the forthcoming AGM.

The profiles of these Directors are given on pages 49, 51 and 53 respectively of this Annual Report.

Board Training

The Board, via the NC, 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 within the stipulated timeframe as required by the Listing Requirements of Bursa Securities including Michael Jonathan Duong who was appointed on 1 January 2017.

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.

Following is a list of conferences, seminars and training programmes attended by the Directors in 2017:

Corporate Governance/Risk Management	
1.	Malaysian Code on Corporate Governance
2.	Mandatory Accreditation Programme for Directors of Public Listed Companies
3.	The New Companies Act 2016 – The Key Issues and Potential Pitfalls
4.	PNB Investment Series 2017 - The Future of Fintech/Digital Disruption - The Future of Globalisation & Liberalisation: Are We Losing the Battle
5.	Fraud Risk Management
6.	PNB Innovation Challenges 2017 Awareness Program
7.	Compliance Conference 2017 "Fostering Culture of Integrity in Financial Institutions"
8.	Risk Challenges & Vulnerabilities Towards Regulatory Compliance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Strategic/Leadership/Business Intelligence	
1.	Global Growth Conference focussing on strategy, vision, targets
2.	The Inclusive Leadership: Interrupting Unconscious Bias and Developing Cultural Intelligence
3.	Agile Structuring Principles & Work from Design
4.	Disrupt or Be Disrupted
5.	5th Asia Pacific Regional Forum Biennial Conference: Resilient Asia – Fighting Global Headwinds
6.	PNB Investment Series 2017 – Value Creation: Creating A Customer Focused Organisation
7.	Leading Digital Business Transformation
8.	PNB Innovation & Quality Award Internal Convention
9.	Talent Value Workshop
10.	Critical and Creative Thinking Skills for Decision Making and Problem-solving
11.	Leadership Energy Summit Asia 2017

Industry/Legal & Regulatory Development	
1.	Distinguishing Between Legitimate Direct Selling Sales Plans and Fraudulent Pyramid Schemes
2.	Direct Selling Legislative Trends and Regulating Pyramid
3.	Impact of Online Sales Discussion Direct Selling Comparison – Country by Country
4.	Unauthorized Sales & the Direct Selling Industry
5.	20th Annual IBA International Arbitration Day
6.	The Belt and Road: A Catalyst for Connectivity, Convergence and Collaboration
7.	Screening of The Quiet Triumph: How Arbitration Changed the World
8.	Cyber Security Awareness

Finance/Tax/Sustainability	
1.	Anti-Money Laundering Seminar
2.	Balancing Sustainability and Social Mandate : Development Financial Institutions in a New World
3.	Corporate Exercise and Asset Pricing in Malaysia
4.	Economic Forum

The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge to discharge their duties effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

iii. Remuneration

Remuneration Policies

In February 2018, the Board via its RC, has formalised the remuneration policies for all Directors and Senior Management of the Group, towards ensuring that the compensation provided is competitive with industry benchmarks. This is in line with the Board's aim to retain, attract and reward talent that is required in driving Amway forward in the realisation of its business goals.

Remuneration of Directors

Directors' remuneration is structured so as to link rewards to corporate and individual performance in the case of Executive Directors. The Board deliberates and approves the remuneration of the Executive Directors with the Executive Directors concerned abstaining from deliberations and voting on his own remuneration. The RC 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. The determination of remuneration of Independent Non-Executive Directors is a matter for the Board, as a whole, with individual Directors abstaining from discussion of his/her own remuneration.

During the year, the RC met with all members in attendance. The RC reviewed and recommended to the Board the remuneration for the Executive Directors of the Group and further recommended the Non-Executive Directors' fees and benefits to the Board for shareholders' approval at the Company's AGM.

Remuneration of Directors for the financial year ended 31 December 2017 is as follows:

Group	Fees	Salaries and other emoluments	Bonus	Defined Contribution Plan	Allowances	Benefits-in- kind
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liu, Ming-Hsiung @ Martin Liou	-	2,367.8	339.7	224.8	54.4	-
Michael Jonathan Duong	-	1,302.9	1,630.9	-	-	272.4
Dato' Ab. Halim Bin Mohyiddin	134.7	-	-	-	5.8	0.1
Tan Sri Faizah Binti Mohd Tahir	63.9	-	-	-	4.0	1.8
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	68.7	-	-	-	5.0	-
Dato' Abdullah Thalith Bin Md Thani	68.7	-	-	-	4.5	-
Mohammad Bin Hussin	61.7*	-	-	-	1.5	-
Low Han Kee	-	-	-	-	-	-
Scott Russell Balfour	-	-	-	-	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Company	Fees	Salaries and other emoluments	Bonus	Defined Contribution Plan	Allowances	Benefits-in- kind
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liu, Ming-Hsiung @ Martin Liou	-	-	-	-	-	-
Michael Jonathan Duong	-	-	-	-	-	-
Dato' Ab. Halim Bin Mohyiddin	134.7	-	-	-	5.8	0.1
Tan Sri Faizah Binti Mohd Tahir	63.9	-	-	-	4.0	1.8
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	68.7	-	-	-	5.0	-
Dato' Abdullah Thalith Bin Md Thani	68.7	-	-	-	4.5	-
Mohammad Bin Hussin	61.7*	-	-	-	1.5	-
Low Han Kee	-	-	-	-	-	-
Scott Russell Balfour	-	-	-	-	-	-

Notes:
The Executive Directors did not receive any remunerations from the Company.
The Non-Executive Directors did not receive any remunerations from the Company's subsidiaries.
* Nominee Director whose Director's fees are paid to Permodalan Nasional Berhad ("PNB").

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. Meeting allowances are provided for attendance of meetings.

In accordance with the Act, payment of Directors' fees and benefits shall be approved at a general meeting. The Board shall seek shareholders' approval at the 23rd AGM for the payment of Directors' fees and benefits for the Directors of the Group for FY2018.

Remuneration of Senior Management

The Group provides a competitive compensation structure consisting of salaries, bonuses and benefits that commensurate with their respective qualifications, experience and individual performance for its employees including the senior management. Additional remuneration such as year-end bonuses or performance rewards is based on merit in relation to the achievement of individual key performance indicators and the Group's achievement of specific goals.

Amway benchmarks total pay opportunity of employees in similar positions against other employers based on the market in which we compete for talent.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Practice 7.2 of the MCCG requires the Board to disclose on a named basis the top five Senior Management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000. Due to competitive and data privacy concern, the Board decided to disclose the aggregate remuneration of the top five Senior Management comprising Chief Financial Officer, Head of Marketing, Head of Sales, Head of Supply Chain and Senior Manager - Human Resources which amounted to approximately RM1.68 million. This amount does not represent the full year remuneration as the Head of Supply Chain joined the Group in October 2017. The remuneration package is divided into total cash and benefits, which is between the market median of the 50th percentile to 60th percentile[1].

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Board has established an AC comprising wholly Non-Executive Directors, the majority of whom are Independent.

As mentioned earlier, the AC is tasked to ensure the financial statements of the Group and Company are made out in line with the provisions of the Act and according to applicable accounting standards that result in a balanced and fair view of the financial state and performance of Amway, which includes results and cash flows.

The said financial statements comprise of quarterly financial results 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. These are prepared on a going concern basis and reflect a true and fair view of the financial position of Amway as at 31 December 2017. Other Statements that provide analysis and insight on the Group's financial and operational performance include the Management Discussion and Analysis.

The Directors are satisfied that in preparing the financial statements of the Company and of the Group for FY2017, the Group has applied the appropriate accounting standards and policies with consistency in the preparation of these financial statements. The Statement of Directors' Responsibility is enclosed in page 88 of the Annual Report.

External Auditor

The Board via the AC maintains a formal and transparent professional relationship with the Group's External Auditors. The role of the AC in relation to the auditors is described in the AC Report set out on page 82 of this Annual Report.

On an annual basis, the AC considers the re-appointment of the External Auditors and their remuneration and makes recommendations to the Board. The External Auditors are subject to re-appointment each year at the AGM. The AC had, in February 2017, assessed the level of service provided by the External Auditors through the AC 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 AC;
- The level of understanding demonstrated of the Group's business; and
- Communication to the AC about new and applicable accounting practices and auditing standards and its impact on the Group's financial statement.

[1] *Reference is made to Mercer and Hay's 2017 fast moving consumer goods market data.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Messrs Ernst & Young ("EY") have reported to the AC 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 AC has considered the findings of the assessment together with EY's independence and level of non-audit services rendered by them for FY2017. The AC is satisfied that EY continue to possess the competency, independence and experience required to fulfil their duties effectively. The AC has recommended their re-appointment to the Board, subject to shareholders' approval at the 23rd AGM.

The non-audit fees incurred by the Group for FY2017 was RM81,000 (FY2016: RM11,000). The Board has carefully considered non-audit fees and is of the view that the provision of such services does not compromise EY's independence.

Risk Management and Internal Control Framework

Risk Management and Internal Audit

The Board maintains a sound risk management framework and system of internal control to safeguard shareholders' investment and the Group's assets. The framework is designed to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis.

The AC's role in risk management is supported by RMC. The RMC comprising Heads of Department and headed by the Executive Director is tasked 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 RMC are set out in the Statement on Risk Management and Internal Control on pages 84 to 86 of this Annual Report.

Supporting the RMC is the Group's independent internal audit function, which is managed by external professional firm, Deloitte Enterprise Risk Services Sdn. Bhd. The role and function of the internal audit function is detailed in the Statement on Risk Management and Internal Control on page 84 and AC Report on pages 79 to 80 of this Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Corporate Disclosure Policies and Procedures

The Board is cognisant of the need for timely, comprehensive and accurate relevant disclosures on the Group to stakeholders. This includes but is not limited to corporate announcements, circulars to shareholders and financial results.

As stipulated in the Listing Requirements, the Board has formalised an Investor Relations policy which also governs pertinent corporate disclosure policies, which includes information that needs to be disseminated and set timelines for said dissemination.

The Group's quarterly interim and full year unaudited financial results are released within two (2) months from the end of, each quarter and financial year respectively. The Annual Report, which remains a key channel of communication, is published within four (4) months after the financial year end. The corporate disclosure policy also sets out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

In providing for a more effective information dissemination process, the Board has established a dedicated section for corporate information on the Group's website where information on the Company's announcements, financial information, share prices and annual reports may be accessed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Stakeholder Relationship

Communication with Stakeholders

The Company publishes an annual report providing details of its performance for the financial year. It also maintains a website which provides information about the Amway brand and its products. Various sales and marketing programmes are also initiated regularly throughout the year.

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 our website www.amway.my where shareholders can access amongst others, corporate information, annual reports, press releases, financial information, Company's 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.

In FY2017, several briefings with investors and analysts were held. The Group also saw plenty of media exposure via media relations activities. The Board believes its practices in this area are consistent with principles concerning dialogue with stakeholders, and good governance.

Conduct of General Meetings

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 Group's Annual Report and pose questions to the Board for clarification.

In FY2016, the Notice of AGM was 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 Act and the Listing Requirements.

Shareholders are encouraged to ask questions and communicate their expectations and possible concerns on proposed resolutions and matters relating to the Group's operations before putting the resolution to a vote. The Directors are also present to answer questions in person.

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

To maintain transparency and to effectively address any matters and concerns, the Group has a dedicated electronic mail, i.e. ir@amway.com to which stakeholders can direct their queries.

Over 540 shareholders and proxies attended the AGM. Over 370 proxy forms and certificates of corporate representatives were received, representing over 88% of the Company's total issued share capital.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Poll voting was conducted for all resolutions set out in the Notice of AGM via electronic means at the last held AGM on 17 May 2017. This was to expedite the verification and counting of votes. A scrutineer was also appointed to validate the votes cast at the AGM. All resolutions proposed were duly passed. The outcome of the AGM was announced to Bursa Securities on the same day of the meeting.

In keeping with Practice 12.1 of the MCCG, notice for an AGM should be given to the shareholders at least 28 days prior to the meeting. Hence, the notice of our 23rd AGM was issued on 16 April 2018 making it 29 days in advance of the AGM scheduled to be held on 16 May 2018.

Shareholders may also contact the Senior Independent Non-Executive Director, Dato' Ab Halim Bin Mohyiddin via email: hskdan40@gmail.com.

This CG Overview Statement was approved by the Board on 28 March 2018.

AUDIT COMMITTEE REPORT

A. MEMBERSHIP

The Board of Directors is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2017 ("FY2017").

All 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 Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Dato' Ab. Halim Bin Mohyiddin, the AC Chairman during FY2017, 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.

The Company is in compliance with Paragraphs 15.09(1)(a), 15.09(1)(b) and Paragraph 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities.

In line with Practice 8.1 of the Malaysian Code of Corporate Governance, Dato' Ab. Halim Bin Mohyiddin was re-designated as a member of the AC and Tan Sri Faizah Binti Mohd Tahir was re-designated as the Chairperson of the AC on 26 February 2018.

Chairman of the AC	
Dato' Ab. Halim Bin Mohyiddin *(Re-designated as member of the AC on 26 February 2018)*	Senior Independent Non-Executive Director
Tan Sri Faizah Binti Mohd Tahir *(Re-designated as Chairperson of the AC on 26 February 2018)*	Independent Non-Executive Director
Members of the AC	
Scott Russell Balfour	Non-Independent Non-Executive Director
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	Independent Non-Executive Director
Dato' Abdullah Thalith Bin Md Thani	Independent Non-Executive Director

B. ROLES & RESPONSIBILITIES

The AC operates under a written Terms of Reference ("TOR") containing provisions that address requirements imposed by Bursa Securities. The TOR of the AC is available at our website www.amway.my. The TOR was last reviewed on 26 February 2018.

The TOR prescribes the AC's oversight of financial compliance matters in addition to a number of other responsibilities.

The AC is also responsible for ensuring appropriate accounting policies are adopted by the Group to ensure conformity to the applicable approved accounting standards. Other matters under the purview of the AC include highlighting financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed, as well as reviewing the independence and performance of the External & Internal Audit functions of the Group.

Risk management is also addressed by the AC through the Risk Management Committee ("RMC").

AUDIT COMMITTEE REPORT

C. TIME ALLOCATION BY AC

During the financial year, the AC spent its time as required in areas of governance, financial reporting, budgeting, internal audit, risk management and external audit.

D. SUMMARY OF WORK OF THE AC

1. Financial Reporting

During the year, the AC focused on executing its roles and responsibilities, which primarily encompassed on ensuring the integrity of financial reporting. This included reviewing the unaudited quarterly financial reports and annual audited financial statements for FY2017 prior to recommending them to the Board for approval or announcement to Bursa Securities. The AC also reviewed reports received from the Management and External Auditors.

The AC assessed whether appropriate accounting policies had been applied throughout the financial year and if management had made appropriate estimates and judgements over the recognition measurement and presentation of financial results.

2. Internal Audit Function

The internal audit function of the Group is supported by the Internal Audit Charter and is outsourced to Deloitte Enterprise Risk Services Sdn. Bhd. ("DERS"), an independent professional services firm. The DERS team of 10 is headed by Ms. Cheryl Khor; a certified public accountant with vast experiences in the areas of financial and operational audits covering internal audit, quality assurance reviews, business process review, risk management and corporate governance reviews of public listed companies.

The AC reviewed the number of resources for the internal audit function and the names and qualifications of the personnel responsible for the internal audit and whether the internal audit function is carried out in accordance with a recognised framework.

DERS conducted quarterly reviews of the internal controls within the Group in accordance with the internal audit plan for 2017 based on the operational, compliance and risk-based audit plan that has been 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 Internal Audit Function also performs risk-based audits and reviews with emphasis on high risk areas to evaluate the efficiency and effectiveness of the controls in place to mitigate the risks. All major findings and significant control issues and concerns are reported directly to the AC. Management also shared the actions taken based on improvement opportunities identified in the reports. DERS reports directly to the AC.

The AC reviewed the audit plan for FY2017 and financial year ending 31 December 2018, with regards to the adequacy of scope and coverage of the auditable areas as well as taking into consideration the findings of previous audits.

AUDIT COMMITTEE REPORT

The AC also carried out an evaluation of the performance of the Internal Auditors, via the AC Evaluation Form, 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.

The AC deliberated on the internal audit reports prepared by DERS, which highlighted the audit observations, recommendations and Management's response. The findings were discussed with Management with the necessary actions taken to improve the internal controls based on improvement opportunities identified in the internal audit reports.

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.

During FY2017, DERS audited key areas, including the following:

- 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, controls over the prevention of fraud or collusion for key sales functions and cash collection functions and reviewing the revenue reconciliations process and related controls;

- 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 including for third party warehouse; and

- Information technology ("IT") management, including but not limited to a review of the policies and procedures governing the general IT controls, user access management and system authentication controls and review of the change management process.

The total cost incurred in outsourcing of the internal audit function to DERS during FY2017 amounted to approximately RM105,000.

3. 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 RMC, led by the Executive Director and represented by divisional heads and managers from all functions, is entrusted with the responsibility of assisting the Board in overseeing the Group's risk management practices. In this manner, the Group'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 Group 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.

AUDIT COMMITTEE REPORT

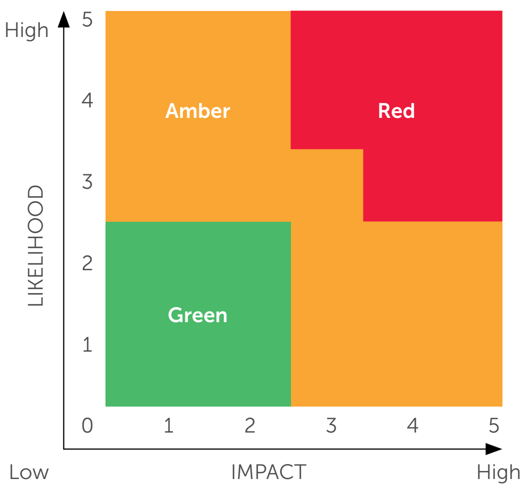
The RMC's responsibilities include the following:

- 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:

Review Business Objectives	Risk Identification	Risk Evaluation	Risk Mitigation	Risk Monitoring & Review

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



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

Red quadrant - high possibility of occurring; significant impact

Amber quadrant - low possibility of occurring; significant impact
- high possibility of occurring; insignificant impact

Green quadrant - low possibility of occurring; insignificant impact

During the 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 Executive Director.

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 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.

AUDIT COMMITTEE REPORT

4. External Audit Function

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 FY2017. The AC had discussed with the External Auditors, the scope of work, materiality threshold 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 reviewed the annual audit plan to ensure that it is consistent with the scope of the audit engagement. In reviewing the audit plan, the AC discussed the elevated risk areas as identified by the External Auditors, likely to give rise to a material financial reporting error or those that are perceived to be of higher risk and require additional audit emphasis.

The AC undertook an annual assessment on the performance of External Auditors via the AC Evaluation Form taking into account the following:

- Level of service, independence and level of non-audit services rendered by them;
- Quality and scope of the planning of the audit in assessing risks;
- Quality and timeliness or reports furnished to the AC; and
- Communication to the AC about new and applicable accounting practices and auditing standards and the impact on the Company's financial statements.

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.

The AC held two (2) meetings with the External Auditors during the year. The External Auditors provided comprehensive and timely updates on audit related affairs and remain fully appraised of all matters considered by the AC. This included two (2) meetings without the presence of the Executive Directors and Senior Management.

The AC is satisfied that the audit fees amounting to RM232,000 (RM185,000 in 2016) payable to Messrs Ernst & Young is appropriate. The authority for the AC to determine the current remuneration of the External Auditors is derived from the shareholders' approval granted at the Company's 22nd Annual General Meeting ("AGM") in 2017. The audit and non-audit fees paid by the Company and the Group are disclosed on page 88 of the 2017 Annual Report.

In compliance with the By-Laws on professional ethics, conduct and practice of MIA, the audit engagement partner rotated every five (5) years.

5. Other matters considered by the AC

During FY2017, the AC also undertook the following:

- Recommended to the Board for inclusion in the 2016 Annual Report, the Statement on Corporate Governance, Statement on Risk Management and Internal Control, Audit Committee Report, Chairman's Statement and Management Discussion & Analysis;

- Reviewed the amendment to agreement with related party; and
- Reviewed the circular to shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a Revenue or Trading nature.

Looking ahead, the AC will review the progress of the Group's MFRS 15 initiative – implementation and assessment.

E. 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.

F. ATTENDANCE

During FY2017, the AC met four (4) times. The Executive Directors, Senior Management, External and Internal Auditors were in attendance at the meetings, upon invitation by the AC, to brief the AC on specific issues.

No.	Name of Director	Audit Committee Meetings ("ACM") for FY2017				
		81st ACM 22.02.2017	82nd ACM 17.05.2017	83rd ACM 23.08.2017	84th ACM 15.11.2017	Total
Chairman/Senior Independent Non-Executive Director						
1	Dato' Ab. Halim Bin Mohyiddin	√	√	√	√	4/4
Independent Non-Executive Directors						
2	Tan Sri Faizah Binti Mohd Tahir	√	√	√	√	4/4
3	Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	√	√	√	√	4/4
4	Dato' Abdullah Thalith Bin Md Thani	√	√	√	√	4/4
Non-Independent Non-Executive Director						
5	Scott Russell Balfour	√	√	√	√	4/4

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.

As the AC members are not employees of the Company, the AC has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with approved accounting principles and on the representations of External Auditors included in its reports on the Company's financial statements and internal control over financial reporting.

With the assistance of the Nominating Committee, the Board has assessed the performance of the AC and its members through an annual AC evaluation and was satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance to the TOR. The assessment was conducted on 26 February 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on the Group's compliance with the Principles and Best Practices as stipulated in Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance.

ROLES & RESPONSIBILITIES

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. Towards this end, the Board has established a robust risk management framework and internal control system to identify, assess, review, monitor and manage the Group's significant risks as it pursues its business strategies.

The Company's risk management framework and system of internal control cover financial, operational and compliance controls. In view of the inherent limitations of any system, 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.

AUDIT AND RISK MANAGEMENT COMMITTEES

Matters of risk are overseen by the Audit Committee ("AC") and the Risk Management Committee ("RMC"), who are supported by an internal audit function. The Committees are responsible for overseeing the financial reporting process, evaluating internal and external audit processes and reviewing risk management and internal control processes.

EXTERNAL AUDITORS

The Group employs Messrs Ernst & Young as its External Auditors.

INTERNAL AUDIT FUNCTION

Augmenting the risk management process is the Company's independent internal audit function performed by external professional firm, Deloitte Enterprise Risk Services Sdn. Bhd.

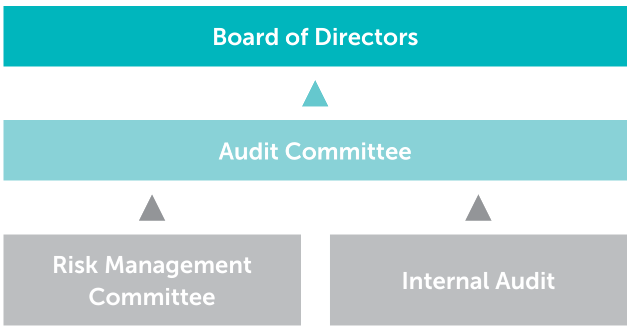
The execution of internal audit functions is based on an approved risk based internal audit plan. Observations from these audits are presented, together with the Management's response and proposed action plans, to the AC for its review. The internal audit function also follows up and reports to the AC the status of implementation by the 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 AC. Further details of the activities of the internal audit function are provided in the AC Report.

OUR RISK FRAMEWORK

The Group's risk management framework is in compliance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers. The framework involves multiple levels across the Group beginning with the respective business units and departments and cascaded to the Board of Directors.

In this way, risk is managed holistically as a collective responsibility to ensure more comprehensive oversight and controls. The framework is based on aligning set business goals and targets against potential risks factors, the probability of those risks materialising and to what extent could it impact the Group and its operations.



The Board, via its AC, regularly reviews the results of this process. This includes reviewing mitigating measures taken by the Management through the actions of the RMC to address key risk areas.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group's overall risk appetite is based on assessments of the Group's risk management capabilities and capacity. Any new risk will not be accepted without the Board's approval and must be within the Group's ability to manage and mitigate. Such new risk together with control strategy will be evaluated and promptly reported to the RMC.

The RMC is 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 AC 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.

The responsibility for managing risk resides at all levels within the Group. The day-to-day project risks are mainly managed at the operational level and guided by approved standard operating procedures ("SOP").

RISK MANAGEMENT

The Enterprise Risk Management ("ERM") framework includes an ongoing risk management process which creates a Corporate Risk Register with specific risk profile and action plans for mitigating identified risks.

The level of risk tolerance of the Group is expressed through the use of a risk impact and likelihood matrix. Responses to this impact and probabilities are then taken and documented by the RMC.

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.

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 Board conducts periodic reviews on the adequacy and integrity of the Group's ERM framework and policies, particularly in relation to the mechanisms for risk assessment (principal risks identification, evaluation and treatment), communication and monitoring and review. The Committee also evaluated the adequacy of key processes, systems, and internal controls in relation to the rated principal risks; as well as the implementation progress of actionable programmes and post-implementation effectiveness.

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

Following is a review of the Group's key risk.

Foreign Exchange Risk

As a significant portion of our products are imported, primarily from the United States of America ("USA"), the Group is likely to be impacted by any currency fluctuations, particularly depreciation of the Ringgit to the United States Dollar ("USD").

Imported products are purchased based on a fixed exchange rate with our headquarters that is negotiated and agreed upon yearly.

The pre-agreed exchange rate is based on an average of the next 12 month's foreign exchange forecast as provided by a consortium of banks.

Controls & Mitigation Measures in Place

The senior management team continues to negotiate with headquarters with the objective of setting fair currency exchange rates based on the forecasted rate of major reputable banks.

The Group maintains a USD denominated account for payment of USD denominated transactions.

The Group continues to closely monitor developments in exchange rates.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Proliferation of eCommerce

The sale of Amway products on unauthorised, third party websites at reduced prices, thus undercutting ABOs which could potentially lead to dissatisfaction and impact earnings capability, not to mention brand credibility.

Controls & Mitigation Measures in Place

The Group continues to work closely with the relevant authorities to identify such websites and to ensure appropriate action is taken to safeguard the Amway brand, reputation and price margins of our products.

Engagement has also intensified with the representatives of numerous e-commerce websites to alert them on this issue so they may remove Amway products from their platforms.

Amway also undertakes strict enforcement including the issuance of warning letters to offending parties and may also withdraw award recognitions as part of its efforts to deter the unauthorised selling of its products online.

INTERNAL CONTROLS

Following are other key elements of the Group's internal control system:

(a) Group Core Values

The Amway Values set the tone and help nurture a conducive culture of accountability, transparency, integrity, which begins at the top and is cascaded across the organisation. The Values provide a shared belief system that governs corporate conduct and helps to develop an environment that supports good corporate governance.

(b) Code of Ethics

The Group maintains a written Code of Ethics which, similar to the Group's Corporate Values, helps provide clear guidelines on expected corporate behaviour and practices in accordance with laws, policies, standards and procedures. Employees are obliged to sign a written declaration confirming their compliance with the Group's Code of Ethics to promote ethical conduct in the workplace.

(c) Whistleblower Policy

The Group has instituted a whistleblower policy with facilitating feedback channels to allow anyone in the Group to disclose information pertaining to misconduct or improprieties in a safe and secure manner. The confidentiality of the whistleblower is assured throughout the process.

(d) 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.

(e) 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 the employees.

(f) 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 AC reviews the Group's quarterly financial results, together with the Management, which is subsequently reported to the Board;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to the key management for the monitoring of performance against the strategic plan;

- A reporting system generates monthly performance and variance reports for review by the Management and actions to be taken, where necessary;

- Management Team meetings are held regularly to identify, discuss and resolve strategic, operational, financial and other key issues; and

- Established management information systems with documented processes, including change request to computer programmes and access to data files.

In addition to the above, the following was also performed:

BUSINESS CONTINUITY

The Group has an established Business Continuity Plan ("BCP") and Disaster Recovery Plan in place to ensure that in the event of unforeseen circumstances, operations may continue without major disruptions with only minimal delay.

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 the Management reviews the relevance and adequacy of the insurance coverage.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement for inclusion in the 2017 Annual Report of the Group for the financial year ended 31 December 2017. The review was conducted in accordance with Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants.

The External Auditors have 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 integrity of the risk management and internal control system.

ASSURANCE FROM MANAGEMENT

The Board has reviewed the Enterprise Risk Management Report and the effectiveness of the Risk Management Framework and Internal Control System of the Group.

It 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.

The Board has received assurance from the MD and CFO that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

This Statement was approved by the Board on 26 February 2018.

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 2017.

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 2017 are as follows:

	Company (RM)	Group (RM)
Audit fees	37,000	232,000
Non-audit fees	11,000	81,000

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving interests of Directors and major shareholders either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the 22nd Annual General Meeting (AGM) held on Wednesday, 17 May 2017, 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 2017 is set out on page 151 of the Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS (FINANCIAL STATEMENTS)

The Directors are required by the Companies Act 2016 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 2016 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.

FINANCIAL STATEMENTS

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 2017.

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.

Details of the subsidiary companies are disclosed in Note 15 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	52,644	42,471

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 2016 were as follows:

In respect of the financial year ended 31 December 2016 as reported in the directors' report of that year:

	RM'000
Fourth interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 22 February 2017 and paid on 22 March 2017.	8,219
Special interim tax exempt (single-tier) dividend of 10.0 sen per share, on 164,385,645 ordinary shares, declared on 22 February 2017 and paid on 22 March 2017.	16,439
	24,658

DIRECTORS' REPORT

DIVIDENDS (CONT'D.)

In respect of financial year ended 31 December 2017:

		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 2017 and paid on 15 June 2017;	8,219
(ii)	Second interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 23 August 2017 and paid on 27 September 2017; 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 15 November 2017 and paid on 20 December 2017.	8,219
		24,657
		49,315

On 26 February 2018, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2017, 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 (single-tier) dividend of 7.5 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM12,329,000.

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 2018.

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
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
Michael Jonathan Duong

The director at the Company's subsidiaries since the beginning of the financial year to the date at this report, excluding those who are already listed above is:

James Chiew Siew Hua

DIRECTORS' REPORT

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' 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.

INDEMNITIES TO DIRECTORS AND OFFICERS

The Company maintained a Directors' & Officers' Liability insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and for the Group. The total amount of insurance premium effected for any director and officer of the Company as at the financial year end was RM30,093. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

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			
	As at 1.1.2017	**Acquired**	**Sold**	**As at 31.12.2017**
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.

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

Details of Directors' remuneration are disclosed as below:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive:				
- Salaries & other emoluments	3,671	714	-	-
- Bonus	1,970	380	-	-
- Defined contribution plan	225	181	-	-
- Allowances	54	165	-	-
- Estimated monetary value of benefits-in-kind	272	40	-	-
	6,192	1,480	-	-
Non-Executive:				
- Fees	398	394	398	394
- Allowances	21	23	21	23
- Estimated monetary value of benefits-in-kind	2	3	2	3
	6,613	1,900	421	420

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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D.)

(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) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) 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 AND AUDITORS' REMUNERATION

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

Auditors' remuneration are disclosed as below:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Auditors' remuneration				
- statutory	232	185	37	36
- other services	81	11	11	11

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 February 2018.

Dato' Ab. Halim Bin Mohyiddin

Liu, Ming-Hsiung @ Martin Liou

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

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 101 to 148 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 February 2018.

Dato' Ab. Halim Bin Mohyiddin

Liu, Ming-Hsiung @ Martin Liou

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Ng Ai Lee, 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 101 to 148 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 Ng Ai Lee
at Kuala Lumpur in Federal Territory
on 26 February 2018.

Ng Ai Lee

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS 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 2017 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 101 to 148.

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 2017, 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 2016 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. 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 interface with each other in order to run its day to day operations. The Company also utilises these systems for the recording of cash and bank balances. 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:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AMWAY (MALAYSIA) HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Key audit matters (Cont'd.)

1) Revenue and cost of goods sold

The Group's revenue is derived from its operation in the distribution of consumer products where the revenue is made up of a large volume of individually insignificant transactions. The Group relies heavily on its information technology system to account for such revenue and its related cost of goods sold.

2) Provision for and expenses relating to commission and bonuses

The Group offers various sales commission, bonus and incentive to its Amway Business Owners ("ABOs") as part of its sales and marketing strategy. The use of information technology system is crucial in computing and recording each ABO's entitlement to the commissions and bonuses.

3) Trade receivables

The trade receivables balance of the Group is highly integrated with its sales system. The Group uses the information technology system to keep track of the trade receivable balances and relies on the information provided for the purpose of trade receivable impairment assessment.

4) Inventories

As of 31 December 2017, the total inventories of the Group amounted to RM126,159,000 representing 38% and 31% of current assets and total assets respectively. The related provisions for obsolete inventories amounted to RM5,723,000. The provision for obsolete inventories relate mainly to slow moving goods, promotional and seasonal products which are only available for sale for a certain period.

The Group uses its inventory management system for the tracking of inventory balance, product ageing and costing purposes. The management relies on the reports generated from the system to assist with the evaluation of stock obsolesces.

5) Cash and bank balances

The Group's receipts from its customers generally arise from various payment methods, including through online transactions, over the counter cash payments and cheques. Due to the Group's nature of business and operations, there are large volumes of cash receipts transactions being processed daily. The cash receipts information obtained from various information technology systems are critical inputs to the bank reconciliation process.

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 which impact the financial statement amounts.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AMWAY (MALAYSIA) HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

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 annual 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 2016 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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AMWAY (MALAYSIA) HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (Cont'd.)

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 MEMBERS OF AMWAY (MALAYSIA) HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

Loke Siew Heng
No. 02871/07/2019 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 February 2018

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	4	984,214	1,087,501	41,179	49,699
Cost of sales	5	(740,024)	(815,522)	-	-
Gross profit		244,190	271,979	41,179	49,699
Other income	6	6,147	9,229	3,295	3,437
Distribution expenses		(48,039)	(49,124)	-	-
Selling and administrative expenses		(131,797)	(159,076)	(1,125)	(1,055)
Profit before tax	7	70,501	73,008	43,349	52,081
Income tax expense	10	(17,857)	(18,359)	(878)	(813)
Profit net of tax, representing profit attributable to owners of the parent		52,644	54,649	42,471	51,268
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the year, net of tax		(20)	20	-	-
Total comprehensive income for the year, attributable to owners of the parent		52,624	54,669	42,471	51,268
Earnings per share attributable to owners of the parent (sen per share)					
- Basic	11	32.02	33.24		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	60,718	64,218	-	-
Intangible asset	14	4,782	4,782	-	-
Investment in subsidiaries	15	-	-	86,202	86,202
Deferred tax assets	16	8,545	17,653	-	-
		74,045	86,653	86,202	86,202
Current assets					
Inventories	17	126,159	94,894	-	-
Trade and other receivables	18	46,099	40,787	131	196
Cash and cash equivalents	19	163,402	200,551	87,982	94,593
		335,660	336,232	88,113	94,789
Total assets		409,705	422,885	174,315	180,991
Equity and liabilities					
Equity					
Share capital	20	166,436	164,386	166,436	164,386
Share premium		-	685	-	685
Capital redemption reserves		-	1,365	-	1,365
Forex translation reserves		617	637	-	-
Retained earnings	21	47,020	43,691	7,308	14,152
Total equity attributable to owners of the parent		214,073	210,764	173,744	180,588
Non-current liability					
Deferred tax liabilities	16	21	11	-	-
Current liabilities					
Trade and other payables	22	195,261	204,686	470	403
Current tax payable		350	7,424	101	-
		195,611	212,110	571	403
Total liabilities		195,632	212,121	571	403
Total equity and liabilities		409,705	422,885	174,315	180,991

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 2017

	Non-Distributable				Distributable	
	Share capital RM'000	# Share premium RM'000	# Capital redemption reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group						
At 1 January 2017	164,386	685	1,365	637	43,691	210,764
Total comprehensive income	-	-	-	(20)	52,644	52,624
Transaction with owners						
Dividends on ordinary shares (Note 12)	-	-	-	-	(49,315)	(49,315)
Effect of Implementation of Companies Act 2016	2,050	(685)	(1,365)	-	-	-
At 31 December 2017	166,436	-	-	617	47,020	214,073
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

Under the Companies Act 2016, the amount standing in the Share Premium Account and Capital Redemption Reserve will be recognised as part of the Company's Share Capital. Pursuant to Section 618 of the Companies Act 2016, the Company may utilise the credit standing in these accounts within 24 months after the commencement of the Act.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	← Non-Distributable		→	Distributable	
	Share capital	# Share premium	# Capital redemption reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
At 1 January 2017	164,386	685	1,365	14,152	180,588
Total comprehensive income	-	-	-	42,471	42,471
Transaction with owners					
Dividends on ordinary shares (Note 12)	-	-	-	(49,315)	(49,315)
Effect of Implementation of Companies Act 2016	2,050	(685)	(1,365)	-	-
At 31 December 2017	166,436	-	-	7,308	173,744
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

Under the Companies Act 2016, the amount standing in the Share Premium Account and Capital Redemption Reserve will be recognised as part of the Company's Share Capital. Pursuant to Section 618 of the Companies Act 2016, the Company may utilise the credit standing in these accounts within 24 months after the commencement of the Act.

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 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from operating activities				
Profit before tax	70,501	73,008	43,349	52,081
Adjustments for:				
Property, plant and equipment				
- depreciation	6,849	6,531	-	-
- gain on disposals	(518)	(94)	-	-
- written off	15	957	-	-
Interest income	(5,369)	(7,030)	(3,295)	(3,432)
Dividend income	-	-	(41,179)	(49,699)
Net impairment loss on trade receivables	24	260	-	-
Allowance/(reversal) for inventory obsolescence	3,118	(202)	-	-
Inventories written-off	436	325	-	-
Unrealised foreign exchange loss/(gain)	2,084	(2,079)	-	-
Operating profit/(loss) before working capital changes	77,140	71,676	(1,125)	(1,050)
Decrease/(increase) in receivables	3,355	1,183	65	(5)
Increase in inventories	(34,820)	(11,114)	-	-
(Decrease)/Increase in payables	(37,988)	13,229	67	24
Cash generated from/(used in) operations	7,687	74,974	(993)	(1,031)
Tax paid	(23,737)	(24,071)	(777)	(1,047)
Net cash (used in)/generated from operating activities	(16,050)	50,903	(1,770)	(2,078)
Cash flows from investing activities				
Purchase of property, plant and equipment (Note A)	(2,362)	(5,488)	-	-
Proceeds from disposals of property, plant and equipment	718	105	-	-
Dividend received	-	-	41,179	49,699
Interest received	5,369	7,030	3,295	3,432
Net cash generated from investing activities	3,725	1,647	44,474	53,131

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from financing activities				
Dividends paid	(49,315)	(49,315)	(49,315)	(49,315)
Repayment from related companies	25,861	16,329	-	-
Payment made on behalf by/(repayment to) penultimate holding company	540	(3,452)	-	-
Net cash used in financing activities	(22,914)	(36,438)	(49,315)	(49,315)
Net (decrease)/increase in cash and cash equivalents	(35,239)	16,112	(6,611)	1,738
Effects of foreign exchange rate changes	(1,910)	1,966	-	-
Cash and cash equivalents at beginning of year	200,551	182,473	94,593	92,855
Cash and cash equivalents at end of year (Note 19)	163,402	200,551	87,982	94,593
Note A:				
Purchase of property, plant and equipment during the year by way of:-				
Cash	2,362	5,488	-	-
Other payables	1,209	1,969	-	-
	3,571	7,457	-	-

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 2017

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 the 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 2017 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 February 2018.

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, 2016 in Malaysia. These financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

On 15 September 2016, the Companies Act 2016 ("New Act") was enacted and it replaces the Companies Act, 1965 in Malaysia with effect from 31 January 2017. The key changes of the New Act are disclosed in Note 2.23.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Standards and Interpretations issued and adopted

On 1 January 2017, 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 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

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

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 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 128 Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014–2016 Cycle)	1 January 2018
Annual Improvements to MFRS Standards 2015-2017 Cycle:	
- Amendments to MFRS 3	1 January 2019
- Amendments to MFRS 11	1 January 2019
- Amendments to MFRS 112	1 January 2019
- Amendments to MFRS 123	1 January 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

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 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. The Group performs assessment on these three aspects of this standard. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts the standard. Overall, the Group expects no significant impact on its statement of financial position and retained earning as at 31 December 2017.

(a) Classification and Measurement

The Group does not believe that the new classification requirement will have a significant impact on its accounting for its trade and other receivables.

(b) Impairment

Under MFRS 9, the Group is required to record expected credit loss on its trade and other receivables, either on a 12-month or lifetime basis. The Group will apply simplified approach and record lifetime expected losses on its trade receivables.

The trade receivables mainly consist of outstanding balance due from the customers which is repayable by way of monthly instalments within 90 days. These customers are subject to stringent credit review and approval before being granted the facility. When there is any default on the instalment payment, the Group is authorised to deduct the amount from the performance bonus due to the customers to recover the debts. Currently, the Group is assessing the impairment loss on trade receivables based on a provision matrix. As MFRS 9 allows for a provision matrix to be used for recognising the expected credit loss, the Group shall continue using the existing provision matrix for the estimation. The Group does not believe that this impairment requirement will have a significant impact on its allowance of loss.

(c) Hedge Accounting

Under MFRS 9, hedge accounting continues to be optional. The Group will continue not to apply hedge accounting.

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 MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standard Issued but not yet effective (Cont'd.)

MFRS 15 Revenue from Contracts with Customers (Cont'd.)

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. For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the entity satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability. Revenue is measured at the fair value of consideration received or receivable.

The Group plans to adopt MFRS 15 on the required effective date using modified retrospective method. The comparative figures will not be restated and that additional clarifying disclosure will be presented in the financial statements of financial year 2018.

The Group has initiated the assessment since 2016 and completes its brief overview of assessment in 2017. The main aspects of the impact assessment are as follows:-

(a) Sales of goods

Currently, the 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.

Under MFRS 15, revenue will be recognised when a customer obtains control of the goods. The overall revenue recognition requirements are captured in the steps of the five-step method.

The Group has reviewed its business manual and all other relevant documents to determine the existence of contracts and whether Amway Business Owners (ABOs) are considered as the customers of the Group. It is concluded that all the criteria to qualify as a contract under MFRS 15 are met.

The Group has assessed its sale of goods transactions and reviewed its marketing and promotional campaign to identify the performance obligation. The Group regards most of the sales transactions consists of a single performance obligation to transfer promised goods. This includes the Purchase With Purchase (PWP) and Gift With Purchase (GWP) promotion sales. The Group views these transactions having the same characteristic of bundled sales.

As the sales transactions are expected to be the only performance obligation, the Group is not required to determine the allocation of the transaction price. The Group expects the revenue recognition to occur at a point in time when the customers take control of the goods, generally on delivery of the goods. As such, the Group does not anticipate material differences in the timing of revenue recognition for these sales.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standard Issued but not yet effective (Cont'd.)

MFRS 15 Revenue from Contracts with Customers (Cont'd.)

(a) Sales of goods (Cont'd.)

Under MFRS 15, the Group must determine whether there is a significant financing component in its contracts. The Group evaluates and concludes that there is no element of financing present as the Group's sale of goods are either on cash terms; or on credit terms of up to 90 days.

In preparing to adopt MFRS 15, the Group is considering the followings:

(i) Variable consideration

The contracts with customers provide a right of return and performance incentives. Currently, the Group accounts for the right of return upon realisation. Under MFRS 15, because the contract allows the customer to return the goods, the consideration received from the customer is variable. The Group has decided to use the expected value method to estimate the goods that will be returned because this method better predicts the amount of variable consideration to which the Group will be entitled.

The Group is highly dependent on its series of complex information systems to process the high volume of daily transactions for reporting and data analysis. The Group is in the midst of refining its data analysis process to better estimate the amount of this variable consideration. Upon the adoption of MFRS 15, the estimated goods returned amount will be adjusted to the revenue and a related adjustment will be made against cost of sales. The refund liabilities and rights to recover the goods from customer will be presented separately in the statement of financial position.

Currently, the Group classified performance incentives paid to its customers in its Cost of Sales. Under MFRS 15, the Group is required to determine whether the consideration paid or payable to its customers is a payment for a distinct goods or services, a reduction of the transaction price or a combination of both. For the payment to the customers to be treated as something other than a reduction of transaction price, the goods or services provided by the customers must be distinct.

The performance incentives paid or payable to the customers are broadly categorised into two types ie. group effort related incentives and personal incentives on volume purchase. The Group has carefully evaluated these two performance incentives and concludes that personal incentives on volume purchase is a reduction of transaction price, whilst group effort related incentives is a consideration paid to or payable to customers for the provision of distinct services.

Due to the Group's unique nature of sales and marketing plan, the percentage applied to derive the personal incentives on volume purchase is determined by the total purchases made by the customers and their downline and the existing information system was previously designed to cater for this unique requirement. The Group opines that the incremental percentage relates to the purchases made by the downline of the customers shall be excluded from the personal incentives to determine the reduction of transaction price. The Group is in the midst of refining its data analysis process to derive the quantum to be considered as reduction of transaction price. However, this reclassification will not have any impact on the retained earnings as at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standard Issued but not yet effective (Cont'd.)

MFRS 15 Revenue from Contracts with Customers (Cont'd.)

(a) Sales of goods (Cont'd.)

(ii) Warranty obligations

The Group generally provides for standard warranties for certain goods and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under MFRS 15, which will continue to be accounted for under MFRS 37 as referred to in Note 2.9.

(b) Revenue from sign up and renewals

The Group receives sign up and renewal fees from customers. This revenue is currently recognised upon collection of such fees.

Under MFRS 15, the Group has performed the five steps model to establish the revenue recognition of these fees. The Group has reviewed its business manual and all other relevant documents to determine the existence of contracts and whether ABOs are considered as the customers of the Group. It is concluded that all the criteria to qualify as a contract under MFRS 15 are met. The Group has also identified these service transactions consists of a single performance obligation to transfer the support services. Therefore, no allocation of transaction price is required.

Under MFRS 15, the Group is required to determine whether the performance obligation is satisfied at a point in time or over time. The Group has carefully evaluated this and concludes that this performance obligation is satisfied over time, hence the revenue will be recognised over time. Based on the overall assessment, the Group anticipates a reduction of revenue due to the deferment of revenue over time. This reduction of revenue will be adjusted against its retained earnings as at 31 December 2017.

This revenue does not form significant portion of the Group's revenue and the Group does not foresee material impact on its revenue. As the Group elects to use modified retrospective method, the Group needs to identify the contracts open as at the date of initial application in order to determine the adjustment amount. The Group is in the midst of refining its data analysis process to retrieve the detailed information to determine the adjustment amount. The adjustment amount and additional clarifying disclosure will be presented in the financial statements of financial year 2018.

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases sets out the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. The impact of the new MFRSs, amendments and improvements to published standard on the financial statement of the Group and of the Company are currently being assessed by management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (Cont'd.)

(a) Business combinations

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

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

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

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

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

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Property, plant and equipment and depreciation (Cont'd.)

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

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

2.7 Inventories

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

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

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

2.8 Leases

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

As lessee

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Income taxes (Cont'd.)

(b) Deferred tax (Cont'd.)

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

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

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

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

2.11 Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- when receivables and payables are stated with the amount of GST included.

The net amount of GST being the difference output and input of GST, payable to or receivable from taxation authority at the reporting date, is included in payables or receivables in the statements of financial position.

2.12 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Revenue recognition (Cont'd.)

(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.

2.13 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).

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Foreign currencies (Cont'd.)

(b) Foreign operation (Cont'd.)

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

	2017 RM	2016 RM
United States Dollar	4.04	4.48
Singapore Dollar	3.03	3.10
Brunei Dollar	3.02	3.10

2.14 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Financial assets (Cont'd.)

Loans and receivables (Cont'd.)

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.

2.17 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.

2.18 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 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 receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

2.20 Fair Value Measurement

The Group measures financial instruments, such as, derivatives financial assets, if any, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Fair Value Measurement (Cont'd.)

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.

2.21 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Current and non-current classification

The Groups presents assets and liabilities in statement 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.

2.23 Companies Act 2016 (the "New Act")

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and the Company upon the commencement of the New Act on 31 January 2017 are:

- the removal of authorised share capital;
- the ordinary shares of the Company will cease to have par or nominal value; and
- the Company's share premium and capital redemption reserve will become part of the share capital.

The adoption of the New Act has no financial impact on the Group and the Company for the current financial year ended 31 December 2017. The effect of adoption is mainly on the disclosures to the financial statements of the Group and of the Company.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

(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 crystalise. 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 the 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.

4. REVENUE

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Sales of consumer products	984,214	1,087,501	-	-
Dividends	-	-	41,179	49,699
	984,214	1,087,501	41,179	49,699

5. COST OF SALES

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6. OTHER INCOME

Included in other income are the following:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Interest income on deposits with licensed bank and licensed financial institutions	5,369	7,030	3,295	3,432
Net unrealised gain on foreign exchange	-	2,079	-	-
Realised foreign exchange gain	222	-	-	-
Gain on disposal of property, plant and equipment	518	94	-	-

7. PROFIT BEFORE TAX

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Employee benefits expense (Note 8)	41,232	50,163	-	-
Executive directors' remuneration	5,920	1,440	-	-
Non-executive directors' remuneration including benefits-in-kind	693	460	421	420
Auditors' remuneration				
- statutory	232	185	37	36
- other services	81	11	11	11
Allowance/(reversal) of inventory obsolescence	3,118	(202)	-	-
Inventories written off	436	325	-	-
Rental of premises	3,227	3,218	-	-
Net unrealised loss on foreign exchange	2,084	-	-	-
Net realised loss on foreign exchange	-	704	-	-
Property, plant and equipment				
- depreciation (Note 13)	6,849	6,531	-	-
- Gain on disposal	(518)	(94)	-	-
- written off	15	957	-	-
Net impairment loss on trade receivables (Note 18)	24	260	-	-
Support charges received/receivable from related companies	(502)	(9,231)	-	-
Support charges paid/payable to related companies	38,959	36,155	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2017 RM'000	2016 RM'000
Wages, salaries and bonus	30,534	36,827
Defined contribution plan	3,931	5,041
Social security contributions	312	243
Other benefits	6,455	8,052
	41,232	50,163

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM5,920,000 (2016: RM1,440,000) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive directors' remuneration (Note 8):				
- Other emoluments	5,920	1,440	-	-
Non-executive directors' remuneration				
- Fees	398	394	398	394
- Other emoluments	21	23	21	23
	419	417	419	417
Total directors' remuneration	6,339	1,857	419	417
Estimated monetary value of benefits-in-kind	274	43	2	3
Total directors' remuneration including benefits-in-kind	6,613	1,900	421	420

9. DIRECTORS' REMUNERATION (CONT'D.)

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive:				
- Salaries and other emoluments	3,671	714	-	-
- Bonus	1,970	380	-	-
- Defined contribution plan	225	181	-	-
- Allowances	54	165	-	-
- Estimated monetary value of benefits-in-kind	272	40	-	-
	6,192	1,480	-	-
Non-Executive:				
- Fees	398	394	398	394
- Allowances	21	23	21	23
- Estimated monetary value of benefits-in-kind	2	3	2	3
	6,613	1,900	421	420

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	
	2017	2016
Executive directors:		
RM100,001 - RM150,000	-	1
RM1,350,001 - RM1,400,000	-	1
RM2,950,001 - RM3,000,000	1	-
RM3,200,001 - RM3,250,000	1	-
Non-executive directors:		
RM0 - RM50,000	2	2
RM50,001 - RM100,000	4	4
RM100,001 - RM150,000	1	1
	9	9

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

10. INCOME TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense:				
- Malaysian income tax	9,278	24,141	878	816
- Foreign tax	121	(83)	-	-
	9,399	24,058	878	816
(Over)/under provision in prior years				
- Malaysian income tax	(663)	(1,240)	-	(3)
- Foreign tax	3	-	-	-
	(660)	(1,240)	-	(3)
	8,739	22,818	878	813
Deferred tax (Note 16):				
- Relating to origination and reversal of temporary differences	9,118	(4,855)	-	-
- Under provision in prior year	-	396	-	-
	9,118	(4,459)	-	-
Total income tax expense	17,857	18,359	878	813

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction. Companies in Brunei are taxed where for the first BND100,000 of the chargeable income, only 25% is taxable, the next BND150,000 only 50% is taxable and 100% is taxable for any remaining balance. The income tax rate applicable to companies in Brunei is 18.5% (2016: 18.5%).

10. INCOME TAX EXPENSE (CONT'D.)

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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Profit before tax	70,501	73,008	43,349	52,081
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	16,920	17,522	10,404	12,499
Effect of difference in tax rate and tax structure in other jurisdiction	(84)	(164)	-	-
Income not subject to tax	-	-	(9,883)	(11,928)
Expenses not deductible for tax purposes	1,681	1,845	357	245
Under provision of deferred tax in prior year	-	396	-	-
Over provision of tax expense in prior years	(660)	(1,240)	-	(3)
Income tax expense	17,857	18,359	878	813

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	
	2017	**2016**
Profit attributable to ordinary equity holders of the Company (RM'000)	52,644	54,649
Weighted average number of ordinary shares in issue (number '000)	164,386	164,386
Basic earnings (sen per share)	32.02	33.24

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 2017

12. DIVIDENDS ON ORDINARY SHARES

	Sen per share	Total amount RM'000	Date of payment
Recognised in the financial year ended 31 December 2017			
Interim tax exempt (single-tier):			
Fourth interim 2016	5.00	8,219	22 March 2017
Special interim 2016	10.00	16,439	22 March 2017
First interim 2017	5.00	8,219	15 June 2017
Second interim 2017	5.00	8,219	27 September 2017
Third interim 2017	5.00	8,219	20 December 2017
		49,315	
Recognised in the financial year ended 31 December 2016			
Interim tax exempt (single-tier):			
Fourth interim 2015	5.00	8,219	24 March 2016
Special interim 2015	10.00	16,439	24 March 2016
First interim 2016	5.00	8,219	15 June 2016
Second interim 2016	5.00	8,219	15 September 2016
Third interim 2016	5.00	8,219	15 December 2016
		49,315	

On 26 February 2018, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2017, 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 (single-tier) dividend of 7.5 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM12,329,000.

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 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017									
Cost									
At 1 January 2017	1,420	17,356	33,291	20,425	5,448	39,249	2,370	1,969	121,528
Additions	-	-	-	251	95	712	-	2,514	3,572
Disposals	-	-	-	-	(11)	(125)	(1,092)	-	(1,228)
Write-offs	-	-	-	-	(15)	(1,034)	(444)	-	(1,493)
Reclassification	-	-	-	9	1,004	1,924	-	(2,937)	-
Effect of movements in exchange rates	-	-	-	-	12	52	-	-	64
At 31 December 2017	1,420	17,356	33,291	20,685	6,533	40,778	834	1,546	122,443
Accumulated depreciation									
At 1 January 2017	-	4,219	5,177	12,242	4,598	29,366	1,708	-	57,310
Charge for the year (Note 7)	-	540	-	2,436	705	2,911	257	-	6,849
Disposals	-	-	-	-	(2)	(109)	(917)	-	(1,028)
Write-offs	-	-	-	-	(15)	(1,020)	(443)	-	(1,478)
Effect of movements in exchange rates	-	-	-	-	9	63	-	-	72
At 31 December 2017	-	4,759	5,177	14,678	5,295	31,211	605	-	61,725
Net carrying amount	1,420	12,597	28,114	6,007	1,238	9,567	229	1,546	60,718

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

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

Included in the cost of property, plant and equipment of the Group are cost of fully depreciated property, plant and equipment which are still in use amounting to RM25,216,000 (2016: RM24,392,000).

14. INTANGIBLE ASSET

	Group	
	2017 RM'000	2016 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	
	2017 RM'000	2016 RM'000
Unquoted shares at cost	86,202	86,202

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Proportion of ownership interest 2017 %	2016 %	Principal activities
Held by the Company:			
Amway (Malaysia) Sdn. Bhd., incorporated in Malaysia	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*	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 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
At beginning of financial year	17,642	13,183	-	-
Recognised in profit or loss (Note 10)	(9,118)	4,459	-	-
At end of financial year	8,524	17,642	-	-
Presented after appropriate offsetting as follows:				
Deferred tax asset	8,545	17,653	-	-
Deferred tax liability	(21)	(11)	-	-
	8,524	17,642	-	-

16. DEFERRED TAX (CONT'D.)

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

Deferred tax liabilities of the Group:

	Others RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2016	-	(5,114)	(5,114)
Recognised in profit or loss	(499)	(387)	(886)
At 31 December 2016	(499)	(5,501)	(6,000)
Less: Offset against deferred tax asset			5,989
			(11)
At 1 January 2017	(499)	(5,501)	(6,000)
Recognised in profit or loss	-	11	11
At 31 December 2017	(499)	(5,490)	(5,989)
Less: Offset against deferred tax asset			5,968
			(21)

Deferred tax assets of the Group:

	Others RM'000	Accrued expenses RM'000	Total RM'000
At 1 January 2016	-	18,297	18,297
Recognised in profit or loss	713	4,632	5,345
At 31 December 2016	713	22,929	23,642
Less: Offset against deferred tax liabilities			(5,989)
			17,653
At 1 January 2017	713	22,929	23,642
Recognised in profit or loss	(86)	(9,043)	(9,129)
At 31 December 2017	627	13,886	14,513
Less: Offset against deferred tax liabilities			(5,968)
			8,545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
Consumer products:		
At cost	125,551	94,606
At net realisable value	608	288
	126,159	94,894

During the financial year, inventories recognised as cost of sales amounted to RM492,860,000 (2016: RM520,024,000).

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables				
Third parties	2,941	4,541	-	-
Due from related companies	849	640	-	-
	3,790	5,181	-	-
Less: Allowance for impairment on amounts due from third parties	(919)	(895)	-	-
Trade receivables, net	2,871	4,286	-	-
Other receivables				
Amounts due from related companies	20,927	20,369	-	-
Sundry receivables	8,420	7,380	127	189
Deposits	1,440	1,330	4	4
Prepayments	12,441	7,422	-	3
	43,228	36,501	131	196
Total trade and other receivables	46,099	40,787	131	196
Add: Cash and cash equivalents (Note 19)	163,402	200,551	87,982	94,593
Less: Prepayments	(12,441)	(7,422)	-	(3)
Total loans and receivables	197,060	233,916	88,113	94,786

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

(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 90 (2016: 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	
	2017 RM'000	**2016 RM'000**
Neither past due nor impaired	2,871	4,286
Impaired	919	895
	3,790	5,181

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	
	2017 RM'000	**2016 RM'000**
At beginning of financial year	895	635
Charge for the year	1,305	1,586
Reversal	(1,281)	(1,326)
At end of financial year	919	895

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (Cont'd.)

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 (2016: 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 credit risks are disclosed in Note 27.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash on hand and at banks	43,685	41,763	666	293
Deposits with licensed banks	119,717	158,788	87,316	94,300
Total cash and cash equivalents	163,402	200,551	87,982	94,593

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.

20. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2017	2016	2017	2016
			RM'000	RM'000
Authorised *				
At beginning/end of financial year	-	250,000	-	250,000
Issued and fully paid				
Share Capital at beginning/ end of financial year	164,386	164,386	164,386	164,386
Share Premium #	-	-	685	-
Capital Redemption Reserve #	-	-	1,365	-
	164,386	164,386	166,436	164,386

* The Companies Act 2016 which came into effect on 31 January 2017 has abolished the concept of Authorised Share Capital.

Under the Companies Act 2016, the amount standing in the Share Premium Account and Capital Redemption Reserve will be recognised as part of the Company's Share Capital. Pursuant to Section 618 of the Companies Act 2016, the Company may utilise the credit standing in these accounts within 24 months after the commencement of the Act.

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 2017 without any restrictions.

NOTES TO THE FINANCIAL STATEMENTS

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22. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables				
Third parties	34,871	43,457	-	-
Due to related companies	71,174	30,635	-	-
	106,045	74,092	-	-
Other payables				
Amounts due to:				
- Penultimate holding company	580	39	-	-
- Related companies	1,820	6,230	10	-
Sundry payables	8,951	10,265	-	36
Accruals	77,865	114,060	460	367
	89,216	130,594	470	403
Total financial liabilities carried at amortised cost	195,261	204,686	470	403

(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 (2016: 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 (2016: 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 (2016: 90) days from the date of invoice. These amounts are to be settled in cash.

(d) Accruals

Accruals amounting to RM62,512,000 (2016: RM95,536,000) are in respect of distributors' bonuses, seminars and other expenses.

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

There is no capital commitments as at 31 December 2017.

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	
	2017 RM'000	**2016 RM'000**
Future minimum rentals payments:		
Not later than 1 year	2,718	2,265
Later than 1 year and not later than 5 years	1,710	1,801
	4,428	4,066

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

NOTES TO THE FINANCIAL STATEMENTS

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25. OPERATING LEASE ARRANGEMENTS (CONT'D.)

The Group as lessee (Cont'd.)

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-Two (22) leases	- renew the lease for a period of thirty six (36) months by notifying the lessor in writing at least three (3) months before expiry.
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 one month's written notice.

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	
	2017 RM'000	2016 RM'000
Sales of goods and services:		
Amway (Singapore) Pte. Ltd. - (i)	(441)	(1,077)
Purchases:		
Access Business Group International L.L.C. (i)	368,736	383,329
Support charges:		
Alticor Inc. (ii)	11,359	13,698
Amway International Inc. (iii)	3,442	2,862
Merchandising Productions Inc (i)	6	116
Amway Vietnam Co. Ltd. (i)	-	(1,873)
Amway (Singapore) Pte. Ltd. (i)	(502)	(1,551)
P.T. Amway Indonesia (i)	-	(1,184)
Amway Philippines L.L.C. (i)	-	(816)
Amway (Thailand) Ltd. (i)	-	(2,898)
Amway of Australia (i)	-	(909)
Amway Business Services Asia Pacific Sdn. Bhd. (i)	24,152	19,479
Royalties paid:		
Access Business Group International L.L.C. (i)	3,177	2,464

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

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 2017 are disclosed in Notes 18 and 22.

The nature of the related party relationships are as follows:

(i) entities within the Alticor Global Holdings Inc.;
(ii) penultimate holding company;
(iii) intermediate holding company.

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

	Group	
	2017 RM'000	2016 RM'000
Short-term employee benefits	7,139	5,172
Post-employment benefits:		
- Defined contribution plan	475	537
- Allowances	321	411
	7,935	6,120
Included in the remuneration of key management personnel are:		
- Executive directors' remuneration (Note 9)	5,920	1,440

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 its cost-efficient. The Group and the Company do not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. FINANCIAL INSTRUMENTS (CONT'D.)

(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 2017		
Group		
Deposits with licensed banks	4.09	119,717
Company		
Deposits with licensed banks	3.66	87,316
At 31 December 2016		
Group		
Deposits with licensed banks	4.00	158,788
Company		
Deposits with licensed banks	3.68	94,300

(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").

27. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Foreign currency risk (Cont'd.)

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

	Group	
	2017 RM'000	2016 RM'000
Due from related companies		
Singapore Dollar	849	640
United States Dollar	19	29
Due to related companies		
Singapore Dollar	-	3
United States Dollar	574	40

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. FINANCIAL INSTRUMENTS (CONT'D.)

(e) Credit risk (Cont'd.)

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.

(f) Fair values

The Group and the Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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 2017 and 31 December 2016.

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 shareholders' 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 2017 and 31 December 2016.

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

PARTICULARS OF PROPERTIES

AS AT 31 DECEMBER 2017

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	8	23,517	9 March 2006
26 & 26A, Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan	7,934	Office, Warehouse and Shop	Leasehold expiring 26 March 2069	8	22,387	19 November 2004
1, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai Johor Darul Takzim	3,841	Office, Warehouse and Shop	Freehold	17	2,189	6 March 2000
10, Lorong Nagasari 4 Taman Nagasari 13600 Prai Penang	975	Warehouse	Freehold	26	407	19 June 1991

GROUP'S PHYSICAL PRESENCE

AS AT 31 DECEMBER 2017

CORPORATE HEADQUARTERS

- Van Andel & DeVos Training Centre
- Product Pavilion
- One-stop Customer Service Centre
- Brand Experience Centre
- Warehouse & Logistic Facility
- Office Block

28, Jalan 223, 46100 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7946 2800
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
No. 4 & 6 (Ground Floor)
Jalan Kasuarina 11, 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 (Ground & 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 Adruce
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
9 & 10, Persiaran Karpal Singh 2
11600 Jelutong, 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 22nd Annual General Meeting held on 17 May 2017, 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 2017 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")	3,177	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	368,736	Purchase of consumer products from ABGIL
Alticor and Amway International	AMSB and ABSB	AGH, SHI, Amway Nederland and GDA	14,807	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	441 502	a) Sale of products to Amway (S); and b) 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	24,152	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. 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 a wholly owned subsidiary of GDA.
6. 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 **23rd 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, 16 May 2018 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 2017 together with the Directors' and the Auditors' Reports thereon. **(Please refer to Note 1 of the Explanatory Notes)**

2. To re-elect Mr Scott Russell Balfour 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 En Mohammad Bin Hussin who is retiring pursuant to Article 87.1 of the Company's Constitution. **Ordinary Resolution 2**

4. To re-elect Dato' Abdullah Thalith Bin Md Thani who is retiring pursuant to Article 87.1 of the Company's Constitution. **Ordinary Resolution 3**

5. To approve the Directors' fees and benefits of up to RM522,000.00 for the financial year ending 31 December 2018 (2017: fees of up to RM425,000.00). **Ordinary Resolution 4**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

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

7. Authority for Dato' Ab. Halim Bin Mohyiddin to continue in office as Independent Non-Executive Director **Ordinary Resolution 6**

   "THAT authority be and is hereby given to Dato' Ab. Halim Bin Mohyiddin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve 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."

NOTICE OF ANNUAL GENERAL MEETING

8. Authority for Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham to continue in office as Independent Non-Executive Director **Ordinary Resolution 7**

"THAT authority be and is hereby given to Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve 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."

9. 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)"); and **Ordinary Resolution 8**

Proposed New Shareholders' Mandate for a Recurrent Related Party Transaction of a Revenue or Trading Nature with Amway IT Services Sdn. Bhd. ("Amway IT")

(collectively referred to as the "Proposed Shareholders' Mandate")

"THAT approval be and is hereby given for the Company and/or its subsidiaries ("Group") to enter into recurrent transactions of a revenue or trading nature with ABGIL, ABSAP, Alticor, Amway International, Amway (S) and Amway IT as set out in Section 2.4 of the Circular to shareholders dated 16 April 2018, which are subject to the approval of the Proposed 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,

NOTICE OF ANNUAL GENERAL MEETING

whichever is the earlier AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including, without limitation, to execute all such documents and to assent to any conditions, variations and/or amendments) in the interest of the Company to give effect to the aforesaid shareholders' mandate,

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

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

10. To transact any other business of which due notice is given in accordance with the Companies Act 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 16 April 2018

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.

NOTICE OF ANNUAL GENERAL MEETING

6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 9 May 2018 (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.

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 Scott Russell Balfour, En Mohammad Bin Hussin and Dato' Abdullah Thalith Bin Md Thani are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 23rd 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 Dato' Abdullah Thalith Bin Md Thani's independence and is satisfied that he has complied with the criteria prescribed by the MMLR and Malaysian Code on Corporate Governance.

3. 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 23rd Annual General Meeting are disclosed in the Corporate Governance Overview Statement of this Annual Report.

Explanatory Notes on Special Business

1. Ordinary Resolution 6

   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 twelve 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 twelve 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.

   Pursuant to the Malaysian Code on Corporate Governance, the Company would use two-tier voting process in seeking annual shareholders' approval to retain an Independent Director beyond twelve years. The Board received performance evaluation of him and was found to be effective in his role and he has given time commitment to attend the Company's Board meetings and performance duties. The Board recommends you to support the resolution for the Director to continue office.

NOTICE OF ANNUAL GENERAL MEETING

2. Ordinary Resolution 7

   The Board has via the Nominating Committee conducted an annual performance evaluation and assessment of Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve 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.

   Pursuant to the Malaysian Code on Corporate Governance, the Company would use two-tier voting process in seeking annual shareholders' approval to retain an Independent Director beyond twelve years. The Board received performance evaluation of him and was found to be effective in his role and he has given time commitment to attend the Company's Board meetings and performance duties. The Board recommends you to support the resolution for the Director to continue office.

3. Ordinary Resolution 8

   This Resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with ABGIL, ABSAP, Alticor, Amway International, Amway (S) and Amway IT 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 16 April 2018 for further details.

STATEMENT ACCOMPANYING NOTICE OF THE 23RD ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

There are no individuals standing for election/appointment as Directors at the 23rd Annual General Meeting.

The Directors who are standing for re-election are Mr Scott Russell Balfour, En Mohammad Bin Hussin and Dato' Abdullah Thalith Bin Md Thani, whose profile can be found on pages 49, 51 and 53 respectively of the 2017 Annual Report.

ANALYSIS OF SHAREHOLDINGS

AS AT 13 MARCH 2018

Issued Share Capital	:	164,385,645
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	335	7.05	7,388	0.01
100 - 1,000	1,929	40.58	1,351,923	0.82
1,001 - 10,000	2,225	46.80	7,353,032	4.47
10,001 - 100,000	239	5.03	5,737,086	3.49
100,001 - 8,219,281	22	0.46	17,927,600	10.91
8,219,282 and above	4	0.08	132,008,616	80.30
Total	4,754	100.00	164,385,645	100.00

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

	Direct		Indirect	
Name of Shareholders	No. of Shares held	%	No. of Shares held	%
GDA B.V. ("GDA")	84,990,283	51.70	-	-
Amway Nederland Ltd. ("Amway Nederland")	-	-	*i 84,990,283	51.70
Amway International Inc. ("Amway International")	-	-	*ii 84,990,283	51.70
Alticor Inc. ("Alticor")	-	-	*iii 84,990,283	51.70
Solstice Holdings Inc. ("SHI")	-	-	*iv 84,990,283	51.70
Alticor Global Holdings Inc. ("AGH") *vi	-	-	*v 84,990,283	51.70
Amanahraya Trustees Berhad - Amanah Saham Bumiputera	21,475,200	13.06	-	-
Kumpulan Wang Persaraan (Diperbadankan)	15,315,200	9.32	573,100	0.35
Employees Provident Fund Board	10,695,533	6.51	-	-

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 13 MARCH 2018

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	-	-
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 13 MARCH 2018

THIRTY LARGEST 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)	15,315,200	9.32
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	10,227,933	6.22
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	1,647,500	1.00
8.	CIMB Commerce Trustee Berhad - Public Focus Select Fund	940,000	0.57
9.	Amanahraya Trustees Berhad - AS 1Malaysia	624,100	0.38
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	548,600	0.33
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (F Templeton)	437,000	0.27
12.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lee Sey Liang (KLC/KEN)	343,700	0.21
13.	Amanahraya Trustees Berhad - Amanah Saham Gemilang for Amanah Saham Kesihatan	322,300	0.20
14.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Small Cap Series	294,000	0.18
15.	Lembaga Tabung Haji	204,000	0.12
16.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chew Er Hong (E-KPG)	183,500	0.11
17.	Chua Soon Gin	174,600	0.11
18.	Ajeet Kaur A/P Inder Singh	128,700	0.08
19.	Mehar Singh @ Mehar Singh Gill	127,000	0.08
20.	Boh Plantations Sdn Berhad	122,500	0.07
21.	New Tong Fong Plywood Sdn. Bhd.	120,000	0.07
22.	Amanahraya Trustees Berhad - ARB for Yayasan Tun Ismail Mohamed Ali (Berdaftar)	119,000	0.07
23	Teo Chiang Hong	116,000	0.07
24.	Yeoh Saik Khoo Sendirian Berhad	114,500	0.07
25.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	109,600	0.07
26.	Lim Ng Kiat	101,000	0.06
27.	Khoo Loon See	90,000	0.05
28.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Maybank Kim Eng Securities Pte Ltd for Lee Chea Siang	83,333	0.05
29.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Yim Poh Heong	75,200	0.05
30.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Exempt AN for Kumpulan Sentiasa Cemerlang Sdn. Bhd. (TSTAC/CLNT)	70,000	0.04
		150,254,749	91.40

INFORMATION FOR SHAREHOLDERS

ON 23RD ANNUAL GENERAL MEETING

Date:	Wednesday, 16 May 2018
Time:	9.30 a.m.
Venue:	Van Andel & DeVos Training Centre Amway (Malaysia) Sdn. Bhd. 1st Floor, 28, Jalan 223, 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia

REGISTRATION

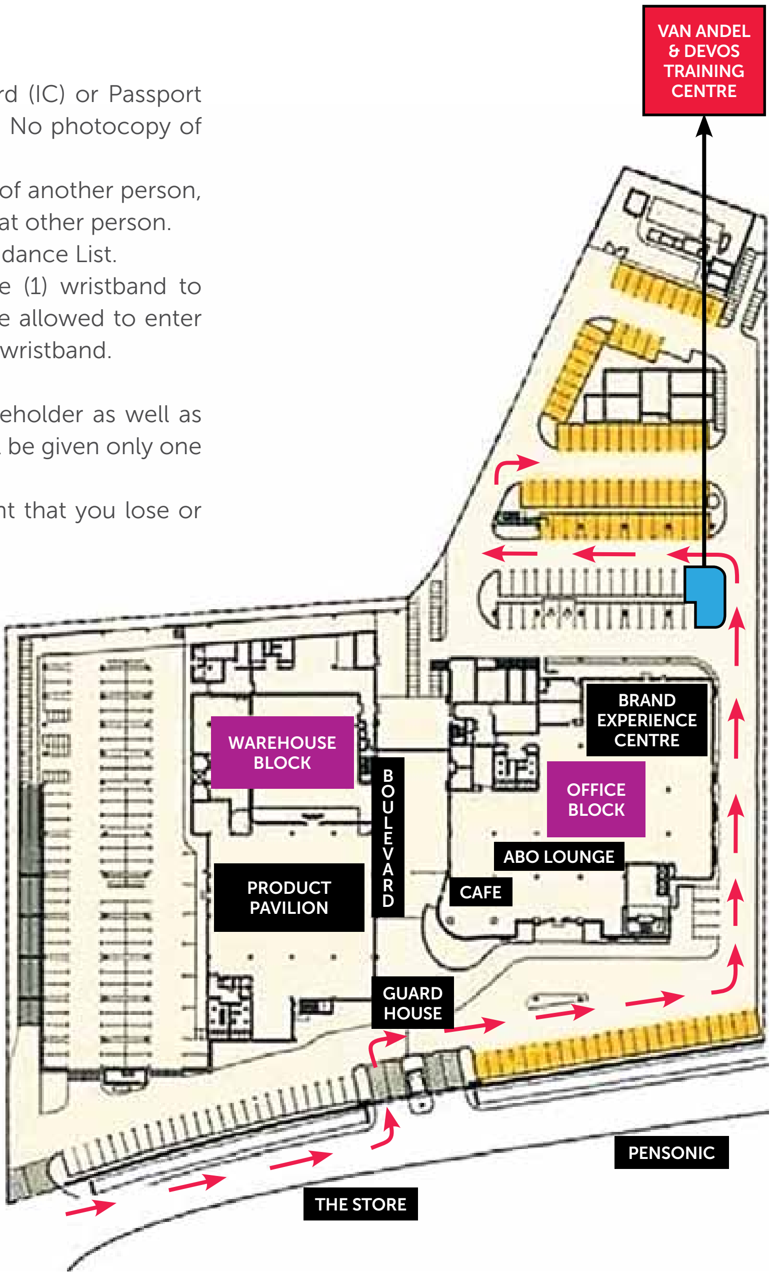
1. Registration will start at 8.30 a.m.
2. Please produce your original Identity Card (IC) or Passport (applicable for foreigners) for verification. No photocopy of IC or Passport will be accepted.
3. You are not allowed to register on behalf of another person, even with the original IC or Passport of 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.



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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 *(in Block and as per NRIC/Passport)*	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name *(in Block and as per NRIC/Passport)*	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 23rd 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, 16 May 2018 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. Scott Russell Balfour as Director		
2	Re-election of En Mohammad Bin Hussin as Director		
3	Re-election of Dato' Abdullah Thalith Bin Md Thani as Director		
4	Approval of Directors' fees and benefits for the financial year ending 31 December 2018		
5	Re-appointment of Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration		
6	Authority for Dato' Ab. Halim Bin Mohyiddin to continue in office as Independent Non-Executive Director		
7	Authority for Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham to continue in office as Independent Non-Executive Director		
8	Proposed New Shareholders' Mandate and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

[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 ______________ 2018

____
Signature of Shareholder/Common Seal

NOTES:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, vote and speak in his/her stead. A proxy may but need not be a member of the Company.
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 2018 (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, all resolutions set out in the Notice of the 23rd 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 2800
Fax : 03-7946 2399

www.amway.my

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

Dear Shareholders

RE: ERRATA TO THE NOTICE OF 23RD ANNUAL GENERAL MEETING ("AGM") AND PROXY FORM

In view that the 14th General Election will be held on 9 May 2018, please take note of the following amendments made to the Notice of 23rd AGM and Proxy Form in the Annual Report 2017:

A. Note 6 of the Notes on the appointment of Proxy in the Notice of 23rd AGM

*In respect of deposited securities, only members whose names appear on the Record of Depositors on **8 May 2018** (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.*

B. Note 6 in the Proxy Form

*In respect of deposited securities, only members whose names appear on the Record of Depositors on **8 May 2018** (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.*

Yours faithfully
For and on behalf of the Board

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

Dated this 16 April 2018