Anything is possible

Annual Report 2018

Amway™

Anything is possible

For over four decades, we have been developing in tandem with the changing times to establish the Amway brand as a market leader in the direct selling business. Our adaptation to the digital world enables our Amway Business Owners ("ABOs") to fully harness the power of eCommerce to drive their businesses forward, and inspire us to reach greater heights.

Today, the Group, together with our ABOs, are digitally transforming Amway to help our ABOs grow and build young leaders, thereby ensuring mutual growth and sustainable long-term success, as well as helping people live better lives.

For more information, visit our website

www.amway.my

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24th ANNUAL GENERAL MEETING

VENUE : Van Andel & DeVos Training Centre, Amway (Malaysia) Sdn. Bhd.

TIME : 9.30 a.m.

DATE : 29 May 2019

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 (6) enduring values upon which the business is built. These six (6) 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 the ABOs, Management and employees.

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.

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.

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 the goals and success of Amway and its ABOs.

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.

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.

It starts with

Integrity

From the beginning, **Amway has been a company built on the integrity of our high-quality products and unparalleled support of people looking to start and build their own business**. From seed to supplement and laboratories to living rooms, we provide the opportunity for people to live better lives.

FUNDAMENTALS

At Amway, we're always looking toward the future – **embracing new ideas and generations of business owners by embracing our Founders' Fundamentals: Freedom, Family, Hope and Reward**. These fundamentals are the foundation of business, meant to guide and inspire us to continue to move forward helping people live healthier, more empowered lives.

VALUES

Amway strives to help people live healthier, more empowered lives through quality products and business ownership. As we've grown for more than five (5) decades globally, we've relied on six (6) enduring values to guide our attitudes, actions and path moving forward: Partnership, Integrity, Personal Worth, Achievement, Personal Responsibility, and Free Enterprise.

BUSINESS OWNERS

More than three (3) million people around the world earn extra income for themselves and their families as Amway Business Owners ("ABOs"). **Since 1959, Amway has paid out more bonuses and cash incentives to its business owners worldwide** than any other direct sales company in history.

EMPLOYEES

As a global company focused on people, **Amway offers rich, cross-cultural career experiences around the world**. Amway careers are diverse — from finance and farming, to technology and teaching, our work helps ABOs build better lives for themselves, their communities, and their families.

Quarterly Performance

SALES REVENUE	PROFIT BEFORE TAX	NET PROFIT
RM972.3mil*	RM70.2mil	RM54.5mil

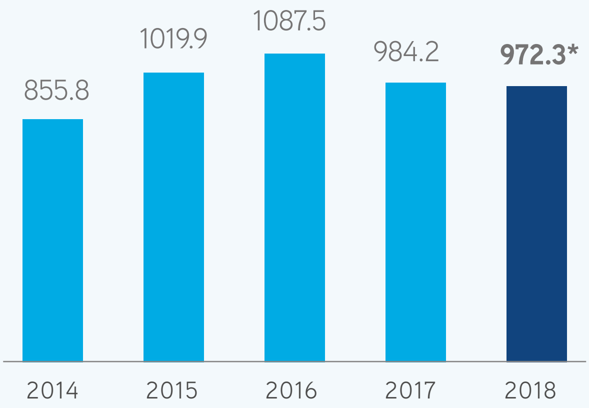
2018	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Sales Revenue (RM Million)	235.3	227.8	260.2	249.0	972.3*
Profit Before Tax (RM Million)	11.0	10.3	21.5	27.4	70.2
Net Profit (RM Million)	8.0	7.5	17.1	21.9	54.5
Net Earnings Per Share (Sen)	4.9	4.6	10.4	13.3	33.2
Net Dividend Per Share (Sen)	5.0	5.0	5.0	12.5	27.5

*Pre-MFRS 15 adjustments, sales revenue was RM996.0 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 Tax (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

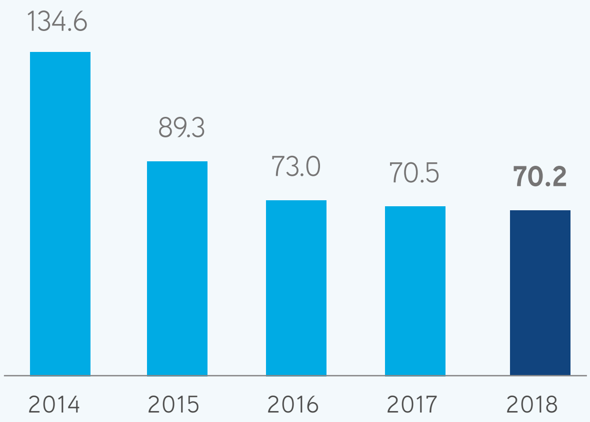
5-Year Financial Highlights

SALES REVENUE (RM Million)

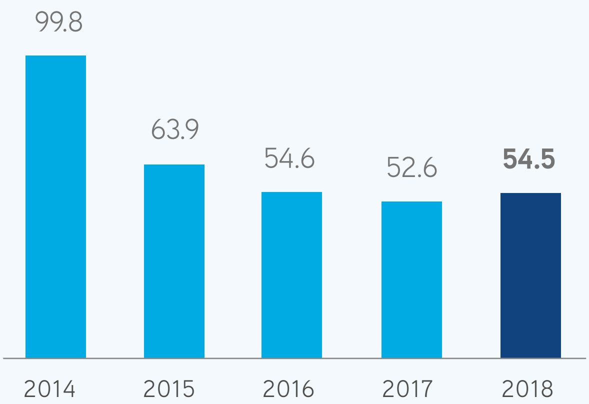


*Pre-MFRS 15 adjustments, sales revenue was RM996.0 million

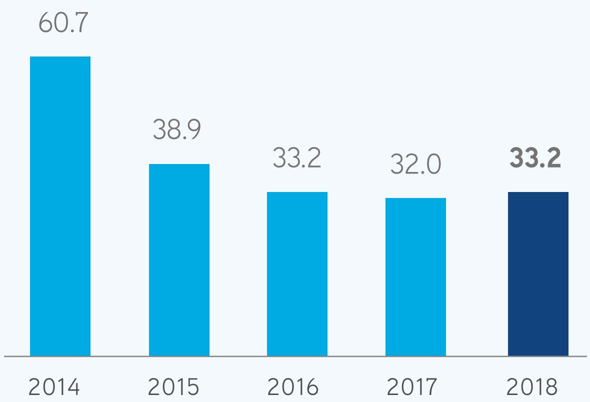
PROFIT BEFORE TAX (RM Million)



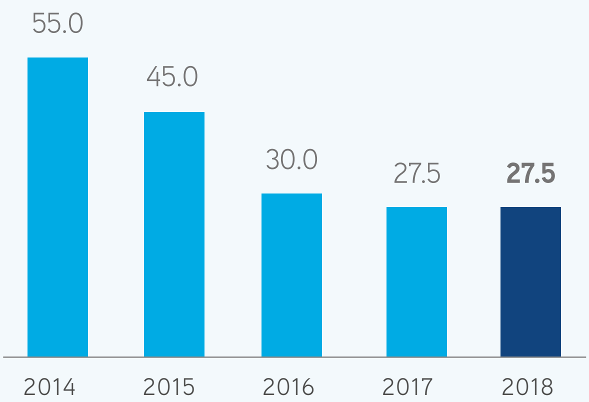
NET PROFIT (RM Million)



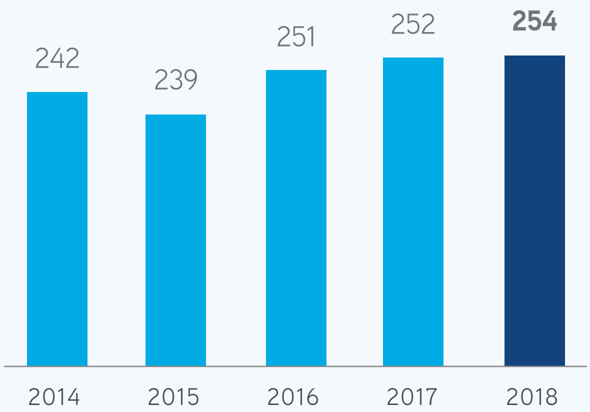
NET EARNINGS PER SHARE (Sen)



NET DIVIDEND PER SHARE (Sen)



CORE ABO FORCE ('000)



Letter to Shareholders

DEAR SHAREHOLDERS,

The Board of Directors hereby presents the Annual Report of Amway (Malaysia) Holdings Berhad ("Amway Malaysia") and audited financial statements of Amway Malaysia and its subsidiaries ("the Group") for the financial year ended 31 December 2018 ("FY2018").

OVERVIEW

FY2018 proved to be a year of tremendous challenges and changes for Malaysia. Economic expansion slowed considerably with gross domestic product ("GDP") growth at 4.7%[1], on the back of lower public investment, as well as slowing export growth.

Growth in retail spending in 2018 also continued to moderate at 3.9%[2] despite a three-month tax holiday, well below the initial estimate of 5.3%[3] , attributed to rising living costs and stagnating wages. For the sixth consecutive year, the retail industry's performance lagged behind the GDP.

Amidst this challenging operating backdrop, Amway Malaysia has continued to make headway as reflected in the many highlights achieved during the financial year.

The Group has sustained its growth momentum throughout the year, notably with a strong third quarter performance. This was realised via the Group's investment in sales and marketing programmes, and Amway Business Owner ("ABO") experience-related physical and digital infrastructure as well as by leveraging on technology to reduce operational costs and enhance our value proposition to ABOs.

Digital transformation has and will continue to be a key strategic initiative for Amway Malaysia going forward as it will enable us to continue harnessing new digital/mobile opportunities to better serve our ABOs and

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[1] The BNM Quarterly Bulletin by Bank Negara Malaysia

[2] As disclosed by Retail Group Malaysia and reported in the Malay Mail Online "2019 retail sales seen growing 4.5pc" 19 March 2019.

[3] Malaysia Retail Industry Report 2018 by Retail Group Malaysia

"Our efforts have yielded results in FY2018 as is evident by the expansion of our CAF, which stands at more than 254,000 – with notable growth especially among ABOs who are under 35 years of age and the Bumiputera segment."

improve our ability to attract, retain and expand our more than 254,000 strong Core ABO Force ("CAF").

In FY2018, sales revenue grew by 1.2% to RM996.0 million (FY2017: RM984.2 million), excluding the impact arising from the adoption of Malaysian Financial Reporting Standard 15 ("MFRS 15") for the annual period beginning on or after 1 January 2018 using the modified retrospective method, and the comparative figures were not restated. Under MFRS 15, sales revenue was marginally lower year-on-year ("y-o-y") by 1.2%.

For a more comprehensive review of the Group's financial results, please refer to the Management Discussion and Analysis section of this Annual Report.

For FY2018, 27.5 sen net dividend per share was declared. We have paid out a total of RM45.2 million in dividends, which is equivalent to 83% of our earnings in FY2018.

BUSINESS HIGHLIGHTS

Despite stiff competition, we draw encouragement in continuing to be a highly regarded brand among Malaysians. This is a noteworthy achievement given the increasing competition we face from existing players and new entrants across many product categories.

Given the smaller growth in consumer spending, the ability of the Group to defend its position is a reflection of the strong brand equity we have cultivated in Malaysia and our continued success in growing the number of ABOs, who are essentially our brand ambassadors.

In this regard, there has been no let-up on our end to support and develop our ABOs. We have continued to provide our ABOs with the necessary infrastructure to enable them to develop their skills and product knowledge, grow their networks and achieve sustainable success in the direct selling industry.

Our efforts have yielded results in FY2018 as is evident by the expansion of our CAF, which stands at more than 254,000 – with notable growth especially among ABOs who are under 35 years of age and the Bumiputera segment.

Beyond this, we remained aggressive in undertaking brand awareness and development efforts across FY2018 with new brand and product launches. Following the opening of our new modernised stores in Klang and Pulau Pinang, we have also upgraded the Melaka Shop; all of which have seen an increase in sales and visitors post refurbishment.

CORPORATE GOVERNANCE

Amway Malaysia has continued to make headway in strengthening its corporate governance practices. The Board believes that beyond risk mitigation and management, our focus on corporate governance should also include other elements such as robust leadership, development of a conducive organisational culture, creation of an equal opportunity workplace supported by conducive policies as well as strengthening existing practices in the areas of auditing, board roles and responsibilities, and more.

In FY2018, we reinforced our corporate governance practices by enhancing our Board Charter as well as the various Terms of Reference ("TOR") for the respective Board Committees.

Among the changes made were setting a policy that our Board shall comprise at least 50% Independent Directors, a revision to the Boardroom Diversity Policy to have at least one (1) female board member as well as having different individuals as the Board Chairman and Audit Committee ("AC") Chairman.

On 26 February 2018, Tan Sri Faizah Binti Mohd Tahir was re-designated as the Chairperson of the AC, while Dato' Ab. Halim Bin Mohyiddin, who is also the Board Chairman, was re-designated as a member of the AC. With this, Amway Malaysia has complied with the practice of the Malaysian Code on Corporate Governance ("MCCG") that the Chairman of the Board is not the Chairman of the AC.

Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, an Independent Non-Executive Director ("INED"), was re-designated as the Chairman of the Nominating Committee ("NC") on 26 February 2018, while Scott Russell Balfour was re-designated as a member of the Committee, in line with the MCCG's practice that the Chairman of the NC shall be an Independent Director.

Following Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham's resignation on 1 January 2019, En. Abd Malik Bin A Rahman was appointed to the Board as an INED on the same day, thus ensuring that the Board comprises at least 50% Independent Directors.

Following the appointment of Datin Azreen Binti Abu Noh to the Board on 26 February 2019,

Letter to Shareholders

the number of female directors increased to two (2), which exceeded our target of having at least one (1) female director on the Board.

The appointment of both Datin Azreen Binti Abu Noh and En. Abd Malik Bin A Rahman reflects Amway Malaysia's commitment towards ensuring a constant injection of new perspectives and views and that Independent Directors make up at least 50% of the Board's composition. We are committed to our succession plans and towards retaining a dynamic leadership group in order for us to propel our business forward.

Certainly, the enhancements we have made will provide us with a more robust and comprehensive framework to better uphold corporate governance within Amway Malaysia. We will continue to make improvements in tandem with changes in the regulatory environment or as and when it is required.

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

As we move forward, we remain committed towards ensuring the sustainability of our business operations from a triple bottom-line perspective. We remain cognisant of our responsibilities as a good corporate citizen.

For more details on the Group's sustainability performance, please refer to the Sustainability Statement section of this Annual Report.

OUTLOOK & PROSPECTS

We maintain a positive outlook for FY2019 given the present economic environment in Malaysia. In FY2019, Malaysia's GDP growth is forecasted to be comparable to or even marginally lower than the previous year, hovering between 4.6%-4.9%[4], which is attributed to reduced public and private sector consumption and slower export growth.

However, there are still positives from which we can draw from. The findings of the Amway Global Entrepreneurship Report ("AGER") 2018, a survey to analyse the state of entrepreneurship around the world, indicate that the number of people, including Malaysians, who are interested in starting their own business, including a direct selling business, will continue to be strong as they search for better or supplementary income opportunities.

Importantly, Amway remains one of the market leaders in Malaysia as well as one of the preferred choices for those seeking to join the industry. We are positive that sales revenue will continue to grow in FY2019 on the back of attractive sales and marketing plans and various growth initiatives that we have implemented to support ABOs in driving their business growth. This includes ABO experience related infrastructure, incentives and rewards. As we strive for greater sales revenue growth, the Group will continue to seek ways to optimise operational costs towards strengthening earnings going forward.

Given our long-standing presence in Malaysia, our strong brand equity position and innovative use of emerging technologies, we are quietly confident of rising above the challenges to deliver another year of encouraging growth and progress. We draw strength from our achievements in FY2018, which were realised amidst similar sluggish macro-economic conditions.

[4] Economic Outlook 2019: Bracing for global speedbumps by Malaysian Rating Corporation Berhad

We will continue to focus on enabling our ABOs to achieve their fullest potential and support the growth of their businesses.

APPRECIATION & ACKNOWLEDGEMENT

On 6 September 2018, Amway Co-Founder, Rich DeVos, passed away at the age of 92. Amway Malaysia took a moment to celebrate this most inspirational individual and industry icon when we held a special Celebration of Life Ceremony at Amway HQ, Petaling Jaya.

Mr. DeVos co-founded Amway with the late Jay Van Andel in 1959 and dedicated this direct selling business to making lives better for everyone until his retirement in 1993. Amway has since become a multi-billion dollar international corporation and has been in the business of offering individuals the opportunity to build businesses of their own for almost 60 years.

Mr. DeVos was one of the world's most successful entrepreneurs, the author of five (5) books, a much-in-demand inspirational and motivational speaker, a community and political leader, and, with his late wife Helen, a generous philanthropist. With his passing, Amway has lost a legend and a man with a heart to match. His inspiration and generosity will live on and benefit our community for many generations to come.

The Board wishes to express its thanks to Dato' Ab. Halim Bin Mohyiddin who will serve as Chairman until his tenure ends on 29 May 2019, post our 24th Annual General Meeting. Dato' Ab. Halim Bin Mohyiddin has been pivotal in guiding the Group towards the achievement of notable milestones and his contributions have made a positive impact on our overall growth. He has chosen to not seek re-election and we express our deepest gratitude for his leadership over the past 16 years, first as a Director, followed by his successful tenure as Chairman when appointed in January 2006.

Dato' Ab. Halim Bin Mohyiddin was instrumental in overseeing a most challenging and important phase of the Group's growth. Certainly, he has played a leading role in elevating Amway Malaysia to its present trajectory of progress having charted a course of development for the Group.

We express our utmost appreciation to Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, who has served the Board with distinction since his appointment in February 2006, for his wise counsel over the years. We thank both Dato' Ab. Halim Bin Mohyiddin and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham for their immense contribution to Amway Malaysia and wish them well in their future undertakings.

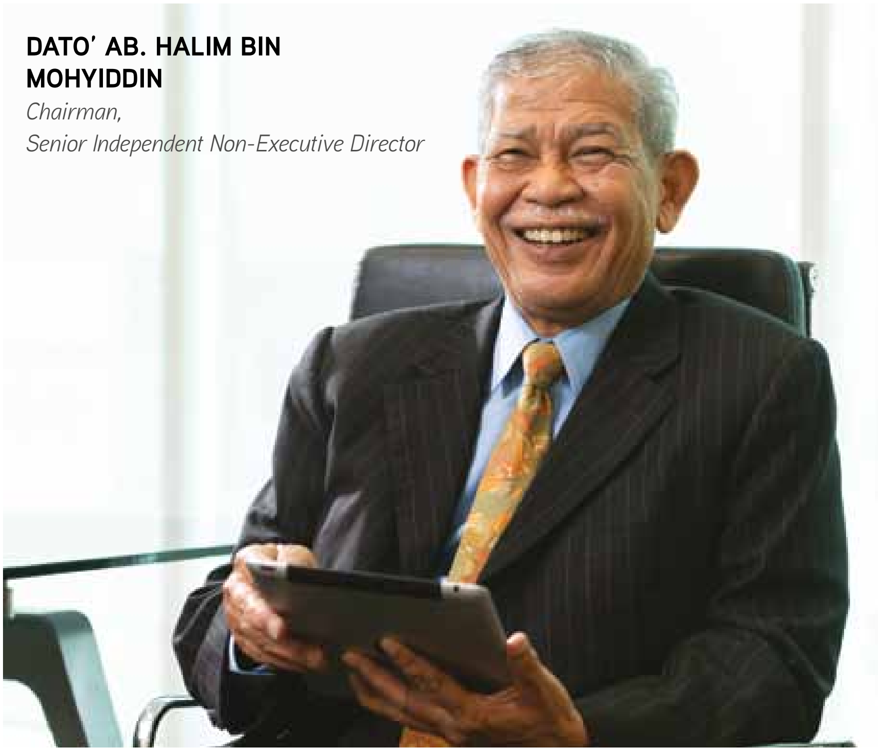
Our deepest gratitude to Liu, Ming-Hsiung @ Martin Liou, for his contribution as Managing Director during the first four (4) months of 2018; and congratulate him for assuming a senior leadership role in the Amway Greater China Region. Effective 1 May 2018, the Group has been helmed by Michael Jonathan Duong who was re-designated as the Managing Director.

We also take this opportunity to extend a warm welcome to our two (2) new board members, Datin Azreen Binti Abu Noh and En. Abd Malik Bin A Rahman.

We thank our staff for their professional contribution during the financial year and express the same to our Senior Management for providing strong strategic and tactical leadership. Together, both the staff and the Management have been instrumental in driving the Group towards the realisation of many achievements in FY2018.

The Board also wishes to express its gratitude to our ABOs for their continued loyalty to Amway Malaysia. Let us together journey towards greater heights of success. In the same vein, we acknowledge our shareholders for their continued vote of confidence in the Board.

BOARD OF DIRECTORS
AMWAY (MALAYSIA) HOLDINGS BERHAD



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

Driven by Scientific *Excellence*

Our scientists and engineers are taking discovery and innovation to the next level. **We never rest on past accomplishments, we build on them.** We are diligent and inventive in our approach to making Amway products and digital experiences better for our customers.

>800
global patents

Amway holds more than 800 global patents for our products, a natural result of our focus on innovation and our rigorous testing process.

More than
100
scientific laboratories

Amway has nearly
1,000 scientists, engineers and technicians

>500,000
tests

We perform more than 500,000 quality tests per year, demonstrating our dedication to delivering safe, high-quality products.

Management Discussion and Analysis

> "The rate of new ABO signups in 2018 increased by more than 10% compared to the previous year, with growth in the under-35 and across all ethnic segments."

KNOWN TRENDS & EVENTS

Amway (Malaysia) Holdings Berhad ("Amway Malaysia") and its subsidiaries ("the Group") delivered stable business results in 2018, despite persistent market headwinds. The Group continued to operate amidst a sluggish economic environment that was marked by a gross domestic product ("GDP") growth of just 4.7%[1], compared to 5.9%[1] in 2017, as a result of rising living costs, prolonged low consumer confidence and spending, and the instability of the Ringgit.

The Group adopted the Malaysian Financial Reporting Standard 15 ("MFRS 15") for the annual period beginning on or after 1 January 2018 using the modified retrospective method, and the comparative figures were not restated.

In financial year ("FY") 2018, our sales revenue grew by 1.2% to RM996.0 million excluding the impact arising from the adoption of MFRS 15. Under MFRS 15, sales revenue was marginally lower year-on-year ("y-o-y") by 1.2% at RM972.3 million. Our results are notable given that sales revenue declined by 9.5% in FY2017.

In 2018, we saw encouraging growth in the number of new Amway Business Owners ("ABOs"), Core ABO Force ("CAF") size, the under 35 years of age ("under-35") and Bumiputera segments, first 90-day activations, repeat buyers and healthy monthly purchasing patterns. These strong metrics reflect the resilience of our ABOs, the market value of Amway products, the strength of the Amway Business Opportunity and the positive reception to our sales and marketing initiatives.

Group profit before tax ("PBT") decreased by 0.5% to RM70.2 million (post-MFRS 15 adjustments) from RM70.5 million in FY2017. This is attributed to higher ABO incentives, investment in business systems and infrastructure, and factors beyond the Group's control such as the instability of the local currency and the switch from the Goods and Services Tax ("GST") to the Sales and Service Tax

[1] The BNM Quarterly Bulletin by Bank Negara Malaysia

("SST") regime. For more information, please refer to the Earnings section of this Management Discussion and Analysis.

Amway Malaysia continues to strike a balance between the short-term objectives of profitability and shareholder rewards, and the long-term goals of retaining our market positioning and driving business viability. In doing so, we were able to achieve business stability despite the declining market while building towards a better and more sustainable future.

Hence, we have continued to invest aggressively in our ABOs via business and technology infrastructure, brand development activities, physical shopfronts, our eCommerce store, mobile tools, rewards and incentives, and new product innovations. Our long-term business strategies have enabled Amway Malaysia to move towards a more exciting growth horizon.

GROUP PROFILE & BUSINESS STRATEGIES

Amway (Malaysia) Holdings Berhad is the holding company of Amway (Malaysia) Sdn. Bhd. ("AMSB") and Amway (B) Sdn. Bhd. The principal business activity of both subsidiaries is the direct selling of consumer products, principally under the Amway trademark.

AMSB started its operations in Malaysia in 1976 with a single storefront and has progressively become one of the nation's leading direct selling brands. As of December 2018, it has a nationwide network of more than 20 shops and retails more than 450 high-quality products. The Group offers a wide range of consumer goods ranging from health supplements to skincare, personal care, home care and durables, and has expanded its market reach via eCommerce and mobile tools.

Our high-quality products are developed and strongly backed by our extensive research and development ("R&D") capabilities. These include some 1,000 R&D professionals across more than 100 laboratories located in various parts of the world. Globally, Amway has over 800 patents in hand with more than 700 patents pending. We stand by our many award-winning and industry leading products and we are especially proud of our range of Nutrilite™ supplements as its ingredients are grown on our very own certified organic farms in the United States, Mexico and Brazil.

In Malaysia, Amway's growing strength is both supported by and reflected in the continued expansion of our CAF – especially seen in the under-35 and Bumiputera segments – and the growth of loyal customers. We recorded mid-single digit percentage growth in the number of local buyers and under-35 ABO activations, and double-digit percentage growth in new Bumiputera signups and activations. We draw pride and satisfaction that our CAF of more than 254,000 is truly reflective of a multi-cultural Malaysia.

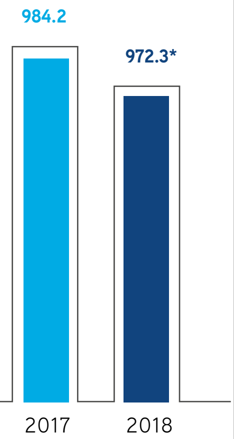
Our goal is to support the professional growth of our ABOs by providing them with sustainable entrepreneurial opportunities to develop their businesses via our award-winning, satisfaction guaranteed, high-quality products. The Group continues to boost its online and mobile capabilities to enable our ABOs to conduct their business anytime and anywhere.

We take pride in the fact that the Group remains an employer of choice. We have more than 400 employees in Malaysia who are well taken care of and provided with opportunities for career advancement, as well as professional and personal development. In 2018, for the second consecutive year, AMSB was recognised as a Top Employer in Malaysia and Asia Pacific, certified by the Top Employers Institute, thus affirming our position as a preferred employer.

Management Discussion and Analysis

-1.2%

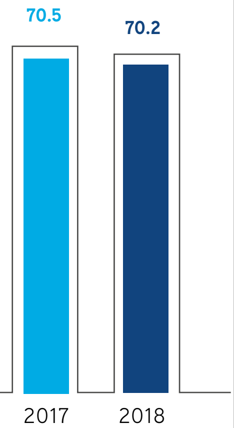
SALES REVENUE
(RM Million)



* Pre-MFRS 15 adjustments, sales revenue was RM996.0 million

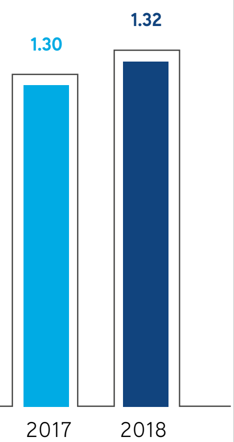
-0.5%

PROFIT BEFORE TAX
(RM Million)



+1.5%

NET ASSETS PER SHARE
(RM)



The Group contributes to community advancement via our sustainability and corporate social responsibility ("CSR") campaigns. Among others, these include *Program Harapan*'s Projek HeadSTART and the Nutrilite Power of 5 Campaign.

Towards achieving further compliance with the Malaysian Code on Corporate Governance ("MCCG"), several changes were made to the Board composition, which further emphasised gender diversity and corporate governance. This move aligns us towards our long-term succession plans.

FINANCIAL PERFORMANCE

Sales Revenue

For FY2018, the Group adopted the MFRS 15 Revenue from Contracts with Customers, which came into effect on 1 January 2018. Under the MFRS 15, sales revenue was RM972.3 million, marginally lower y-o-y by 1.2%. Excluding the MFRS 15 adjustments, sales revenue would have stood at RM996.0 million, 1.2% higher y-o-y.

Sales were driven by the ABOs' positive momentum towards our sales and marketing plans, as well as the various growth initiatives implemented to support our ABOs in growing their businesses. Essentially, the Group has seen a rebound in sales revenue for FY2018 given that it had declined by 9.5% in FY2017.

Earnings

Excluding the MFRS 15, the Group's FY2018 PBT was RM70.9 million, which amounted to a 0.5% increase versus the previous year. Under the MFRS 15, Group PBT decreased marginally by 0.5% to RM70.2 million versus RM70.5 million in the same period last year. The decline was due to increased sales incentives in line with higher sales, as well as higher operating expenses for investments in growth initiatives that support the ABOs in growing their businesses. These were partially offset by lower import cost, primarily attributed to a favourable foreign exchange impact.

Over the past several years, the Group has invested significantly in the modernisation of our core systems and infrastructure. We have brought in the latest commercial software applications and tools for various administrative and management purposes such as shop management, warehousing, accounting and business management, a mobile friendly eCommerce website, as well as other digital tools to support our ABOs in conducting their businesses anywhere and anytime.

In FY2018, we continued to invest in our physical presence. Examples of such investments include the renovation and launch of the new Melaka Experience Centre. In addition, we also implemented various sales and marketing programmes such as the New ABO Sign Up Programme and *Cubalah: Try It! Love It!*, targeted at helping ABOs activate new signups and increase the number of loyal buyers.

Management recognises that such investments are necessary to highlight and maintain the attractiveness of the Amway brand, its products and business opportunity, as well as maintain ABO morale and motivation.

While the development expenditure impacts short-term earnings, the Group believes these investments are in the best interest of its long-term success.

Dividends

The Board has declared a fourth single tier interim dividend of 5.0 sen net per share and a special single tier interim dividend of 7.5 sen net per share. Shareholders' entitlement to the fourth single tier interim dividend and the special single tier interim dividend was determined based on the shareholders registered in the record of depositors as at 15 March 2019. The payment date was made on 26 March 2019.

For FY2018, a total dividend of 27.5 sen net per share was declared. This is equivalent to a total dividend pay-out of RM45.2 million, which represented a pay-out ratio of 83% of net earnings for the current year.

BUSINESS & OPERATIONAL HIGHLIGHTS

Our ABO Force

As at 31 December 2018, our CAF grew by over 1% to more than 254,000. The encouraging expansion of our CAF was mainly driven by the sales and marketing programmes and various growth initiatives implemented to support our ABOs in growing their businesses. The rate of new ABO signups in 2018 increased by more than 10% compared to the previous year, with growth in the under-35 and across all ethnic segments. We noted particularly strong double-digit growth in the Bumiputera segment.

We also enhanced existing programmes and infrastructure to support the continued growth of our ABOs, with a particular focus on helping our ABOs attract and activate new ABOs, grow the number of loyal buyers, develop young leaders and co-develop growth plans with leaders that address their specific business needs.

In 2018, we once again initiated our ABO Experience Survey ("AES"), an annual research exercise to garner the views and insights of 750 ABOs. The survey findings show that most of our ABOs remain self-motivated and continue to truly believe in Amway's many brands and products. The overall ABO experience remained stable and positive compared to the preceding year. ABOs were satisfied with our products, physical presence and ABO leadership.

Similarly, we launched the "Rate Us" ABO Experience Survey at Amway HQ, Petaling Jaya. The survey focused on the ABOs' retail experience at the Product Pavilion, as well as the quality of the after-sales services provided. Given that "Rate Us" was well received by the ABOs frequenting the Amway HQ Experience Centre, this initiative will be progressively rolled out to all Amway Shops nationwide and Brunei going forward.

In 2018, we continued to actively engage with ABO Leaders via various events and forums. These events are platforms through which the Group provides ABO Leaders with major updates, identifies major challenges and formulates plans for our future growth. The events also serve as an avenue for ABO Leaders to voice their feedback and concerns to the Management, to ensure that healthy partnerships are fostered and maintained.

These engagements include Platinum Forums held in major cities in Malaysia, the National Leadership Conference, the Leadership Dinner & Dance, Diamond meetings, the Amway Diamond Advisory Council sessions, New Platinum Seminars, Amway Leadership Seminar, Diamond Invitational, the Young Leaders Committee, and continuous engagements with ABO Leaders via social media on emergent issues.

As the first level of recognised leadership, Platinum ABOs set the tone and pace for their groups. They inspire, train, motivate and mentor those they bring into the business. They uphold and enforce the Amway Code of Ethics and Rules of Conduct. In view of the key role that they play, the Group organised several engagement platforms to train and support them:

- *New Platinum Seminar* — To help ABO Leaders transition into this new leadership phase in his or her business, enhancing the ABO Leader's skills, knowledge and focus to build healthy and sustainable organisations.
- *Platinum Forum* — Held twice (2) a year throughout Malaysia.
- *National Leadership Conference* — A convergence of more than 2,000 ABO Leaders nationwide to receive business updates and developments. This was followed by the Leadership Dinner & Dance in the evening.

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The 2018 National Convention was held the day after at the Axiata Arena, Bukit Jalil, and attended by more than 15,000 ABOs and prospects.

- *Amway Leadership Seminar ("ALS")* — The 2018 ALS took our ABO Leaders to Hokkaido, Japan, in December, which is the first ALS to include ABO family members. Over 680 ABO Leaders from Malaysia, Singapore and Brunei, and their parents and children, explored the snowy landscapes of Hokkaido. They participated in sessions that focussed on the success of family-owned businesses, learnt from top Japanese ABO Leaders, attended recognition dinners, and engaged in activities designed to reinforce Amway's unique business opportunity to build a business that is multigenerational.

Diamond ABOs and above lead large organisations made up of hundreds or thousands of ABOs. Diamonds are the leader of leaders as they develop, mentor and grow downlines to become Platinum ABOs. For our Diamond ABOs and above, our engagement platforms were:

- *Diamond Meetings* — Held twice (2) a year.
- *Amway Diamond Advisory Council sessions* — Held three (3) times a year.
- *Diamond Invitational ("DI")* — A special annual leadership trip was organised to South America in May 2018. It was the first time that this trip was held there. Over 180 Diamond and above ABO Leaders from Malaysia and Singapore participated in sessions to learn from top Latin ABO Leaders, attended recognition dinners and engaged in activities designed to reinforce Amway's unique business opportunity to build global businesses. Some leaders also took this opportunity to travel to "Fazenda Amway Nutrilite do Brasil", Amway Global's certified organic farm outside of Ubajara, Brazil.

We also engaged with key ABO communities and groups to address entrepreneurship issues specific to their segment, social media and brand awareness matters, community relevant products, networking, training, workshops, etc. The sessions for 2018 were:

- *Young Leaders Committee* — An event which grouped together 17 influential young ABO Leaders who lead large groups of predominantly under-35 downlines.
- *F.Y.I+ Young Entrepreneurs Conference* — More than 1,500 people participated in this conference. They had the opportunity to hear from Doug DeVos, Amway Co-Chairman and the son of the late Amway Co-Founder Rich DeVos; young entrepreneurs across different industries as well as ABO Leaders on the entrepreneurship landscape in Malaysia, challenges of starting a business and how to succeed.
- *Tamil Rally* — For the second consecutive year, the Group and ABO Leaders held a rally to attract new members as well as motivate and train business builders.
- *Special ABO Sessions with Doug DeVos* — Leveraging on DeVos' visit, we organised several engagement sessions with different ABO communities, namely, second generation ABO Leaders, the Group's top Nutritional & Beauty retailers, Diamond ABOs and young entrepreneurs.

In addition to ABO Leader engagements, almost 200 workshops were organised and attended by some 15,000 participants to learn more about Amway products, the business opportunity and leadership skills.

One such event was the studioABO LIVE Module 2: *Success with Products*, which was designed to help emerging business builders develop sustainable structures, grow loyal buyers, sell responsibly and share the Amway brand story and values in modern, compelling ways. We also launched studioABO MOBILE, an online learning platform to complement studioABO LIVE events by providing on-demand courses, videos and leadership training content.

SALES & MARKETING PROGRAMMES

One of the most successful marketing activities undertaken in 2018 to help our ABOs grow loyal buyers was the multi-category *Cubalah: Try It! Love It!* programme. Essentially, the programme enabled our ABOs to experience and share more products by purchasing mini-packs of selected products before purchasing the full-sized pack.

To further support the *Cubalah: Try It! Love It!* programme, we also enhanced our New ABO Activation Programme. This initiative encourages and rewards new members to try products in the first three (3) months after signing up, and also rewards new ABOs for going paperless and making the effort to be environmentally friendly.

These campaigns collectively provided mid-single digit percentage growth for loyal buyers and New ABO Activation rates across all demographics. The campaigns were effective in instilling greater confidence among our ABOs to sample new products, broaden consumption patterns and introduce products to new customers.

PRODUCT LAUNCHES & MARKETING EVENTS

2018 was an eventful year for product innovation as we launched 11 new lines and product bundles in total, not forgetting community-based programmes across multiple brand categories – Beauty & Personal Care, Nutrition & Wellness and Durables. This is reflective of the larger marketing and branding strategy to keep our product lines fresh, trendy and relevant. The campaign was supported by aggressive media activities, via both conventional and social media, and received plenty of traction from our ABOs and the media.

<u>BEAUTY & PERSONAL CARE CATEGORIES</u>
In Malaysia, we strengthened our market presence and market share by launching several new ARTISTRY™ products:

- *essentials by ARTISTRY* – A skincare range consisting of Makeup Removing Wipes, Anti-Blemish Pore Refreshing Toner, Gel Cleanser, Anti-Blemish Gel Treatment and Light Lotion, all formulated using skin-nourishing botanical ingredients, such as the Nutrilite Acerola Cherry extract, and ideal for those between the ages of 18-25 who wish to better manage oily skin and acne.

- *ARTISTRY EXACT FIT™ Cushion Foundation All Day Cover SPF50+/PA+++* – Offers all day SPF 50+/PA+++ coverage.

- *ARTISTRY SIGNATURE SELECT™ Personalized Serum* – Consists of the Base Serum and five (5) types of Amplifiers, namely Hydration, Brightening, Anti-Wrinkle, Firming and Anti-Spot. The Base Serum can be combined with up to three (3) Amplifiers to create up to 25 possible combinations. With the slogan "Uniquely Yours", this personalised serum solution addresses the specific skincare needs of individual users.

- *GLISTER™ kids Toothpaste and GLISTER kids Toothbrush* – A new introduction to the Personal Care category, GLISTER kids provides high-quality dental products that meet the unique oral and dental hygiene requirements of children aged two (2) and above.

<u>NUTRITION & WELLNESS AND ENERGY CATEGORIES</u>
Nutrition & Wellness continues to be our largest category. Nutrilite is a vitamin, mineral and dietary supplement brand that provides a complete array of supplements for a range of health needs. Nutrilite sources natural plant concentrates, many grown on our own certified organic farms, and highly purified vitamins and minerals from around the world to meet our quality standards. In 2018, we added XS™ Energy to this category and launched XS Energy Drinks in Malaysia.

In 2018, we offered Nutrilite gift sets which saw our ABOs doing their part for charity with partial proceeds from each set sold going to the Nutrilite Power of 5 Campaign, to help fight childhood malnutrition around the world. Continuing the positive weight management momentum of BodyKey™ by Nutrilite, we introduced a new fitness tracking device and also held community-based programmes.

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- *InBodyWATCH* – This new fitness tracking device tracks steps, sleep patterns, heart rate, body fat composition and Heart Rate Variability to determine stress patterns and logs individual training/workouts as well. Fully integrated with the BodyKey Mobile App 2.0, the InBodyWATCH is a 2017 CES Innovations Award winner.

- *Tropical Herbs Post Natal Care Set* – Catering to the niche segment of post-natal mothers, this revamped bundle offers products infused with essential oils to meet the physical and emotional needs of mothers during confinement.

- *BodyKey Community Based Challenges* – The Group organised BodyKey 2 Sizes Down or Tone Up Challenge – where hundreds of people formed 3-member teams, motivating each other to be more physically active and take charge of their health and fitness. The event achieved its objectives of encouraging ABOs to develop stronger networks which motivated and encouraged healthy living and helped them strengthen their Amway businesses.

Catering to the rising sub-demographic of young, adventurous and active Malaysians, we launched the XS Energy product line in September 2018 with the first product being XS Energy Drinks. Available in two (2) flavours – Citrus Blast & Cranberry-Grape Blast, XS Energy Drinks pack a powerful and tasty punch of energy and contain a high concentration of B Vitamins that promote a more efficient conversion of food into energy.

The XS Energy XSclusive Preview was held at the Sepang International Circuit where attendees rode bicycles along the landmark racetrack, then attended an exclusive concert and product unveiling party. In the months leading up to the event, we also hosted XS Outdoor Activities for those under-35, XS Boost Camp for ABO Leaders and XS After-Party for all ABOs. Beside the Klang Valley, these events were also held in major towns such as Kuching, Miri, Melaka, Johor Bahru, Penang, Kuala Terengganu and Kota Kinabalu.

XS Energy Drinks is not merely a product. Its trendy, dynamic and vibrant image makes it an ideal tool with which ABOs can reach out to customers and introduce Amway products. It is the perfect launchpad for targeting younger audiences such as millennials and those who live an active lifestyle.

HOME LIVING CATEGORY

Beyond personal products, the Group also offers products to make the home, car and workplace a cleaner and safer place for everyone. The Home Living category offers the Atmosphere™ SKY and DRIVE™ air purifiers, eSpring™ Water Treatment System, and environmentally friendly Home Care laundry and cleaning products.

In 2018, we launched the all-new, faster, smarter and more effective Atmosphere SKY air purifier, which sets a new standard for indoor air quality. Using one of the most technologically advanced and scientifically proven filtration systems, the Atmosphere SKY filters 99.99% of airborne contaminants that pass through the system. It effectively traps particles as small as 0.0024 microns via the 3-stage filtration system to effectively clean the air of over 300 potential contaminants.

Beyond its effectiveness, the system takes user convenience and experience to a new level via its wireless connectivity features, "Internet of Things" technology and the Atmosphere CONNECT™ app, which allows users to remotely control their Atmosphere SKY as well as monitor indoor air quality levels and access the latest outdoor air quality information.

Atmosphere SKY holds the European Centre for Allergy Research Foundation certification which confirms that it has been scientifically tested to reduce or remove allergens. It has also been recognised by the U.S. Environmental Protection Agency and the ENERGY STAR® for energy efficiency, and awarded the Clean Air Delivery Rate ("CADR") Certification by the Association of Home Appliance Manufacturers. In addition, the product has received the British Allergy Foundation Seal of Approval for its ability to reduce exposure to specific allergens.

MODERNISATION & DIGITAL TRANSFORMATION

Since 2017, Amway Malaysia has embarked on a journey to modernise its legacy infrastructure and end-of-life business systems to enable the business to embrace the digital era. Near term investment in back end applications allows for more efficient and innovative handling of inventory, warehouse management, store planning and replenishment, delivery systems, finance transactions, recordkeeping and order management. Long-term investments in front end customer-facing applications will allow us to pursue hyper-targeted marketing strategies, learn from and leverage on big data, accelerate time to market with new product, and improve customers' experiences.

In addition to modernising legacy systems, we also embarked on a journey to equip our ABOs with a wide array of digital tools, mobile learning materials and eCommerce facilities to assist the ABOs with growing their businesses. We are cognisant that online and digital channels are the preferred medium of engagement, especially for the younger generation, who prefer to share information using their smartphones and tablets anytime and anywhere, using visuals and videos to tell their story. Our digital investment is part of our underlying strategy to stay connected and relevant with the generations of today and tomorrow.

With 60%-70% of our ABOs using mobile devices to access the Group's website and other online tools and materials, we chose to support their user behaviour by launching several product apps for their benefit and convenience. In 2018, we launched several apps which are available on the Google Play Store and Apple App Store:

- *ARTISTRY For You* – This app provides interactive product information and experiences. The app supported both the essentials by ARTISTRY and ARTISTRY SIGNATURE SELECT Personalized Serum launches.

- *ARTISTRY Virtual Beauty* – This app allows users to track the health of their skin and get product recommendations.

- *Atmosphere CONNECT* – This app was launched in conjunction with the launch of Atmosphere SKY. It allows users to control the air purifier from their mobile device, track filter usage, and monitor indoor and outdoor air quality levels.

- *Amway Central Malaysia* – This app serves as a complete one-stop destination for the latest Amway digital apps, web publications and more. The latest update features a trendier interface and more interesting content.

In 2018, we made several enhancements to go paperless, reduce carbon footprint and support the needs of our ABOs anytime and anywhere, by launching the following:

- *eAmagram* – Digital publication featuring lifestyle articles and information on Amway products.

- *eAchieve* – Digital publication featuring business articles and information that our business builders will find relevant and inspirational.

- *eIncome statement, eTax statement & eCP58 statement* – Available for our ABOs to view when they log into our secure website.

- *Online Platinum Reports* – Allow ABO Leaders access to their business information and downlines' progress.

- *WhatsApp Broadcast Groups* – Allow for instantaneous communication with ABO Leaders on various topics ranging from promotions, events, news, etc.

Our modernisation effort does not stop at legacy systems or digital tools. Since our 40th Anniversary in 2016, the Group has been updating our brick and mortar stores. From 2016 to 2017, we opened new modernised shops in Klang, Product Pavilion at Amway HQ and Amway "By the Sea" on Penang Island.

In 2018, we launched a newly refurbished Amway "MuscleME" Shop in Melaka. It features enhanced facilities for ABOs which include a PhytoCafé™, AmwayKitchen, meeting rooms, training rooms, restrooms and surau. Dubbed "MuscleME", ABOs who purchase a BodyKey Jump Start Kit are entitled to receive four (4) free access passes to the Daily Fitness gym, sauna

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and studio centre (located just above the Melaka Shop). This is part of our continued efforts to encourage our ABOs to adopt a healthier lifestyle and be physically active.

Our long-term goal is to move away from small distribution centres with limited amenities to retail experience centres that are focused on providing immersive experiences for our ABOs to meet their prospects for drinks at the PhytoCafé, perform cooking demos in the AmwayKitchen, get beauty or nutritional assessments, receive training, hold small group business meetings, shop for Amway products, sign up new ABOs, and do much more in a digitally connected retail space.

As we continue to innovate the modern retail experience centres and increase eCommerce sales transactions, selected small distribution shop locations which do not fit into the future omni-channel retail design will be closed. For example, we closed our Segamat Shop on 8 December 2018, with the business shifting to the Melaka Shop, online orders and home delivery.

AWARDS & CORPORATE SOCIAL RESPONSIBILITY

Nutrilite received the Reader's Digest Trusted Brand Gold Award 2018 for Malaysia under the vitamins/health supplements category. In addition, the eSpring Water Treatment System received the Reader's Digest Trusted Brand Gold Award 2018 for Malaysia under the water purifier category and the Frost & Sullivan Best Practice Award 2018 for Asia Pacific Home Water Treatment Company of the Year.

We are pleased to share that in 2018, the ARTISTRY SIGNATURE SELECT Personalized Serum won the 2018 Institute of Packaging Professional ("IoPP") AmeriStar Design Excellence Award. The Annual Design Excellence Award honours the company which takes packaging structure and industrial design, and integrates it into the most compelling packaging in the industry.

Program Harapan (Hope Programme) is the Group's CSR initiative launched in 2014 to help meet the needs and enrich the lives of children from the *Rumah Tunas Harapan* foster homes. The programme is held in partnership with the Social Welfare Department (*Jabatan Kebajikan Masyarakat*) and the Ministry of Women, Family & Community Development.

Projek HeadSTART is a CSR initiative under *Program Harapan*, which focusses on young adults who are approaching their final year in foster homes. We select apprentices to complete a 6-month apprenticeship with the Group, which allows them to rotate through various departments. The apprentices are guided by mentors, with the aim of successfully transitioning them to become independent working adults.

Amway's Global CSR programme is the Nutrilite Power of 5 Campaign, which utilises our expertise in nutrition to help prevent and fight childhood malnutrition and improve the health and wellness of children and families around the world. Amway Global works with non-governmental organisations ("NGOs") to distribute Nutrilite Little Bits™ to malnourished children, helping kids get the nutrients they need for a healthy development.

Since 2017, Amway Malaysia and its ABO Leaders have joined this global cause and travelled to the centres supported by the Nutrilite Power of 5 Campaign in Zambia and Brazil. In December 2018, we introduced the Nutrilite FAV gift sets which comes with a RM10 donation to the Nutrilite Power of 5 Campaign. The Group matched the donation, contributing another RM10 for every gift set sold. Over the last two (2) years, the Group and our ABOs have donated over RM1.2 million to prevent and help fight childhood malnutrition.

BUSINESS RISKS

We continue to closely monitor our material financial, business and operational risks and adopt various mitigation measures. This includes robust internal controls and clearly defined limits of authority, coupled with defined standard operating procedures and processes. For more information on our risk management and mitigation strategies, please refer to the Statement on Risk Management & Internal Control in this Annual Report.

In FY2018, our risk factors remain largely the same as the previous year with movements in foreign exchange and the unauthorised selling of our products online being our two (2) biggest risks. The Group will continue to adopt an agreed fixed exchange rate with our headquarters to reduce our risk exposure to currency fluctuations.

While we have done much to address the problem of unauthorised selling of our products online, the rise of 3rd party eCommerce sites still poses a threat to our ABOs as such sites undermine the efforts of our ABOs who operate on a relationship based business model.

We continue to take action against sellers, including any ABOs who have violated the Amway Rules of Conduct, as well as work closely with the administrators of eCommerce platforms as well as the authorities – such as making reports in a timely fashion so appropriate action can be taken accordingly. Along with enforcement, we continue to focus on educating our ABOs on the prohibition of unauthorised online selling.

FORWARD LOOKING STATEMENT

We believe that FY2019 will continue to be another challenging year for the direct selling industry on the back of reduced public and private sector expenditure and overall consumer perception. Competition is also expected to increase with the entry of new players across our product categories.

However, given our strong brand positioning, our expanding ABO force and market position, we strive to remain resilient in FY2019. The Group's strong fundamentals, proven robust business model and brand equity, as well as solid and sustainable partnerships with our ABOs, will support the long-term profitability and overall health of both the Group as well as our ABOs' businesses.

Against the backdrop of stabilising sales revenue achieved in FY2018, the Board is optimistic that the Group's performance will continue to grow in FY2019, driven by positive ABO response towards our sales and marketing plans, as well as the wide range of product launches and major marketing promotions that we have planned for the upcoming year. As we seek to drive revenue, we will continue to focus on rationalising operational costs towards boosting earnings in FY2019. This will include present and new initiatives that have been outlined and will be implemented going forward.

The Group continues to adapt successfully to the prevailing economic headwinds while managing other macroeconomic factors. We will continue to ensure that Amway sustains the balance between short-term financial performance and rewarding shareholders, while securing the Group's future over a 5- to 10-year horizon.

Our commitment

to Communities

At Amway, **we believe we can use the best of our business and the passion of our people to help solve global challenges and improve individual communities all over the world.** Whether we are utilising our expertise in nutrition to help address childhood malnutrition, or supporting a global community of volunteers who are making the world a better place, we continue to honour our decades-long commitment to help people live better lives.

Product Labelling

Strengthened, simplified and refreshed, the new NUTRILITE label provides clear and concise information about the product in one glance!

>254,000
Core ABO Force

as at 31 December 2018, from 252,000 as at 31 December 2017

>RM30,000
saved on electricity

the Group reduced electricity consumption by >22,000kWh in the office and >37,000kWh in the warehouse

>93 tonnes
of material

from broken warehouse shelves and chairs, and carbonised paper were recycled

43%
savings

on printed copies through the reduction of printed copies of the Amagram

Sustainability Statement

Amway (Malaysia) Holdings Bhd ("Amway Malaysia") and its subsidiaries ("the Group") remains committed to its journey of sustainability with economic, environmental and social ("EES") parameters being key considerations in its overall business strategy. Sustainability is embedded in the heart of our corporate philosophy as we seek to create value for our stakeholders and contribute to the development of a better world.

Our financial year ("FY") 2018 Sustainability Statement ("Statement") provides an account of our sustainability related highlights, achievements and the overall positive impact we have created for the environment and community at large.

We pursue a wide range of sustainability strategies and action plans. In doing so, we engage and work closely with our valued Amway Business Owners ("ABOs"), employees and the local communities in a continuous effort to refine our approach to sustainability.

SCOPE AND BOUNDARY

The scope of this Statement follows the scope and boundary of the Annual Report to include only the most material of projects, initiatives and activities of the Group, excluding our 3rd party contractors, suppliers and vendors.

Data presented in this Statement has been collected from internal and external data collection methods which include, but are not limited to, internally conducted surveys, workshops and other methods.

SUSTAINABILITY LEADERSHIP & GOVERNANCE

Sustainability leadership and governance resides at the highest levels of the Group; the Board of Directors and Senior Management. This is due to the realisation that sustainability is increasingly growing in importance in terms of material impact on business strategy and business performance.

Matters such as ABO satisfaction, staff retention and talent development, as well as the sustainability of our products are crucial to how the Amway brand is perceived among stakeholders. Hence, such matters continue to remain central to the Board's agenda.

The respective Board Committees – the Risk Management Committee ("RMC") and Audit Committee ("AC") – play a key role in ensuring business sustainability by reviewing key issues such as operational and business risk, corporate governance, established business policies and so on. The roles and responsibilities of both Committees are given in the AC Report and the Statement on Risk Management and Internal Control of this Annual Report.

Additional disclosure on the overall governance framework and practices can be viewed in our FY2018 Corporate Governance Report.

STAKEHOLDER ENGAGEMENT

The Group defines stakeholders as individuals or interest groups who are impacted or influenced by its business activities and/or presence and vice versa; with our principal stakeholders being 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

- Media releases

Focus Areas

Continuous and meaningful communication

Sustainability Statement

In 2018, we continued to actively engage stakeholders via a wide range of communication channels and mediums with the intent to solicit their view, feedback, concern and perspective towards refining our definition and assessment of materiality.

This ensures that we remain inclusive in the development of our overall understanding and approach to sustainability with stakeholder views being well represented in our sustainability strategies.

MATERIALITY MATTERS

Having actively engaged with the stakeholders and by integrating the insights derived from our internal knowledge and understanding of our business environment, the Group is well positioned to define its materiality topics, aspects and disclosures.

ABO FORCE

It is essential that we continue to attract wider audiences, and also retain and develop existing ABOs by providing them with the necessary support infrastructure, skills training and development by continuously engaging with them throughout 2018.

We continue to have our ears to the ground in regard to the sentiments of our ABOs, who is one of our key stakeholders, as the business continues to evolve to support them and their businesses.

Beyond positioning Amway as a business opportunity, our focus has been to create a greater awareness of the community factor; that becoming an ABO offers a means to access and become part of a growing and supportive network of not just like-minded colleagues, but also friends. Becoming an ABO means opening the gateway to a world of knowledge, relationships, opportunities as well as achieving personal development, and more.

As such, our commitment to our ABOs has been increasing over the years. Beyond financial reward, we have also continued to increase our support to our ABOs via education, training and digital/mobile tools to drive their business growth, new brand and product launches to excite the market, refurbishing our physical shops, enhancing our eCommerce store and of course, creating opportunities for ABOs to converge their business purposes or support worthy causes via community focused activities.

Various events were also held for ABO Leaders. A key touchpoint in 2018 was the Platinum Forum held nationwide in March and September. This is a platform that allows the Group to share company information and receive feedback from ABO Leaders.

Other engagement highlights included the Local Working Diamond Forum for our Diamond & Above leaders in Tokyo, Japan, as well as the Amway Leadership Seminar in Hokkaido, Japan, for ABO Leaders. In 2018, we organised more than 180 workshops, primarily focused on Nutrilite™, ARTISTRY™ and Home Tech, excluding recognition rallies, which saw participation of over 15,000 ABOs.

For more information on our ABO engagements and events, please refer to the Management Discussion and Analysis of this Annual Report.

As a result of our effort, in 2018, our Core ABO Force ("CAF") has seen a constant steady growth which represented a healthy cross-section of Malaysia's multicultural and diverse population. As at 31 December 2018, our CAF grew to more than 254,000 members from 252,000 the previous year. In addition, our continuous push to make inroads into the Bumiputera segment has resulted in a strong double-digit growth in 2018.

The annual ABO Experience Survey conducted between April and May 2018 revealed that the overall ABO experience

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

remained stable and positive, with products, our physical presence and strong ABO Leadership being key drivers of the positive experience.

BRAND CREDIBILITY & EXPERIENCE

Trust, awareness and brand credibility remain the foundation of our business. The fair and accurate marketing of our products and steady growth of our ABOs continue to position us as one of the leading direct selling companies in the industry.

Our products are relevant and well supported by substantiated information, while the Amway Sales & Marketing Plan and business model are clearly laid out, enabling customers and potential ABOs to make informed choices.

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

Labelling

Every Amway product has a clear and comprehensive label that lists ingredients, proper application and use, as well as safety and health advisories, wherever required and applicable. As of 2018, all Nutrilite products carry the new labels, which were first introduced in 2017.

eCOMMERCE

The importance of eCommerce continues to grow and shows no signs of slowing down. The eCommerce market in Malaysia registered a continuous increase for the period of seven (7) years from 2010 to over RM85 billion with an average annual growth rate of 12.5%[1]. Amway continues to invest in its eCommerce business solution via "www.amway.my" in order to supplement and expand beyond existing brick and mortar retail operations, thereby serving more ABOs and customers across Malaysia.

While eCommerce offers many advantages in the modern business marketplace, the unauthorised presence and sales of Amway products via 3rd party websites and online sales platforms undermined the efforts of our ABOs. We do not provide any satisfaction guarantees, warranties, nor accept any returns for products purchased via these aforementioned sites. Some images of Amway products that appear on 3rd party online selling sites may look very professional, giving the false appearance that the products are being sold by authorised ABOs. However, Amway has not and does not issue licenses to any external parties to use our logos and photos. Therefore, the use of any Amway-owned images and written copy by these unauthorised sellers are illegal infringements of Amway's intellectual property.

We continue to work with our legal advisors, relevant authorities and stakeholders to identify and hold the operators of these unauthorised selling sites accountable. Additionally, any ABO found participating in and/or supporting these unauthorised sellers will be held accountable for violating their contract with Amway. Amway remains committed to taking all reasonable actions necessary to safeguard the Amway brand, reputation and business opportunity for our ABOs.

[1] Information and Communication Technology Satellite Account 2017 by Department of Statistics, Malaysia

FOREIGN EXCHANGE RISK

A large portion of Amway products are sourced overseas, with the bulk of it being procured from manufacturing facilities in the United States. This exposes the Group to foreign exchange fluctuations of the Ringgit against the US Dollar. While the latter is beyond our control, the Group recognises the need to proactively mitigate currency exposure risks. As such, we will continue to adopt an agreed fixed exchange rate with our headquarters to reduce our risk exposure to currency fluctuations. The rate is determined based on the forecasted rates of major reputable banks.

EQUAL OPPORTUNITY EMPLOYMENT & WORK ENVIRONMENT

We take pride in providing equal employment opportunities, where staff are recruited, retained and rewarded based on merit. We also continue to champion multi-culturalism and gender diversity, which are core components of our overall talent management and development strategies.

The effectiveness of our talent related policies is reflected in the present composition of our staff, which reflects a rich cultural and ethnic diversity as provided:

Executive								
Age Range	Below 30		Between 31 – 40		Between 41 - 50		Between 51 - 60	
Gender	F	M	F	M	F	M	F	M
Malay	2	3	10	2	5	3	1	1
Chinese	13	7	36	10	18	10	6	3
Indian	3	0	1	4	2	2	1	0
Others	0	0	0	1	0	0	0	1

Non-Executive								
Age Range	Below 30		Between 31 – 40		Between 41 - 50		Between 51 - 60	
Gender	F	M	F	M	F	M	F	M
Malay	29	12	23	32	14	19	6	9
Chinese	9	3	10	5	5	2	6	3
Indian	5	7	7	4	6	5	6	5
Others	3	2	2	2	1	0	0	2

We continue to organise various programmes that celebrate the multi-culturalism and diversity of our workforce. These events provide an occasion to bring our people together and strengthen the bonds between staff.

Creating Opportunities for the Physically Challenged and those with Disabilities

Wherever possible, the Group offers suitable employment opportunities to persons with disabilities, reflecting its equal opportunity spirit. We have six (6) permanent staff in the Supply Chain Division, working in the warehouse and our shops.

Work-Life Balance

We continue to emphasise on the importance of establishing a healthy lifestyle among our staff, where they achieve a balance between work and their personal commitments, which includes family time, leisurely pursuits, social connections and more. Ultimately, these are vital in ensuring the satisfaction and sustainability of our workforce, while directly addressing issues of job frustration, staff attrition and employee turnover.

We encourage our staff to achieve a work-life balance via various programmes organised by the employee-led Amway Sports and Recreation Club ("ASRC"). The ASRC is the Group's official initiative to organise various health, social, sports and other forms of activities for the benefit of staff. In 2018, the ASRC organised a host of activities for staff which included (but not limited to) the following:

- Futsal
- Badminton
- Yoga
- Zumba
- Team Building at Broga Hill
- Water Rafting
- Virtual Reality Game

VENDOR MANAGEMENT & PROCUREMENT PRACTICES

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

The selection of ethical vendors that align 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.

In accordance with local laws, the Group complies with the Personal Data Protection Act 2010 ("PDPA"). Data collection is limited to information that is absolutely required and is solely for the Group's own use. This includes demographic data and other related information, i.e. income levels, spending and consumption patterns. The consent of our ABOs and consumers are sought for any use of consumer data for marketing or other purposes.

USAGE OF RESOURCES

Paper Usage

In 2018, the Group continued to reduce its overall paper usage across the organisation. The success of our effort stems from the continued digitisation of internal and external business processes and materials. This included the use of electronic/online versions of documents, printed materials, etc., which is a far more sustainable alternative compared to printed materials.

In FY2018, we have reduced printed versions of our publication called Amagram by close to 43% to 2.20 million copies (FY2017: 3.85 million copies), which resulted in savings of about RM291,000.

Sustainability Statement

This was achieved as more ABOs became aware and opted for the electronic version.

Apart from the eAmagram, other digitised versions of conventional paper documents such as the eAchieve, eIncome statement, eTax statement and eCP58 statements also contributed to reduced paper consumption. We also introduced our Online Platinum Reports, which allow our ABO Leaders to access their business information and track their downlines' progress in real time.

Power Usage

We continued with our Group-wide initiative to switch to LED lighting, which contributed to the reduction of power consumption and thereby electricity costs. The initiative has cascaded beyond Amway HQ to our shops nationwide and is especially evident in our refurbished stores.

In FY2018, we successfully reduced electricity consumption by over 22,000kWh in the office and over 37,000kWh in the warehouse. This resulted in savings of more than RM30,000.

2018

Power Savings (KwH)

>22,000kWh (HQ)
>37,000kWh (Warehouse)

Attributed Cost Savings (RM)

>RM30,000

Recycling

Our recycling effort (for carton, plastic, shrink wrap and metal) prevented more than 93,000kg (93 tonnes) worth of material from going to the landfill. The recyclable materials were sourced from across our business operations. The materials are aggregated at various central collection points and is then retrieved by designated recyclers.

We are committed towards further reducing our environmental footprint and will seek out other resource-saving initiatives.

COMMUNITY RELATIONS & COMMUNITY EMPOWERMENT

The Group's Corporate Social Responsibility activities are centred on creating a legacy that is sustainable; that is to provide a long-term multiplier effect that delivers socio-economic benefits across various strata of society.

We continued to actively implement programmes to engage the larger community through various strategic and uplifting events that impact both children and young adults.

Projek HeadSTART

Projek HeadSTART continues to offer apprenticeship training and opportunities to 18-year-olds from underprivileged backgrounds. Implemented in 2015 with the cooperation of the Social Welfare Department, this 6-month programme transitions the post-*Sijil Pelajaran Malaysia* ("SPM") participants to live independently and gain experience working in a multinational corporation.

In 2018, we apprenticed three (3) youths from 15 May to 15 October. The apprentices gained exposure in various roles within the Group on a rotation basis through placements in departments such as Marketing & Communications, Facilities, Human Resource, Warehouse, Corporate Affairs and Customer Service.

the power of 5 NUTRILITE

Power of 5 Programme

>RM600,000

of donation collected to tackle childhood malnutrition in FY2018

Power of 5

The Nutrilite Power of 5 campaign, launched in 2014, is designed to create and build awareness on the issue of malnutrition in children, especially during their first five (5) years of life.

This is crucial because the latter is a vital growth period for them, which makes these children especially vulnerable to malnutrition. Insufficient essential nutrients

during these initial years can impair brain and body development. The Power of 5 campaign was specifically designed to address this issue and focusses on three (3) key elements:

- Highlighting the critical first five (5) years of life and how malnutrition impacts children
- Highlighting Amway Global's and Nutrilite's role in addressing this issue with Nutrilite Little Bits™ and five (5) key partnerships, and
- Inviting individuals to join us in fighting childhood malnutrition

Nutrilite Little Bits, specially developed by Amway Global, is a micronutrient supplement targeted at malnourished children. The formula, which contains 15 essential vitamins and minerals, is based on the World Health Organisation's ("WHO") guidance for micronutrient powders designed to address malnutrition in the first five (5) years of life.

Clinical studies have shown that Nutrilite Little Bits has helped reduce iron-deficiency anaemia by 93% and stunting (the global measure of chronic malnutrition in children) by 40%. Amway Global's goal is to provide a daily serving of Nutrilite Little Bits to more than 500,000 malnourished children by the end of 2019.

Towards this end, we introduced the limited edition Nutrilite FAV Gift Sets, comprising three (3) supplement bundles namely Flexibility, Agility and Vitality, in December 2018 to cater to the different health requirements of our ABOs. For every set sold, RM10 was donated to the Nutrilite Power of 5 campaign, with the Group matching the donation by contributing another RM10. There was strong support from our ABOs for this initiative with almost 7,000 bundles sold as of FY2018.

For more info on the Power of 5, visit powerof5.amwayglobal.com

Brazil Power of 5 Experience

To create awareness on childhood malnutrition among our ABOs, seven (7) ABO Leaders from Malaysia had the chance to witness upclose the positive changes that the Nutrilite Power of 5 campaign brought about on a trip to Ubajara, Brazil, in April 2018, following the Nutrilite Power of 5 Leadership Circle trip to Zambia, Africa, in 2017.

This experience made such a lasting impression that these leaders have gone on to inspire their business groups to contribute to the campaign by hosting fundraisers, and helping people learn more about malnutrition and how they may support the cause.

Nutrilite Power of 5K Virtual Race

The Nutrilite Power of 5K Virtual Race was held on 16 October in conjunction with World Food Day 2018. Participants could either walk, run or go on the treadmill for the 5km stint.

The race attracted 224 participants from Malaysia and Singapore with the total fund collected amounting to over RM13,000. At the same time, we also held a "Run in Your Most Unique & Creative Attire" contest where our ABOs turned up in various styles and colours, adding fun and excitement to the day. At the end of the event, 18 winners were selected.

Going forward, we will continue to raise awareness on childhood malnutrition. This cause remains a fundamental CSR thrust for the Group and we aim to ultimately establish in Malaysia our very own Power of 5 programme to benefit malnourished children locally. In 2018, our ABOs have raised more than RM600,000; this brings our 2-year total contribution to over RM1.2 million to help fight childhood malnutrition globally.

Awards and Achievements

TOP EMPLOYER ASIA PACIFIC 2018

FOR TWO (2) CONSECUTIVE YEARS SINCE 2017

top EMPLOYER MALAYSIA 2018 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

top EMPLOYER ASIA PACIFIC 2018 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

eSPRING™ WATER TREATMENT SYSTEM

Reader's Digest Trusted Brand Award 2018
Gold (Malaysia) in the Water Purifier Category

2018 Frost & Sullivan Asia Pacific Best Practices Award -
Home Water Treatment Company Of The Year

ARTISTRY SIGNATURE SELECT™ PERSONALIZED SERUM

2018 Institute Of Packaging Professional ("IoPP")
Ameristar Design Excellence Award

NUTRILITE™

Reader's Digest Trusted Brand Award 2018
Gold (Malaysia) in the Vitamin/Health
Supplement Category

2018 Event Highlights

Healthy Kids, Happy Smiles

FEBRUARY 2018

Amway HQ, Petaling Jaya

"Healthy Kids, Happy Smiles", a joint collaboration by Nutrilite™ and GLISTER™ kids, featured many fun and educational activities for our ABOs and their little ones as well as informative talks by health experts on oral and children's health. The children got to meet Patches the Panda, the official mascot of GLISTER kids, as he offers toothbrushing tips on how to develop sparklingly winsome smiles, while the Nutrilite Kids Characters, Perfect Harmony, Lady Booster and Mighty Flex, helped them learn about Nutrilite Kids Supplements in a fun and engaging way.

essentials™ by ARTISTRY™ (#My1stRoofTopParty)

MARCH 2018

Avenue K Rooftop

More than 1,500 ABOs turned up for the launch and rooftop party (complete with live music and mini concert) of essentials by ARTISTRY, a collection of skincare products that uniquely addresses the dermatological needs of young skin. Made from Nutrilite's Acerola Cherry extract and the best botanical ingredients, the collection treats oily skin, acne and enlarged pores – skin problems that are very common among those aged 18–25 years old. The attendees were also offered the chance to sample the collection and were encouraged to share their experience on social media with the hashtag #my1stARTISTRY and #My1stRoofTopParty.

National Leadership Conference And Leadership Dinner & Dance

MAY 2018

Setia City Convention Centre

Themed "XSperience More", this year's event drew thousands of ABO Leaders who came to learn about the company's latest news and updates. The event was graced by Mark Beiderwieden, Amway's Regional President – Asia Pacific and XS Co-Founder David Vanderveen. The highlight of the evening was the gala dinner and the exotic décor which was inspired by an Arabian night theme to celebrate the largest Asia Pacific Leadership Seminar destination, RISE 2019 Dubai.

National Convention

MAY 2018

Axiata Arena

More than 16,000 ABOs, their guests and members of the public made their way to the 2018 National Convention to celebrate and acknowledge the contribution of the women in their lives. Themed "Be More", the event featured top female leaders from Hong Kong, South Korea and Malaysia who shared their Amway experience and how the business had changed their lives and the lives of their family for the better. The rousing speeches also encouraged and motivated the attendees to break out of their comfort zone and live life to the fullest.

2018 Event Highlights

Atmosphere™ SKY Launch & Roadshow

MAY 2018

Sunway Pyramid Convention Centre

Atmosphere SKY, the latest generation of the Atmosphere air purifier, was launched in June 2018, combining powerful connectivity for easy operation and convenience with cutting-edge technology to provide the best air filtration experience. To build excitement and awareness leading up to the official launch, a series of rallies were held from 22-30 May 2018 with the support of its key scientist, Darius Machado, in five (5) major cities, i.e. Petaling Jaya, Kota Kinabalu, Kuching, Penang and Johor Bahru, which were attended by over 2,900 ABOs.

BodyKey™ Mentor Programme

JULY 2018

Amway HQ, Petaling Jaya

Attended by over 200 leaders, the BodyKey Mentor Programme was a full day event aimed at guiding ABOs in growing their BodyKey business and featured hands-on training on how to use the BodyKey 2.0 app, the new InBodyWATCH and other BodyKey products. Besides a health talk by a dietician, leaders with successful BodyKey businesses shared tips on how to grow a BodyKey business. Participants were armed with the knowhow to replicate the successful practices they learnt about and shared it with their own BodyKey Fitness Communities.

Living Life To The Fullest with XS™ Energy

AUGUST & SEPTEMBER 2018

Sepang International Circuit

ABOs and their guests were fired-up and energised with XScitement as they XSperienced XS Energy for the first time at the XS Boost Camps held throughout Malaysia. Their passion and enthusiasm were ignited further by the XS Energy XSclusive Preview at the Sepang International Circuit. The event saw ABOs from all over the country participating in a fun cycling event around the race track, sampling XS Energy Drinks, playing various games and dancing along to a concert hosted by none other than XS Co-Founder, David Vanderveen.

Aspiring To Be A Young Entrepreneur?

OCTOBER 2018

EX8, Subang Jaya

About 1,500 aspirational young entrepreneurs packed the auditorium for the first ever F.Y.I+ Young Entrepreneurs Forum. Themed "Inspirations Worth Sharing", the participants were there to glean knowledge on what it takes to be a successful entrepreneur. The highlight of the event was when Doug DeVos, Amway Co-Chairman, made a surprise appearance and shared some insights from the Amway Global Entrepreneurship Report ("AGER") 2018 (www.amwayglobal.com) including the growing interest in entrepreneurship from the youth.

Learning From Beauty's Best At ARTISTRY Beauty Camp

OCTOBER 2018

Malaysia International Trade and Exhibition Centre

Nearly 3,000 attendees attended this year's ARTISTRY Beauty Camp to learn the latest in beauty advancements. The key speakers were Dr. Jeff North, Skincare & Cosmetic Specialist and Product Development Group Manager; Jenny Lee, Lead Researcher of the ARTISTRY Skin Analyzer and DERMASONIC; as well as Double Diamond Christmas Sathianwarraporn from Amway Thailand and Double Diamond Hyojin Shim from Amway Korea. ABOs discovered the three (3) WHYs: 'WHY Personalisation?', 'WHY Serum?' and 'WHY ARTISTRY?', four (4) new Signature Solutions and learnt insider tips from two (2) of the best ARTISTRY retailers in the world as well as about the new SIGNATURE SELECT Personalized Serum.

studioABO LIVE Module 2: Success with Products

NOVEMBER 2018

Ideal Convention Centre, Shah Alam

Following 2017's successful launch of studioABO LIVE, a learning resource created by the company together with ABO Leaders, Amway took it to the next level by launching studioABO LIVE Module 2: Success with Products. studioABO is designed to help ABOs achieve goals and grow sustainable businesses. The attendees picked up useful information such as how to grow loyal buyers, responsible selling and the sharing of brand values, among others.

Corporate Information

COMPANY SECRETARIES

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

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
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No. 8, Jalan Kerinchi
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Fax : 03-2783 9111

SHARE REGISTRAR

Tricor Investor & Issuing
House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
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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

Chairman, Senior Independent Non-Executive Director

Nationality : Malaysian	**Gender :** Male	**Age :** 73

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 also serves as a 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 was made partner of the firm in 1985. He had his early accounting training in both Malaysia and the United States of America.

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 eCommerce 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 2018.

Directors' Profiles

Michael Jonathan Duong

Managing Director

Nationality : American	**Gender :** Male	**Age :** 45

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. On 1 May 2018, he took over the helm as the Managing Director of AMHB, 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 2018.

Low Han Kee

Non-Independent Non-Executive Director

Nationality : Malaysian	**Gender :** Male	**Age :** 59

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.

Presently, he is a Board member of Leong Hup International Berhad.

Save as disclosed, 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 2018.

Directors' Profiles

Scott Russell Balfour

Non-Independent Non-Executive Director

Nationality : American	Gender : Male	Age : 57

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, the 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 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 2018.

Mohammad Bin Hussin

Non-Independent Non-Executive Director

Nationality : Malaysian | **Gender :** Male | **Age :** 58

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. 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 and Amanah Saham Nasional 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, nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

En. Mohammad attended all four Board meetings held during the financial year ended 31 December 2018.

Directors' Profiles

Tan Sri Faizah Binti Mohd Tahir

Independent Non-Executive Director

Nationality : Malaysian	**Gender :** Female	**Age :** 68

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.

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.

Presently, Tan Sri Faizah is 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.

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 ended 31 December 2018.

Dato' Abdullah Thalith Bin Md Thani

Independent Non-Executive Director

Nationality : Malaysian	**Gender :** Male	**Age :** 64

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.

Currently, he is a Board member of AmFIRST Real Estate Investment Trust.

Save as disclosed, 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 2018.

Directors' Profiles

Abd Malik Bin A Rahman

Independent Non-Executive Director

Nationality : Malaysian	**Gender :** Male	**Age :** 70

Abd Malik Bin A Rahman (En. Abd Malik) was appointed Director of Amway (Malaysia) Holdings Berhad on 1 January 2019. He is the Chairman of the Nominating Committee and a member of the Audit Committee.

He is a Chartered Accountant member of the Malaysian Institute of Accountants. He is also a Fellow of the Association of Chartered Certified Accountants (UK), a member of the Malaysian Institute of Certified Public Accountants and a member of the Certified Financial Planners (USA). He is a member of both the Malaysian Institute of Management and Chartered Management Institute (UK).

He has held various senior management positions in Peat Marwick Mitchell & Company (currently known as KPMG), ESSO Group of Companies, Colgate-Palmolive (M) Sdn Bhd, Amway (Malaysia) Sdn Bhd, FIMA Metal Box Berhad and Guinness Anchor Berhad. He was the General Manager, Corporate Services of Kelang Multi Terminal Sdn Bhd (currently known as Westports Malaysia) from 1994 until 2003.

En. Abd Malik is currently the Chairman of AFFIN Hwang Investment Bank Berhad, a Board member of AFFIN Bank Berhad, AFFIN Holdings Berhad, AFFIN Hwang Asset Management Berhad, Boustead Heavy Industries Corporation Berhad, Lee Swee Kiat Group Berhad and Mah Sing Group Berhad.

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

En. Abd Malik 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.

En. Abd Malik did not attend any board meetings of the Company held during the financial year ended 31 December 2018 as he was appointed to the Board on 1 January 2019.

Datin Azreen Binti Abu Noh

Independent Non-Executive Director

Nationality : Malaysian	**Gender :** Female	**Age :** 49

Datin Azreen Binti Abu Noh (Datin Azreen) was appointed Director of Amway (Malaysia) Holdings Berhad on 26 February 2019.

She graduated with a Bachelor Degree of Law (LLB) from Universiti Kebangsaan Malaysia and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1996.

Currently, Datin Azreen is the Managing Partner of Messrs Firuz Jaffril, Aidil & Zarina specialising in litigation and arbitration, particularly in corporate, commercial and conveyancing. She is also the Managing Director of Deluxe Merchant Sdn Bhd where she accumulated vast entrepreneurial experience in the food and beverage business.

In addition, Datin Azreen is also an advocate for empowering awareness for children with learning disabilities including dyslexia. In 2017, Datin Azreen was awarded the "Personaliti Industri dan Usahawan Malaysia" award by NiagaTimes for her immense contribution in the food and beverage sector.

Datin Azreen is currently a Board member of Ta Win Holdings Berhad.

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

Datin Azreen 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.

Datin Azreen did not attend any board meetings of the Company held during the financial year ended 31 December 2018 as she was appointed to the Board on 26 February 2019.

Key Management Profiles

NG AI LEE

Chief Financial Officer

Nationality : Malaysian
Gender : Female
Age : 47

Ng Ai Lee (Ms Ng) was appointed as 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 21 years of finance related experiences having worked in similar capacities with various large and multinational companies in Malaysia and Singapore. These include companies involved in audit, pharmaceuticals, trading and manufacturing. Ms Ng holds a Bachelor of Accounting from 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

Head of Sales

Nationality : Malaysian
Gender : Female
Age : 48

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, 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 many years of experience in sales and sales management in the pharmaceutical industry.

WONG CHOOM YEE

Head of Human Resource

Nationality : Malaysian
Gender : Female
Age : 49

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, facilities 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.

MAGDELINE TAY SWEE CHOO

Head of Retail, Operations and Customer Service

Nationality : Malaysian
Gender : Female
Age : 51

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 24 years of related industry experience in all areas of supply chain management encompassing planning, procurement, inventory, warehousing, distribution, logistics and customer service. Ms Tay has served in similar roles with leading international companies. She is currently pursuing her Master of Science in Supply Chain Management from the University of Bolton.

LEONG KOK FONG

Head of Marketing

Nationality : Malaysian
Gender : Male
Age : 45

Leong Kok Fong (Mr Leong) was appointed as Amway Malaysia's Head of Marketing in December 2013. He oversees the planning and execution of the Group's 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 many years of related industry experience having helmed marketing and communication positions previously with well-established large international retail and FMCG companies.

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") as part of its strategic approach to ensure the Group's business and operational sustainability while safeguarding the interest of stakeholders and enhancing shareholder value.

In financial year ended 31 December 2018 ("FY2018"), the Board has continued to provide oversight on corporate governance and, by working together with the Senior Management, has looked to strengthen its corporate governance practices to ensure closer alignment with the Malaysian Code on Corporate Governance ("MCCG").

This Corporate Governance Overview Statement ("CG Overview Statement") is intended to reflect how the Group has achieved the following in FY2018:

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

A comprehensive disclosure of Amway's overall approach and specific practices pertaining to corporate governance is given in the Company's FY2018 Corporate Governance Report ("CG Report"). The CG Report provides a detailed account on how Amway has applied or departed (and has adopted an alternative approach) in relation to the individual practices set out by the MCCG.

The CG Report is published at the same time as Amway's Annual Report 2018 and can be accessed via www.amway.my.

Hence, this CG Overview Statement should be read together with our CG Report. This statement has been prepared in accordance to Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("Listing Requirements").

In FY2018, Amway has complied with all practices under the MCCG with the exception of the following:

PRACTICE	DESCRIPTION
Practice 7.2	The Board discloses 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.
Practice 12.3	Listed companies with a large number of shareholders or which have meetings in remote locations should leverage on technology to facilitate:– • including voting in absentia; and • remote shareholders' participation at General Meetings.

The reasons for the departure as well as alternative practices applied are given in the CG Report.

Corporate Governance Overview Statement

BOARD CHARTER

In executing its duties, the Board is guided by its Board Charter. The Board Charter clearly defines the Board's duties as well as that of its Board Committees, limits of authority as well as other pertaining matters that are reserved for the Board. The duties of the Chairman, individual directors in their capacities as Independent or Non-Independent Directors and the role of the Managing Director ("MD") (which is separate and distinct from the role of the Chairman) are also clearly defined in the Board Charter.

Our focus areas for corporate governance in FY2018 was strengthening board leadership and effectiveness by making necessary revisions to the Board Charter. Subsequently, revisions were also made to the respective Terms of Reference ("TOR") of the Board Committees namely, the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC").

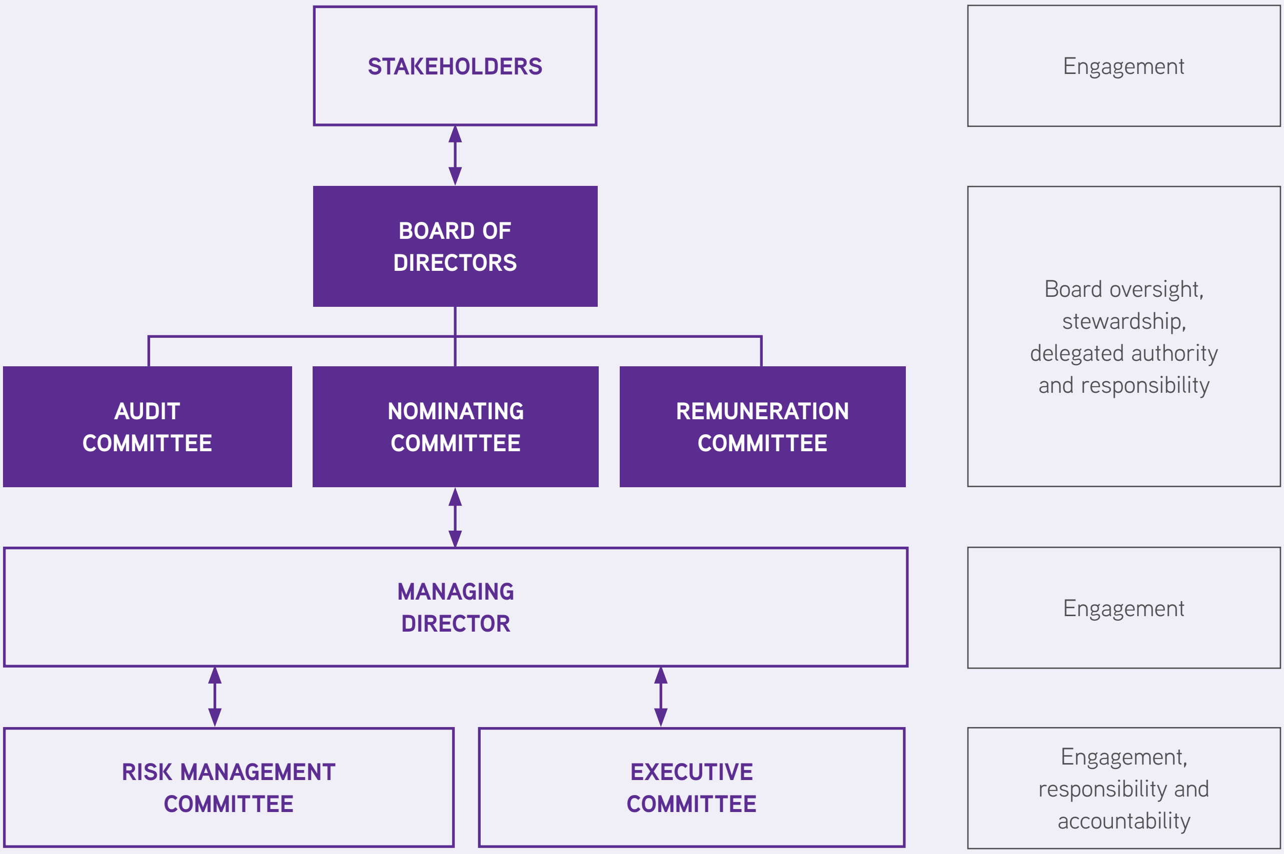
In particular, the AC has been strengthened with several changes to its TOR pertaining to the Chairman of the Committee such that the Chairman of the AC shall not be the Chairman of the Board and no former key audit partner shall be appointed as a member of the AC before observing a cooling-off period of at least two years.

Amway's Board Charter and the TORs for Amway's Board Committees are available at www.amway.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Governance Framework



The Board has a robust governance framework that encompasses all levels in the Group. The framework provides for strong oversight at working, supervisory and management levels as well as Board level.

The Board plays an active role in charting the strategic direction of the Group. The following are the key aspects of the Board's role in providing effective leadership, governance and oversight for Amway:

- Reviewing and adopting a strategic plan for the Group towards achieving an appropriate balance between long term growth and short term business targets and safeguarding shareholder value and interests;
- Reviewing the Group's operating budget as proposed by Senior Management;
- Reviewing the Group's unaudited quarterly financial results and annual audited financial statements;
- Evaluating the adequacy and effectiveness of the system of internal control and risk management processes and mitigating measures to address financial, operational and business risks;

Corporate Governance Overview Statement

- 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 investor relations programme for the Group; and

- Reviewing and determining the remuneration of the Board, MD and Senior Management to ensure that the compensation offered is competitive and aligned with the Group's Remuneration Packages.

Effective leadership and management is also established via Amway's set of guidelines, policies, procedures and certainly the Group's corporate values. The following constitutes key components of our governance framework which guide the Board in the execution of its duties:

- 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

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.

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 MD. • 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. • Managing the interface between the Board and Management.
Independent Directors	• Safeguarding the interests of shareholders and bringing an independent, non-biased perspective on matters discussed by the Board. • Specifically looking into matters of corporate governance within the Group while providing an independent perspective of the proposals and plans put forward by the MD. • Monitor the areas of discussion, notably on those where potential conflicts of interests situations may arise.
Non-Executive Directors	• Serve as a bridge between the 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	• Ensures 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 ensures the execution of day-to-day operational strategies together with the Management team. • Accountable to the Board for the overall performance of the Group and the observance of Management's limits. • Acts within all specific authorities delegated by the Board.

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 Senior 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 financial statements as well as the adequacy and integrity of internal controls, of the Company and the Group.

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

The Board is ably supported by the MD and Senior Management, which provide it with the necessary information and support to develop comprehensive perspectives on strategic matters and issues so as to chart robust and sustainable business strategies and policies to guide the Group's operations. These strategies cover a wide range of areas including, but not limited to, audit, risk, business plan, talent development and others.

SEPARATION OF ROLES BETWEEN THE BOARD AND SENIOR MANAGEMENT

There is a clear delineation of roles and functions between the Board and Senior Management to ensure that the strategic operations and day-to-day operations of the Group are well managed.

The MD together with the Senior Management 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 indicators ("KPIs") to realise the approved business plan for the year. In executing their roles, the Senior Management 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 the oversight and stewardship of the Group.

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 more informed decision making and effective discharge of the Board's responsibilities.

The agenda and board papers are circulated to the Board members at least five (5) business 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 explanation to facilitate informed decision making.

The 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 the 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 the Company Secretaries. The role of the Company Secretaries has been strengthened with enhancements made to the Board Charter.

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

BOARD ACTIVITIES AND TASKS IN FY2018

Following is a summary of matters addressed by the Board either directly or via its respective Board Committees:

FOCUS AREA	ACTIVITIES & ACCOMPLISHMENTS
Financial & Operations	• Deliberated and approved capital expenditure • Deliberated and approved the Group's budget and forecasts • Reviewed principal business risks and ensure the implementation of mitigating measures and internal controls • Deliberated and approved unaudited quarterly financial results and annual audited financial statements • Reviewed internal audit findings and management responses
Strategic Plans and Sustainability	• Reviewed business strategies and operating plans • Oversee the conduct of the Group's business • Reviewed the succession planning and remuneration of the Board and Senior Management
Corporate Governance	• Reviewed the Group's corporate governance framework to be in line with the MCCG and Listing Requirements of Bursa Securities • Reviewed Board effectiveness • Reviewed the term of office and performance of the AC, NC and RC

II. BOARD COMPOSITION

The Board currently comprises nine (9) directors, eight (8) of which are Non-Executive Directors. The MD is the sole Executive Director on the Board. Of the eight (8) Non-Executive Directors, five (5) are Independent Directors. Currently, no alternate Director have been appointed in respect of any of the Directors.

The Board collectively brings a diverse range of skills, expertise, qualification, background and experience to Amway. The Board composition reflected both ethnic and gender diversity, which we believe is valuable in ensuring a rich spectrum of views and opinions to facilitate more comprehensive discussions and a more robust decision making process.

The Board considers that the Directors have the necessary range of skills, knowledge and experience necessary to direct the Group. These include key areas such as corporate planning, risk management, financial (including audit, tax and accounting), legal, business acumen and entrepreneurial capabilities. The Board also believes that its present composition represents an adequate balance of Executive and Non-Executive Directors to safeguard shareholders' interest and facilitate effective decision making.

Dato' Ab. Halim Bin Mohyiddin has indicated that he will be retiring as the Chairman and Senior Independent Non-Executive Director ("Senior INED") upon the conclusion of the Twenty Fourth ("24^{th}") Annual General Meeting ("AGM") which will be held on 29 May 2019. Hence, the Company will not have any Director serving a cumulative period beyond nine years after the conclusion of the 24^{th} AGM.

Taking into consideration the balance of our Board composition in terms of gender ratio as well as ensuring a majority of Independent Directors, Amway has appointed Abd Malik Bin A Rahman on 1 January 2019 and Datin Azreen Binti Abu Noh on 26 February 2019 as Independent Non-Executive Directors ("INED").

Upon the retirement of Dato' Ab. Halim Bin Mohyiddin from the Board, 25% of the Board will consist of female directors, with two (2) female directors out of eight (8) Board members.

As part of the succession plan, Tan Sri Faizah Binti Mohd Tahir will be appointed as the Board's Chairperson and RC member on the same day.

COLLECTIVE SKILLS & COMPETENCE OF THE BOARD

SKILL/COMPETENCE	DESCRIPTION
Leadership	Overall stewardship of the Group, strategy formulation, strong and established business networks and corporate management experience.
Entrepreneurial acumen	Business development, assessment of existing and emerging opportunities.
Sustainability and Stakeholder management	Governmental relations, community and investor relations, and corporate governance.
Finance and corporate	Accounting, audit, legal, financial literacy, economics and business administration.

BOARD INDEPENDENCE

As at 31 December 2018, four (4) of the eight (8) Directors were Independent Directors. The Board composition then and the current composition not only exceed the one-third (1/3) requirement as set out under the Listing Requirements but also comply with Practice 4.1 of the MCCG which stipulates that at least half of the Board comprises Independent Directors. In strengthening Board independence, the Board Charter was also amended to this effect in February 2018.

The profile of each Director is set out in the Directors' Profiles section of this Annual Report.

The Board reviews the independence of directors before they are appointed, on an annual basis and at any other time where the circumstance of a director changes and reassessment is warranted. Director independence is essentially assessed based on the criteria set out in paragraph 1.01 of the Listing Requirements.

Following its annual assessment, the NC is satisfied that in FY2018, all Independent Directors of Amway had demonstrated a high level of independence and have acted, to the best of their abilities, in the interest of the Group. In justifying its decision, the NC is entrusted to assess the directors' suitability to continue as an Independent Non-Executive Director based on the criteria for independence.

SENIOR INED

In FY2018, the Company's Chairman, Dato' Ab. Halim Bin Mohyiddin was the Senior INED and provides an independent point of contact for shareholders.

Upon his retirement on 29 May 2019, Tan Sri Faizah Binti Mohd Tahir will be re-designated as the Senior INED.

CONFLICT 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 is available for view at www.amway.my.

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 the Management.

COMMITTEE	RESPONSIBILITIES
AC	• Oversees the financial reporting process. • Assesses the effectiveness of the system of internal control and risk management processes. • Reviews the independence of internal and external auditors, and the performance of the audit functions.
NC	• Assesses the effectiveness of the Directors, Board and its Committees. • Proposing new nominees to the Board and Board Committees. • Assesses the independence of the Independent Directors.
RC	• Recommend Directors' fees and allowances of the Non-Executive Directors taking into account their responsibilities and time commitment. • Recommend the remuneration package of the Executive Directors and Senior Management based on individual performance and that of the Group.

All Committees report to the respective Chairman of each committee. The Chairman in turn reports to the Board to keep the Board members appraised of matters discussed at the Committee level.

The AC

The Board's AC comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. Tan Sri Faizah Binti Mohd Tahir, who has been a member of the AC since 8 May 2014, was re-designated as the AC Chairperson effective 26 February 2018. The re-designation 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.

Following Tan Sri Faizah Binti Mohd Tahir's re-designation as the Board's Chairperson upon the conclusion of the 24th AGM, she will be re-designated as an AC member and Abd Malik Bin A Rahman will be re-designated as the AC Chairman on the same day to ensure continued compliance with Practice 8.1.

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 Company and Group. Through the AC, the Board entrusts the Risk Management Committee ("RMC") with the overall responsibility for overseeing the risk management activities of the Group.

The RC

The Board's RC comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. Scott Russell Balfour has been the RC Chairman since 2016.

The RC is responsible for establishing the framework to review and determine the remuneration packages of the Executive Director, 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 NC

The Board's NC comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. On 26 February 2018, Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham was re-designated as the NC Chairman and Scott Russell Balfour was re-designated as NC member. This is in line with Practice 4.7 of the MCCG which requires the listed issuer to have an Independent Director as the Chairman of the NC.

Corporate Governance Overview Statement

Upon resignation of Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham on 1 January 2019, the Board has appointed Abd Malik Bin A Rahman as the NC Chairman. As part of the succession plan, Abd Malik Bin A Rahman will be re-designated as NC member and Dato' Abdullah Thalith Bin Md Thani will be appointed as the NC Chairman upon the conclusion of the 24th AGM.

The NC is tasked with specific terms of reference to assist the Board to identify, consider and recommend suitable individuals for appointment as Directors of 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.

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 the 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 the MD and Chief Financial Officer ("CFO");
- Reviewed and recommended the re-election of Scott Russell Balfour and Mohammad Bin Hussin 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 INEDs; and
- Reviewed and recommended the appointment of Abd Malik Bin A Rahman as the new board member, NC Chairman and AC member effective 1 January 2019.

The NC held three (3) meetings during FY2018. 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.

Supporting the Board Committees are the RMC and the Executive Committee ("EXCOM").

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

TIME COMMITMENT

The Board recognises that it is necessary for all Directors to allocate sufficient time to effectively discharge their duties. This includes attending meetings, being able to review Board papers prior to meetings and providing constructive viewpoints. This is in addition to duties or commitments if the said director serves on any Board Committees. The Board obtains this commitment from Directors at the time of appointment.

In ensuring Directors are able to allocate their time to Amway, the schedule of the meetings is circulated in November of the previous year to enable the Directors to plan their schedule for the year. Additional meetings may be convened if and when urgent matters arise between the scheduled 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.

BOARD AND BOARD COMMITTEES ATTENDANCE

Following is the attendance of the Board Members for Board meetings and Board Committee meetings held during FY2018:

Directors	Number of Meetings Held			
	Board	AC	RC	NC
Non-Executive Directors				
Dato' Ab. Halim Bin Mohyiddin (Board Chairman, re-designated as AC member effective 26 February 2018)	4/4	4/4	1/1	3/3
Tan Sri Faizah Binti Mohd Tahir (Re-designated as AC Chairperson effective 26 February 2018)	4/4	4/4	N/A	N/A
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (NC Chairman effective 26 February 2018, resigned on 1 January 2019)	4/4	4/4	N/A	3/3
Dato' Abdullah Thalith Bin Md Thani	4/4	4/4	1/1	N/A
Mohammad Bin Hussin	4/4	N/A	N/A	N/A
Low Han Kee	4/4	N/A	N/A	N/A
Scott Russell Balfour (RC Chairman, re-designated as NC member on 26 February 2018)	4/4	4/4	1/1	3/3
Abd Malik Bin A Rahman (Appointed as Board member, AC member and NC Chairman effective 1 January 2019)	N/A	N/A	N/A	N/A
Datin Azreen Binti Abu Noh (Appointed as Board member effective 26 February 2019)	N/A	N/A	N/A	N/A

Directors	Number of Meetings Held			
	Board	AC	RC	NC
Executive Directors				
Liu, Ming-Hsiung @ Martin Liou (Resigned as MD effective 1 May 2018)	1/1*	N/A	N/A	N/A
Michael Jonathan Duong (Re-designated as MD effective 1 May 2018)	4/4	N/A	N/A	N/A

*Resigned effective 1 May 2018, only 1 meeting was held prior to his resignation.

Corporate Governance Overview Statement

All Directors have achieved full attendance for meetings held during FY2018 and 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 in FY2018 towards fulfilling their roles and responsibilities as Directors of the Group.

BOARD EFFECTIVENESS

BOARD PERFORMANCE EVALUATION

The Board and individual members are assessed annually by the NC via a Board Effectiveness Evaluation ("BEE") exercise. Directors are assessed 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 the Board;
- Declaration of Independence; and
- Time commitment.

The BEE is a periodic exercise undertaken regularly. Having conducted the BEE in FY2018, the Board is satisfied with the outcome of the BEE. Areas requiring improvements were identified and action plans were recommended to the Board for implementation.

As part of the BEE process, the Board also reviewed the self-evaluation form completed by the MD and CFO. After considering the Group's overall performance, the NC is satisfied with the character, experience, integrity, competence and time commitment of the MD and CFO in the discharge of their roles in FY2018.

BOARD APPOINTMENTS

The NC is responsible for recommending suitable candidates to the Board with the aim of strengthening the Board's existing skill matrix and to ensure a constant refreshing of its Directors towards injecting fresh perspectives and ideas while ensuring strong corporate governance. Candidates are sourced using a wide range of channels, beyond the recommendations of present or former directors.

In shortlisting and recommending candidates for the Board's approval, the NC considers the following criteria:

- The candidate's independence, in the case of the appointment of an INED;
- The composition requirements of the Board and its 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.

Directors are selected purely on merit. 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 and meetings with the Senior Management and relevant staff.

On 1 January 2019, Abd Malik Bin A Rahman was appointed as an INED of the Company. He is the Chairman of the NC and also serves as a member of the AC.

On 26 February 2019, Datin Azreen Binti Abu Noh was appointed as an INED of the Company.

RE-ELECTION OF DIRECTORS

In compliance with the Constitution of the Company, one third (1/3) 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 AGM. The Constitution further provides that all Directors shall retire from office at least once in every three (3) years.

As such, Low Han Kee, Abd Malik Bin A Rahman and Datin Azreen Binti Abu Noh are subject to stand for re-election at the forthcoming AGM. The Board, via its NC, has assessed the said Directors based on their aptitude, experience, integrity, competence and time commitment and therefore has recommended their re-election subject to shareholders' approval.

In FY2018, the Board Charter was revised to incorporate a 2-tier voting for the re-election of Independent Directors sitting on the Board for more than twelve (12) years.

Following the resignation of Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham on 1 January 2019, Dato' Ab. Halim Bin Mohyiddin is the only INED to remain seated on the Board for a cumulative period beyond nine (9) years.

However, Dato' Ab. Halim Bin Mohyiddin has conveyed his intention to not seek for re-election at the 24th AGM on 29 May 2019. He will remain in office until the conclusion of the 24th AGM.

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.

During the year, all the 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 FY2018:

Corporate Governance/Risk Management

1.	Malaysian Code on Corporate Governance and Corporate Governance Guide
2.	Awareness Talk on Corporate Integrity - "Leadership's tone in combating corruption"
3.	Cyber and Information Security Awareness
4.	The Organisation for Economic Co-operation and Development Roundtable Conference on Corporate Governance
5.	Importance of Non-Financials Reporting

Strategic/Leadership/Business Intelligence

1.	Global Growth Conference
2.	CEO Roundtable
3.	Companies of the Future
4.	Advantages of having Business Judgement Rule for Directors

Corporate Governance Overview Statement

Industry/Legal and Regulatory Development

1.	International Direct Selling Symposium
2.	International Court of International Arbitration (ICCA) Conference 2018
3.	Chartered Institute of Arbitrators Presidential Lecture
4.	Asia Alternative Dispute Resolution Week

Finance/Tax/Sustainability

1.	Malaysian Financial Reporting Standards
2.	Corporate Exercise & Asset Pricing In Malaysia (Renegotiation and Re-contracting)
3.	Green Technology by Malaysian Industry-Government for High Technology (MIGHT) - “Smart is the new Green”
4.	Redefining Financial Integrity
5.	Sustainability Reporting

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

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.

The remuneration of the Directors is determined based on their responsibilities and time commitment while for Senior Management, the RC considers market competitiveness, business results, experience and individual performance to ensure 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.

DIRECTORS’ REMUNERATION

In the case of Independent Directors, remuneration is a matter for the Board, as a whole, with individual Directors abstaining from the discussion of his/her own remuneration.

For Executive Directors, including the MD, remuneration is based on the achievement of key performance indicators (“KPIs”) for the Group as well as individual KPIs set. The Board deliberates and approves the remuneration of the MD who shall abstain 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.

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 the Directors for FY2018 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 (resigned effective 1 May 2018)	-	433.5	912.5	-	43.3	0.6
Michael Jonathan Duong	-	1,627.3	655.0	-	-	397.1
Dato' Ab. Halim Bin Mohyiddin	131.4	-	-	-	12.3	0.1
Tan Sri Faizah Binti Mohd Tahir	74.0	-	-	-	8.0	1.5
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	76.4	-	-	-	11.0	-
Dato' Abdullah Thalith Bin Md Thani	74.3	-	-	-	9.0	-
Mohammad Bin Hussin	65.4*	-	-	-	4.0	0.7
Low Han Kee	57.7	-	-	-	4.0	1.8
Scott Russell Balfour	-	-	-	-	-	-
Company						
Liu, Ming-Hsiung @ Martin Liou (resigned effective 1 May 2018)	-	-	-	-	-	-
Michael Jonathan Duong	-	-	-	-	-	-
Dato' Ab. Halim Bin Mohyiddin	131.4	-	-	-	12.3	0.1
Tan Sri Faizah Binti Mohd Tahir	74.0	-	-	-	8.0	1.5
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	76.4	-	-	-	11.0	-
Dato' Abdullah Thalith Bin Md Thani	74.3	-	-	-	9.0	-
Mohammad Bin Hussin	65.4*	-	-	-	4.0	0.7
Low Han Kee	57.7	-	-	-	4.0	1.8
Scott Russell Balfour	-	-	-	-	-	-

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

Bonuses payable to the 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 Companies Act 2016 ("the Act"), the payment of Directors' fees and benefits shall be approved at a general meeting. The Board shall seek shareholders' approval at the forthcoming 24th AGM for the payment of Directors' fees and benefits for the Directors of the Company for FY2019.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Matters of audit and risk is managed by the Audit Committee ("AC"), which comprises a majority of Independent Directors. The Terms of Reference of the AC are available at www.amway.my. The full scope of work undertaken by the AC is given in the AC report of this Annual Report.

The AC is supported by the Company's external and internal audit functions, as well as the RMC on matters pertaining to risk. During the financial year, the AC focused on governance, financial reporting, budgeting, internal audit, risk management and external audit.

The AC is responsible for ensuring that the financial statements of the Group are made in accordance 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 financial results.

The said financial statements comprise of quarterly financial reports announced to Bursa Securities and the annual statutory financial statements. The CFO presents a review of quarter-to-quarter and year-to-date financial performance at quarterly meetings. These are prepared on a going concern basis and reflect a true and fair view of the financial position of the Group as at 31 December 2018.

Other statement that provides an 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 FY2018, 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 provided in this Annual Report.

EXTERNAL AUDITOR

The Board via the AC maintains a formal and transparent, professional relationship with the Group's External Auditors, Messrs Ernst & Young. The role of the AC in relation to the External Auditors is described in the AC Report 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 2018, assessed the level of service provided by the External Auditors through the AC Evaluation Form, and took into consideration the following, amongst others:

- Provision of written assurance of independence from the External Auditors;
- The level of service, independence and level of non-audit services rendered;
- 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 statements.

Messrs Ernst & Young 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 Messrs Ernst & Young's independence and the level of non-audit services rendered by them for FY2018. The AC is satisfied that Messrs Ernst & Young continue to possess the competency, independence and experience required to fulfil their duties effectively. Based on the recommendation of the AC, the Board will be seeking shareholders' approval for the re-appointment of the External Auditors at the 24th AGM. Following are the fees paid to the External Auditor:

FEES	FY2017	FY2018
AUDIT FEES (RM)	232,000	226,000
NON-AUDIT FEES (RM)	81,000	11,000

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board accepts responsibility that the annual audited financial statements and interim financial results have been prepared to comply with the Act and applicable financial reporting standards in Malaysia. This includes adopting all necessary measures to ensure that all applicable accounting policies have been applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates.

II. 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 Board has oversight risk management function via its AC which in turn is supported by the RMC. Supporting the RMC is the Group's independent internal audit function, which is managed by the external professional firm, Deloitte Risk Advisory Sdn. Bhd. ("DRA"). Further details on the key features of the risk management framework and the tasks undertaken by RMC and DRA are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The Board is supported by a risk management framework in the assessment of risk and towards ultimately determining the Group's risk appetite. However, the responsibility for managing risk resides at all levels within the Group. Risks are mainly managed at the operational level and guided by approved risk management policy and guideline.

The Board is of the view that the present system of internal control and risk management framework is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments, and the interests of customers, regulators, employees and other stakeholders.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH SHAREHOLDERS

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

As stipulated in the Listing Requirements, the Board has formalised an Investor Relations policy which also governs pertinent corporate disclosure, which includes information that needs to be disseminated and sets out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

The Group's unaudited quarterly financial results are released within two (2) months from the end of each quarter and the annual audited financial results together with the Annual Report, which remains a key channel of communication, is published within four (4) months after the financial year end.

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

Stakeholders can also email the Group at: ir@amway.com. 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.

COMMUNICATION CHANNELS

The various channels of communications utilised are quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, bi-annual briefings to the financial community, AGM and through the Group's website at www.amway.my where shareholders can access amongst others, the corporate information, annual reports, press releases, financial information, Company's announcements and share prices.

In FY2018, two briefings with investors and analysts were held. The Board believes its practices in this area are consistent with both the Principles concerning dialogue with stakeholders, and good governance.

II. CONDUCT OF GENERAL MEETINGS

The AGM, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

In keeping with Practice 12.1 of the MCCG, the notice to shareholders should be given at least 28 days in advance of the AGM. Hence, Notice of the 23rd AGM was issued on 16 April 2018, in effect being 29 days in advance of the scheduled AGM to be held on 16 May 2018.

The AGM is held in a strategic and central location so that it is convenient for shareholders to attend. We continue to encourage shareholders to attend the AGM and convey their expectations and possible concerns on proposed resolutions and matters relating to the Group's operations before putting each resolution to a vote.

At the last AGM, the MD provided shareholders with an overview of the Group's operations while the CFO 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.

Amway ensures that all Directors and the CFO attend the AGM so that matters brought up by the floor can be effectively addressed to shareholders' expectations. Beyond the proposed resolutions, AGMs also serve as an avenue to share on the Group's performance as well as future business plans and strategies with shareholders.

SHAREHOLDER PARTICIPATION AT GENERAL MEETING

About 590 shareholders and proxies attended the last AGM held on 16 May 2018. About 430 proxy forms and certificates of corporate representatives were received, representing over 88% of the Company's total issued share capital.

Electronic poll voting was conducted for all resolutions set out in the Notice of AGM. 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 meeting day.

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. All Directors are also present to answer questions in person.

This CG Overview Statement was approved by the Board of Directors on 26 February 2019.

Audit Committee Report

The Board of Directors is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2018 ("FY2018").

OBJECTIVE

The AC was established in accordance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") to serve as a Committee of the Board of Directors ("the Board") to assist the Board in fulfilling its fiduciary responsibilities.

The AC is supported by the Company's external and internal audit functions in carrying out its responsibilities.

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) undertakes rotational audits (guided by the global internal audit programme) and enterprise risk assessments of the Group. This team is staffed by highly competent personnel with wide knowledge of the industry and are well capable to assess the business and operational risks of the Group and to benchmark global affiliates' efficiencies and controls to ensure good corporate governance practices.

A. COMPOSITION & MEMBERSHIP

All five (5) members of the AC are Non-Executive Directors, four (4) of whom are Independent Non-Executive Directors ("INEDs"). The INEDs satisfy the test of independence under Paragraph 1.01 of the Listing Requirements of Bursa Securities. With this, the Company has complied with Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Listing Requirements of Bursa Securities.

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

Chairperson of the AC	
Tan Sri Faizah Binti Mohd Tahir	Chairperson, INED
Members of the AC	
Dato' Ab. Halim Bin Mohyiddin*	Senior INED
Scott Russell Balfour	Non-Independent Non-Executive Director
Dato' Abdullah Thalith Bin Md Thani	INED
Abd Malik Bin A Rahman*	INED Appointed effective 1 January 2019
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	INED Resigned effective 1 January 2019

* Member of the Malaysian Institute of Accountants, accordingly complied with Paragraph 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities.

Dato' Ab. Halim Bin Mohyiddin has informed that he will be retiring from the Board upon conclusion of the Twenty Fourth ("24th") Annual General Meeting ("AGM") on 29 May 2019.

As part of the Board's succession plan for the AC, the following changes will take effect upon the conclusion of the 24^{th} AGM:

- Tan Sri Faizah Binti Mohd Tahir will be re-designated from AC Chairperson to AC member. This is to ensure continued compliance with Practice 8.1 of the MCCG as she will be re-designated as the Chairperson of the Board on the same day;

- Abd Malik Bin A Rahman will be re-designated as AC Chairman; and

- Datin Azreen Binti Abu Noh will be appointed as a member of the AC.

B. ROLES & RESPONSIBILITIES

The AC operates under a written Terms of Reference ("TOR") containing provisions that address requirements imposed by Bursa Securities. This TOR provides for the AC's oversight of financial compliance matters in addition to a number of other responsibilities. The TOR was last reviewed and updated on 26 February 2018 and can be viewed at www.amway.my.

During FY2018, the AC focused on matters of governance, financial reporting, budgeting, internal audit, risk management and external audit.

Risk management is also addressed by the AC through the Risk Management Committee ("RMC"). Matters of risk were reported to the AC on a quarterly basis and briefed by the Managing Director to the AC. For further details on the Group's risk management processes, kindly refer to the Statement on Risk Management and Internal Control ("SORMIC") in this Annual Report.

C. SUMMARY OF WORK OF THE COMMITTEE

1. Financial Reporting

In FY2018, the AC undertook the following:

- Reviewed the unaudited quarterly financial results and annual audited financial statements prior to recommending them to the Board for approval;

- Assessed whether appropriate accounting policies had been applied throughout the financial year and if the Management had made appropriate estimates and judgements over the recognition measurement and presentation of financial results;

- Reviewed and highlighted to the Board significant matters raised by the External Auditors including financial reporting matters, significant judgements made by the Management, significant events or transactions and actions taken for improvement; and

- Deliberated significant changes in relevant regulatory requirements, accounting and auditing standards that affect the Group and the adoption of such changes by the Management.

2. External Audit

The AC, in relation to the external audit function, undertook the following:

- Discussed with the External Auditors, the scope of work, timeline of annual audit, materiality threshold, audit approach to be adopted, areas of audit emphasis, key changes to the accounting and financial reporting standards as well as auditing standards;

- Reviewed, deliberated and reported the results of the annual statutory audit to the Board;

- Obtained written assurance with regards to the independence of the External Auditors throughout the audit engagement for FY2018; and

- Reviewed and approved the provision of non-audit services rendered by the External Auditors.

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

In addition, the AC also assessed the performance of the External Auditors via the AC Evaluation Form based on the following:

- Level of service, independence and level of non-audit services rendered by the External Audit Team;

- Quality and scope of audit planning in assessing risks and how the External Audit Team maintain or update the audit plan in response to changing risks and circumstances;

- Quality and timeliness of reports furnished to the AC;

- Level of understanding demonstrated of the Group's business; and

- Communication to the AC about new and applicable accounting practices and auditing standards and the potential and actual impact of these 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 is satisfied that the audit fees amounting to RM226,000 (RM232,000 in 2017) payable to Messrs Ernst & Young is appropriate. The audit and non-audit fees paid by the Company and the Group are disclosed on page 81 of the Annual Report 2018.

3. Oversight of The Group's Internal Audit Function

The internal audit function is outsourced to Deloitte Risk Advisory Sdn. Bhd. ("DRA"), an independent professional services firm. The internal audit function operates on a clearly defined audit plan which is reviewed and approved by the AC in terms of adequacy of scope and coverage of the auditable areas as well as taking into consideration the findings of previous audits. Beyond this, the role of the AC pertaining to the internal audit function is as follows:

- Reviewed the number of resources and the qualifications of the personnel responsible for the internal audit function and whether the function has been undertaken in accordance with a recognised framework;

- Deliberated on the internal audit reports prepared by DRA, which highlighted the audit observations, recommendations and Management's responses. All findings were discussed with the Management, and where appropriate, the necessary actions were taken to improve the internal controls based on improvement opportunities identified in the internal audit reports; and

- Assessed the performance of DRA based on the AC Evaluation Form, taking into account the scope, adequacy and effectiveness (including the methodology, competency and resources) of the internal audit function.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE INTERNAL AUDIT FUNCTION

The DRA team is headed by Ms. Cheryl Khor, a certified public accountant with vast experience 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. DRA reports directly to the AC.

In FY2018, DRA conducted quarterly reviews of the Group's internal controls in accordance with the internal audit plan for 2018 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 risks. All major findings and significant control issues and concerns are reported directly to the AC. The Management also shared on the actions taken based on improvement opportunities identified in the reports.

During FY2018, DRA audited several key areas, including the following:

- Revenue management including but not limited to reviewing the process and controls relating to revenue and cash management, assessing the completeness and timeliness of invoicing, ascertaining the adequacy of segregation of duties, reviewing controls over the prevention of fraud or collusion for sales and cash collection functions and reviewing the revenue reconciliations process and related controls.

- Inventory management including but not limited to reviewing the stockholding procedures, assessing the warehousing management processes as well as assessing the control over the recording and reporting of inventories.

- Payment and disbursement management including but not limited to ascertaining the adequacy of controls and approvals, reviewing the documentation for payment processing, reviewing the recording process and assessing the timeliness and completeness of the recording and classification of expenses and corresponding liabilities.

- Human resources management including but not limited to reviewing the process of managing staff movements, reviewing the maintenance of the payroll system in terms of access granted, confidentiality, authenticity and completeness, reviewing the process to update and maintain staff personnel files and database and reviewing the controls over claims and disbursements.

- Recurrent Related Party Transactions ("RRPT") including but not limited to reviewing the process of ensuring the validity and completeness of RRPT recording and reviewing the process with regards to RRPT disclosure.

- Information Technology ("IT") management including but not limited to reviewing the policies and procedures governing general IT controls, user access management and system authentication controls, reviewing the adequacy and effectiveness of change management procedures and reviewing the IT project management procedures.

The total cost incurred in outsourcing the internal audit function to DRA during the financial year amounted to approximately RM103,000.

Other matters considered by the AC

During FY2018, the AC also undertook the following:

- Recommended to the Board, the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control, Audit Committee Report, Chairman's Statement and Management Discussion and Analysis;
- Reviewed the circular to shareholders in relation to the proposed renewal of shareholders' mandate for RRPT of a Revenue or Trading nature and proposed new shareholders' mandate for a RRPT of a Revenue or Trading nature; and
- Reviewed the progress of the Group's MFRS 15 initiative – implementation and assessment.

D. AC TRAINING AND EDUCATION

During the year, the AC members have attended the relevant 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. The list of training undertaken by the Board of Directors including members of the AC can be found in the Corporate Governance Overview Statement of this Annual Report.

E. ATTENDANCE

During FY2018, the AC met four (4) times. The Managing Director, Senior Management, External and Internal Auditors were in attendance at the meetings, upon invitation by the AC, to brief the AC on specific issues.

Name of Director	Designation	Attendance
Tan Sri Faizah Binti Mohd Tahir	Chairperson, INED	4/4
Dato' Ab. Halim Bin Mohyiddin	Member, Senior INED	4/4
Scott Russell Balfour	Member, Non-Independent Non-Executive Director	4/4
Dato' Abdullah Thalith Bin Md Thani	Member, INED	4/4
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (resigned on 1 January 2019)	Member, INED	4/4

During the year, the AC was of the view that the Company was in compliance with the Listing Requirements and as such, 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 the 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 Group'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 2019.

Statement on Risk Management and Internal Control

This statement has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. It is also guided by the Principles and Best Practices as stipulated in Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for risk management and internal control system of Amway (Malaysia) Holdings Berhad ("Amway" or "the Company") and its subsidiaries (collectively "the Group") to safeguard shareholders' interest and the Group's assets as well as reviewing its adequacy, integrity and effectiveness. Towards this end, the Board has established a robust enterprise risk management framework and internal control system to identify, assess, review, monitor and manage the Group's significant risks and to ultimately determine the Group's risk appetite for the financial year as it pursues its business strategies. The Board has full oversight of the Group's risk management framework.

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

The Group's risk management framework and system of internal control encompasses financial, operational and compliance controls. In view of the inherent limitations of any system, the Group's risk framework and controls are not a guarantee to totally eliminate risk, and can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss, fraud, irregularities and errors in judgment or unpredictable risks and uncontrollable events such as natural disasters.

Specifically, 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.

The responsibility for managing risk resides at all levels within the Group including at the operational level and are guided by approved risk management policy and guideline.

Statement on Risk Management and Internal Control

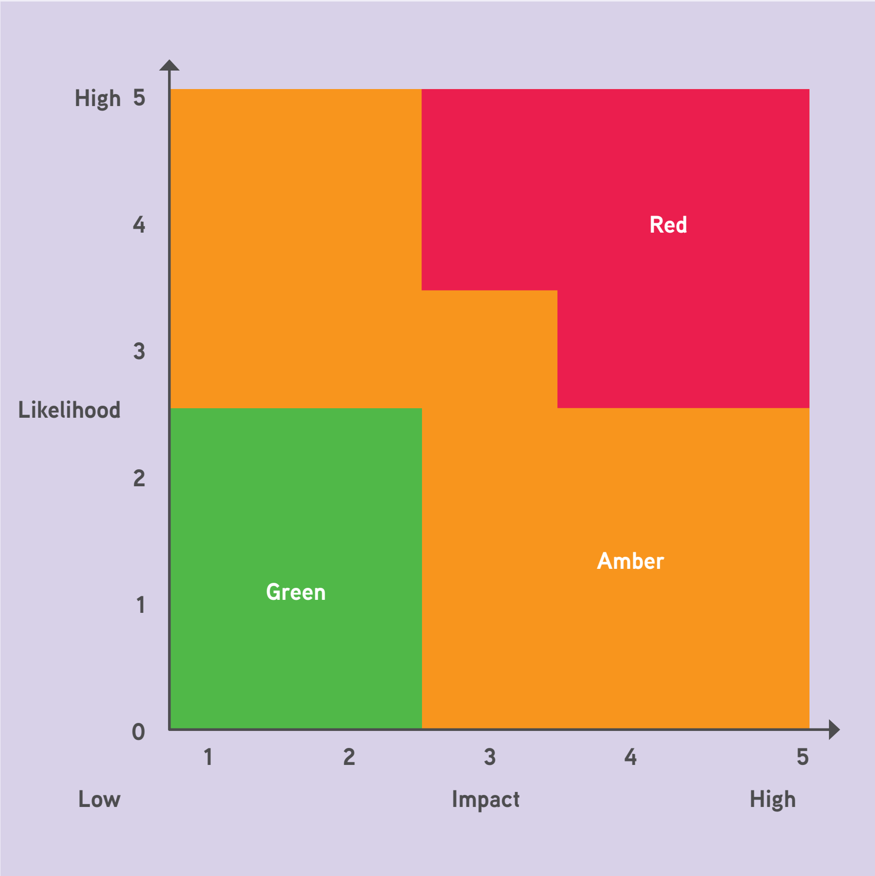
ENTERPRISE RISK MANAGEMENT FRAMEWORK

The framework involves multiple levels across the Group beginning with the respective business units and departments and is then channeled upwards to the Board of Directors.

The framework is based on a triple line of defense. It ensures a robust system that allows for a more proactive and strategic response that facilitates effective sharing of information across the organisation. The system employed also clearly delineates the roles and expectations at each level of the Group's corporate structure in the management of risk.

LEVEL	BUSINESS UNIT/ OWNER	ROLES AND RESPONSIBILITIES
1st Level	Heads of Departments and Managers	Heads of Departments and Managers from all functions are entrusted with the responsibility of assisting the Board in overseeing the Group's risk management practices. Hence, the Group's risk management activities are embedded across Amway and thus enabling risks to be better addressed in a timely manner. Existing risks were re-assessed on a quarterly basis based on the severity and likelihood of said risks to occur, with appropriate mitigation plans identified. For each of the risks identified, the Head of Department or Manager is assigned to ensure appropriate risk response actions are carried out in a timely manner.
2nd Level	RMC	During the year, the RMC met four times to review the Group's Corporate Risk Register in accordance with the policy and guidance enshrined in the risk management framework. During the financial year, the RMC undertook the following: • Reviewed the risk profile and mitigation plans to address significant residual risks; • Monitored significant risks through the review of risk-related performance measures and progress on action plans; • Ensured risk management processes are integrated into all core business processes; and • Provided a consolidated risk and assurance report to the AC and Board to support its system of internal control. The results of these risk management activities were incorporated in the quarterly reporting to the AC and was briefed by the Managing Director.
3rd Level	Internal and external auditors	The Company's internal audit function has been outsourced to an external firm, Deloitte Risk Advisory Sdn. Bhd. ("DRA"). Internal audit function plays an integral role in strengthening the risk management and internal controls of the Group. The function reports to the AC on a regular basis and its role is defined based on an approved risk based internal audit plan. The external audit function performed by Messrs Ernst & Young works closely with the AC to address elevated risk areas (if any), that are 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 Group's risk profile is expressed through the use of a risk impact and likelihood matrix. 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.

CORPORATE RISK REGISTER

The Group's risk management 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 register is reviewed quarterly by the Board through the AC, focusing on the progress of mitigation plans for the key business risks identified.

Statement on Risk Management and Internal Control

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

Foreign Exchange Risk	Proliferation of eCommerce
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"). Any weakening of the Ringgit against the USD would potentially lead to higher import costs, which may translate into an erosion of profits.	The continued sale of Amway products on unauthorised, third party websites at reduced prices, undercuts our ABOs which could potentially lead to dissatisfaction and impact earnings capability, not to mention brand credibility.
Controls & Mitigation Measures in Place Imported products are purchased based on a fixed exchange rate with our headquarters that is negotiated and agreed upon yearly. The senior management continues to negotiate with headquarters with the objective of setting fair currency exchange rates based on the forecasted rate of major reputable banks. 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. In addition, the Group maintains a USD denominated account for payment of USD denominated transactions. The Group continues to closely monitor developments in exchange rates.	**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 eCommerce 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.

BUSINESS CONTINUITY

The Group has a Business Continuity Plan and Disaster Recovery Plan in place to ensure that in the event of unforeseen circumstances, business operations may continue without major disruptions or 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 have sufficient coverage against any mishap that may result in material losses to the Group. An insurance renewal exercise is undertaken in which the Management reviews the relevance and adequacy of the existing insurance coverage on an annual basis.

INTERNAL AUDIT FUNCTION

The Company's internal audit function has been outsourced to an external professional firm, DRA. Internal audit function reports to the AC and its role is defined based on an approved risk based internal audit plan.

Observations from these audits are presented, together with the Management's responses and proposed action plans, to the AC for its review. The internal audit function also follows up and reports to the AC on the status of action plans implemented by the Management based 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.

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 and 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 to 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.

The Whistleblower Policy provides contact details of the following person as the avenue for the employees or relevant parties to raise concerns of non-compliance:

Senior Independent Non-Executive Director
Dato' Ab. Halim Bin Mohyiddin
Email: hskdan40@gmail.com

Following the retirement of Dato' Ab. Halim Bin Mohyiddin upon the conclusion of the Twenty Fourth ("24th") Annual General Meeting on 29 May 2019, Tan Sri Faizah Binti Mohd Tahir will be re-designated as the Senior Independent Non-Executive Director and is contactable at Faizah.Tahir@Amway.com.

(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.

Statement on Risk Management and Internal Control

(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 of 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;
- Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to Key Management for the monitoring of performance against strategic plan;
- A reporting system generates monthly performance and variance reports for review by the Management and actions to be taken, where necessary;
- Management 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.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

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

The External Auditors have reviewed this Statement for inclusion in the Annual Report 2018 of the Company. The review was conducted in accordance with Audit and Assurance Practice Guide 3 (previously known as 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 Group's risk management and internal control system.

CONCLUSION

The Board is of the view that the system of internal control and risk management in place for the year under review is sound and there was no significant control failure or weakness that would result in material losses, contingencies or uncertainties requiring separate disclosure in this Annual Report. The Group continues to take measures to strengthen the internal control environment.

The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board is committed to a process of continuous development and improvement in response to any relevant reviews and developments on good governance.

This Statement is made in accordance with the resolution given by the Board of Directors on 26 February 2019.

Compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad

In compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), 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 2018.

AUDIT AND NON-AUDIT FEES

The amount 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 2018 are as follows:

FEES	Company (RM)	Group (RM)
Audit fees	31,000	226,000
Non-audit fees	11,000	11,000

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 2018 or entered into since the end of the previous financial year.

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.

Compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Annual General Meeting ("AGM") held on 16 May 2018, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT").

In accordance with Practice Note 12 of the MMLR of Bursa Securities, details of RRPT conducted for the financial year ended 31 December 2018 pursuant to the shareholders' mandate are as follows: -

Transacting Parties				
Related Parties	**Companies within our Group**	**Name of other related Parties**	**Nature of transactions by companies within our Group**	**Amount transacted RM'000**
Access Business Group International LLC ("ABGIL")	Amway (Malaysia) Sdn. Bhd. ("AMSB")	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")	Purchase of consumer products from ABGIL	316,875
ABGIL	AMSB and Amway (B) Sdn. Bhd. ("ABSB")	AGH, SHI, Alticor, Amway International, Alticor Distribution, Alticor Corporate, Amway Nederland, ABGL and GDA	Payment of Royalty Fees to ABGIL on any Substitute Products and/or Additional Products	2,596
Alticor and Amway International	AMSB and ABSB	AGH, SHI, Amway Nederland and GDA	Procurement of administrative and marketing support services from Alticor and Amway International	17,114
Amway (Singapore) Pte. Ltd. ("Amway (S)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	a) Sale of products to Amway (S); and b) Provision of administrative and marketing support services to Amway (S)	492 616
Amway Business Services Asia Pacific Sdn. Bhd. ("ABSAP")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	Procurement of administrative support services from ABSAP	26,842

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 GDA, and 1%-owned by Amway International.
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.

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 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	54,510	45,758

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

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

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2017 were as follows:

In respect of the financial year ended 31 December 2017 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 26 February 2018 and paid on 28 March 2018; and	8,219
Special interim tax exempt (single-tier) dividend of 7.5 sen per share, on 164,385,645 ordinary shares, declared on 26 February 2018 and paid on 28 March 2018.	12,329
	20,548

DIVIDENDS (CONTD.)

In respect of the financial year ended 31 December 2018:

		RM'000
(i)	First interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 16 May 2018 and paid on 13 June 2018;	8,219
(ii)	Second interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 20 August 2018 and paid on 19 September 2018; 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 14 November 2018 and paid on 12 December 2018.	8,219
		24,657
		45,205

On 26 February 2019, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2018, 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 2019.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Ab. Halim Bin Mohyiddin	(Chairman)
Michael Jonathan Duong	(Managing Director, re-designated on 1 May 2018)
Low Han Kee	
Scott Russell Balfour	
Mohammad Bin Hussin	
Tan Sri Faizah Binti Mohd Tahir	
Dato' Abdullah Thalith Bin Md. Thani	
Abd Malik Bin A Rahman	(Appointed on 1 January 2019)
Datin Azreen Binti Abu Noh	(Appointed on 26 February 2019)
Liu, Ming-Hsiung @ Martin Liou	(Managing Director, resigned on 1 May 2018)
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	(Resigned on 1 January 2019)

The directors 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 are:

James Chiew Siew Hua	
Ng Ai Lee	(Appointed on 1 May 2018)

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' and 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 or the Group as at the financial year end was RM29,783 and the total amount of sum insured was RM41,550,000. 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 1.1.2018	**Acquired**	**Sold**	**As at 31.12.2018**
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.

IMMEDIATE, ULTIMATE AND PENULTIMATE HOLDING COMPANIES

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

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 all known bad debts had been written off and that adequate provision 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) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration are disclosed in Note 7 to the financial statements.

Directors' Report

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 March 2019.

Dato' Ab. Halim Bin Mohyiddin

Michael Jonathan Duong

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Dato' Ab. Halim Bin Mohyiddin and Michael Jonathan Duong, 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 94 to 143 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 2018 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 March 2019.

Dato' Ab. Halim Bin Mohyiddin

Michael Jonathan Duong

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 94 to 143 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 March 2019.

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 2018 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 94 to 143.

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 2018, 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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Systems Integration and Data Integrity

The Group maintains a series of complex information systems which interfaces with each other in order to run its day to day operations. The Group 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:

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.

Independent Auditors' Report

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

Key audit matters (contd.)

Systems Integration and Data Integrity (contd.)

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 2018, the total inventories of the Group amounted to RM99,353,000 representing 30% and 25% of current assets and total assets respectively. The provision for obsolete inventories relate mainly to slow moving goods, promotional and seasonal products which are only available for sale for 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 obsolescences.

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.

In addition, the Group changed their financial reporting system and completed the system migration during the financial year.

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, the completeness of data migration from old system to the new system and the controls over the inputs to and outputs from the system.

Information other than the financial statements and auditors' report thereon

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

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

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

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

Independent Auditors' Report

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

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.

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.

Independent Auditors' Report

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

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

- 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.

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

Edwin Joseph Francis
No. 03370/05/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 March 2019

Statements of Comprehensive Income

For the financial year ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	4	972,272	984,214	44,374	41,179
Cost of sales	5	(731,984)	(740,024)	-	-
Gross profit		240,288	244,190	44,374	41,179
Other income	6	6,556	6,147	3,304	3,295
Distribution expenses		(50,516)	(48,039)	-	-
Selling and administrative expenses		(126,147)	(131,797)	(1,245)	(1,125)
Profit before tax	7	70,181	70,501	46,433	43,349
Income tax expense	10	(15,671)	(17,857)	(675)	(878)
Profit net of tax, representing profit attributable to owners of the parent		54,510	52,644	45,758	42,471
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the year, net of tax		4	(20)	-	-
Total comprehensive income for the year, attributable to owners of the parent		54,514	52,624	45,758	42,471
Earnings per share attributable to owners of the parent (sen per share)					
- Basic	11	33.16	32.02		

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

Statements of Financial Position

As at 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	59,473	60,718	-	-
Intangible asset	14	4,782	4,782	-	-
Investment in subsidiaries	15	-	-	86,202	86,202
Deferred tax assets	16	12,786	8,545	-	-
		77,041	74,045	86,202	86,202
Current assets					
Inventories	17	99,353	126,159	-	-
Tax recoverable		4,846	7,924	-	-
Trade and other receivables	18	45,182	44,385	145	131
Cash and cash equivalents	19	176,719	163,402	88,528	87,982
		326,100	341,870	88,673	88,113
Total assets		403,141	415,915	174,875	174,315
Equity and liabilities					
Equity					
Share capital	20	166,436	166,436	166,436	166,436
Forex translation reserves		621	617	-	-
Retained earnings	21	49,547	47,020	7,861	7,308
Total equity attributable to owners of the parent		216,604	214,073	174,297	173,744
Non-current liability					
Deferred tax liabilities	16	-	21	-	-
Current liabilities					
Trade and other payables	22	169,611	201,471	512	470
Contract liabilities	23	16,643	-	-	-
Current tax payable		283	350	66	101
		186,537	201,821	578	571
Total liabilities		186,537	201,842	578	571
Total equity and liabilities		403,141	415,915	174,875	174,315

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 2018

	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
		← Non-Distributable		→	Distributable	
Group						
At 1 January 2018, as previously stated	166,436	-	-	617	47,020	214,073
Initial application of MFRS 15 adjustment	-	-	-	-	(6,778)	(6,778)
At 1 January 2018, as restated	166,436	-	-	617	40,242	207,295
Total comprehensive income	-	-	-	4	54,510	54,514
Transaction with owners						
Dividends on ordinary shares (Note 12)	-	-	-	-	(45,205)	(45,205)
At 31 December 2018	166,436	-	-	621	49,547	216,604
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

Statements of Changes in Equity

For the financial year ended 31 December 2018

		← Non-Distributable →		Distributable	
	Share capital RM'000	**Share premium RM'000**	**Capital redemption reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Company					
At 1 January 2018	166,436	-	-	7,308	173,744
Total comprehensive income	-	-	-	45,758	45,758
Transaction with owners					
Dividends on ordinary shares (Note 12)	-	-	-	(45,205)	(45,205)
At 31 December 2018	166,436	-	-	7,861	174,297
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

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 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities				
Profit before tax	70,181	70,501	46,433	43,349
Adjustments for:				
Property, plant and equipment				
- depreciation	6,723	6,849	-	-
- gain on disposals	(5)	(518)	-	-
- written off	41	15	-	-
Interest income	(5,954)	(5,369)	(3,304)	(3,295)
Dividend income	-	-	(44,374)	(41,179)
Net (reversal)/allowance of expected credit loss	(163)	24	-	-
Bad debts written off	400	-	-	-
Allowance for inventory obsolescence	2,992	3,118	-	-
Inventories written-off	736	436	-	-
Unrealised foreign exchange loss	117	2,084	-	-
Operating profit/(loss) before working capital changes	75,068	77,140	(1,245)	(1,125)
Decrease/(Increase) in inventories	23,078	(34,820)	-	-
Decrease/(Increase) in receivables	175	3,355	(14)	65
(Decrease)/increase in payables	(12,952)	(37,988)	42	67
Net changes in related companies balance	(30,311)	25,861	-	-
Net changes in penultimate holding company balance	5,670	540	-	-
Increase in contract liabilities	8,302	-	-	-
Cash generated from/(used in) operations	69,030	34,088	(1,217)	(993)
Tax refund	94	-	94	-
Tax paid	(14,901)	(23,737)	(804)	(777)
Net cash generated from/(used in) operating activities	54,223	10,351	(1,927)	(1,770)
Cash flows from investing activities				
Purchase of property, plant and equipment (Note A)	(1,564)	(2,362)	-	-
Proceeds from disposals of property, plant and equipment	60	718	-	-
Dividend received	-	-	44,374	41,179
Interest received	5,954	5,369	3,304	3,295
Net cash generated from investing activities	4,450	3,725	47,678	44,474

Statements of Cash Flows

For the financial year ended 31 December 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from financing activities				
Dividends paid (Note B)	(45,205)	(49,315)	(45,205)	(49,315)
Net cash used in financing activities	(45,205)	(49,315)	(45,205)	(49,315)
Net increase/(decrease) in cash and cash equivalents	13,468	(35,239)	546	(6,611)
Effects of foreign exchange rate changes	(151)	(1,910)	-	-
Cash and cash equivalents at beginning of year	163,402	200,551	87,982	94,593
Cash and cash equivalents at end of year (Note 19)	176,719	163,402	88,528	87,982
Note A:				
Purchase of property, plant and equipment during the year by way of:-				
Cash	1,564	2,362	-	-
Other payables	4,009	1,210	-	-
	5,573	3,572	-	-

Note B:

All the dividends paid during the year are by way of cash.

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 2018

1. CORPORATE INFORMATION

Amway (Malaysia) Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The principal place of business of the Company is located at 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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

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

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

The financial statements for the financial year ended 31 December 2018 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 March 2019.

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.

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

2.2 Standards and Interpretations issued and adopted

On 1 January 2018, 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 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

The adoption of the above standards have no material impact on the financial statements except as stated below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Standards and Interpretations issued and adopted (contd.)

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

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement and brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

The Group and the Company adopted this new standard prospectively on the required effective date and did not restate comparative information which continues to be reported under MFRS 139. The Group and the Company performed assessment on these three aspects of this standard. Overall, there is no significant impact on its statement of financial position and retained earning as at 1 January 2018.

(a) Classification and Measurement

The classification and measurement of MFRS 9 did not have a significant impact to the Group and the Company as both continued measuring at fair value all financial assets previously held at fair value under MFRS 139.

(b) Impairment

Under MFRS 9, the Group and the Company are required to record expected credit loss on its trade and other receivables, either on a 12-month or lifetime basis. The Group and the Company apply simplified approach permitted by MFRS 9 and record expected lifetime loss on its trade receivables. This impairment requirement does not have a significant impact on its carrying amount of the trade receivables.

(c) Hedge Accounting

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

MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. MFRS 15 establishes a five-step models to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Group and the Company adopted MFRS 15 using modified retrospective method of adoption with the date of initial application of 1 January 2018. The comparative figures were not restated and the cumulative impact arising from the adoption was recognised in retained earnings as at 1 January 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Standards and Interpretations issued and adopted (contd.)

MFRS 15 Revenue from Contracts with Customers (contd.)

The effect of adopting MFRS 15 as at 1 January 2018 was as follows:-

Consolidated statement of financial position

1 January 2018	Reference	As previously reported (RM'000)	Retrospective adjustments of MFRS 15 (RM'000)	After MFRS 15 Adjustments (RM'000)
Assets				
Deferred tax assets	(c)	8,545	2,127	10,672
Liabilities				
Contract liabilities	(a),(b)	-	8,341	8,341
Trade and other payables	(a),(b)	195,261	564	195,825
Impact to liabilities		195,261	8,905	204,166
Equity				
Retained earnings	(a),(b), (c)	47,020	(6,778)	40,242

The effects of adopting MFRS 15 as at and for the financial year ended 31 December 2018 are as follows:-

Consolidated statement of comprehensive income
For the financial year ended 31 December 2018

	Reference	Before MFRS 15 Adjustments (RM'000)	MFRS 15 Adjustments (RM'000)	After MFRS 15 Adjustments (RM'000)
Revenue	(a),(b)	996,017	(23,745)	972,272
Cost of sales	(a)	(748,179)	16,195	(731,984)
Gross profit		247,838	(7,550)	240,288
Selling and administrative expenses	(a)	(133,023)	6,876	(126,147)
Profit before tax		70,855	(674)	70,181
Income tax expense	(c)	(15,843)	172	(15,671)
Profit net of tax, representing profit attributable to owners of the parent		55,012	(502)	54,510
Total comprehensive income for the year, attributable to owners of the parent		55,016	(502)	54,514
Earnings per share attributable to owners of the parent (sen per share)				
- Basic		33.47	(0.31)	33.16

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Standards and Interpretations issued and adopted (contd.)

MFRS 15 Revenue from Contracts with Customers (contd.)

Consolidated statement of financial position
As at 31 December 2018

	Reference	Before MFRS 15 Adjustments (RM'000)	MFRS 15 Adjustments (RM'000)	After MFRS 15 Adjustments (RM'000)
Assets				
Deferred tax assets	(c)	10,487	2,299	12,786
Total non-current assets		74,742	2,299	77,041
Total assets		400,842	2,299	403,141
Equity				
Retained earnings	(a),(b),(c)	56,827	(7,280)	49,547
Total equity attributable to owners of the parent		223,884	(7,280)	216,604
Liabilities				
Contract liabilities	(b),(c)	-	16,643	16,643
Trade and other payables	(a),(b),(c)	176,675	(7,064)	169,611
Total current liabilities		176,958	9,579	186,537
Total liabilities		176,958	9,579	186,537
Total equity and liabilities		400,842	2,299	403,141

(a) Sales of goods with variable consideration

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.

Before adopting MFRS 15, the Group recognised revenue from the sales of goods measured at fair value of consideration received or receivable, net of returns and discounts. The Group regards most of the sales transactions consist of a single performance obligation to transfer promised goods. This includes the sales under Purchase With Purchase ("PWP") and Gift With Purchase ("GWP") promotion. These transactions have the same characteristic of bundled sales. As the sales transactions are expected to be the only performance obligation, no allocation of the transaction price is required.

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 concludes that there is no impact on the timing of revenue recognition for these sales. However, the transaction price of the premium products which was previously treated as subsidies element in the promotion expenses has been reclassified to revenue and increased the revenue by RM14,452,000 for financial year ended 31 December 2018. The cost of premium products has also been reclassified from promotion expenses to cost of sales and increased the cost of sales by RM21,328,000 for financial year ended 31 December 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Standards and Interpretations issued and adopted (contd.)

MFRS 15 Revenue from Contracts with Customers (contd.)

(a) Sales of goods with variable consideration (contd.)

Under MFRS 15, the Group must determine whether there is a significant financing component in its contracts. The Group is using the practical expedient in MFRS 15 for not adjusting any financing component for the sales on credit term of less than one year. As the Group's sales of goods are either on cash term or on credit term of up to 90 days, no adjustment is made for any financing component.

The contracts with customers provide a right of return, option to acquire future goods at discounted price and ABO incentives.

(i) Rights of return

Previously, the Group recorded the sales returns when the goods were returned by the customers. Under MFRS 15, because the contract allows the customer to return the goods, the consideration received from the customer is variable. The Group used the most likely amount 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. MFRS 15 also requires the entity to recognise an asset for its right to recover the goods from customer and it is measured by reference to the former carrying amount less any expected cost to recover the goods and the potential decreases of value to the entity of the returned goods. Based on the historical practice, the Group does not anticipate the returned goods are in saleable condition and will bring any value to the Group. Therefore, no value is estimated for the right of return asset. At the date of initial application, the assessment of refund liabilities reduced the retained earnings as at 1 January 2018 and increased the refund liability by RM564,000 respectively. The refund liability is classified under trade and other payables. As at 31 December 2018, the refund liability has increased to RM581,000 and retained earnings was reduced by RM581,000. It also reduced the revenue by RM17,000 for the financial year ended 31 December 2018.

(ii) Option to acquire future goods at discounted price

The sales and marketing plan of the Group includes offering coupons to the ABOs for their future acquisition of goods at discounted price. Previously, the Group accounted for the sales discount upon the redemption. Under MFRS 15, this gives rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the most likely amount method that better predicts the amount of variable consideration. At the date of initial application, the Group adjusted the variable consideration of RM265,000 to reduce the retained earnings as at 1 January 2018 and increase the contract liability by RM265,000. As at 31 December 2018, the contract liability has increased by RM385,000 and the retained earnings was reduced by RM385,000. It also reduced the revenue by RM120,000 for the financial year ended 31 December 2018.

(iii) Incentives to customers

Previously, the Group classified ABO 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 not to be treated as reduction of transaction price, the goods or services provided by the customers must be distinct.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Standards and Interpretations issued and adopted (contd.)

MFRS 15 Revenue from Contracts with Customers (contd.)

(a) Sales of goods with variable consideration (contd.)

(iii) Incentives to customers (contd.)

The ABO incentives paid or payable to the customers are broadly categorised into two types, i.e. group effort related incentives and personal effort related incentives on volume purchase. The Group has carefully evaluated these two types of ABO incentives and has concluded that personal effort related 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.

The reclassification of personal effort related incentives on volume purchase from cost of sales to reduction of transaction price did not have any impact on the retained earnings as at 1 January 2018, however, it reduced the revenue and cost of sales for the financial year ended 31 December 2018 by RM37,523,000 respectively.

(b) Revenue from sign up and renewals

Previously, the Group recognised these revenue upon collection received from the customers. 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 concluded that the annual fees element of sign up and yearly renewal fees is satisfied over time, hence the revenue will be recognised over time. As the Group has elected to use modified retrospective method, the Group has identified the contracts open as at the date of initial application in order to determine the adjustment amount. At the date of initial application, the Group adjusted the revenue from the unsatisfied performance obligation of RM8,076,000 to reduce the retained earnings as at 1 January 2018 and increase the contract liability by RM8,076,000. As at 31 December 2018, the contract liability has increased by RM8,613,000 and the retained earnings was reduced by RM8,613,000. It also reduced the revenue by RM537,000 for the financial year ended 31 December 2018.

(c) Other adjustment

In addition to the adjustments above, other items of the primary financial statements such as deferred tax assets, trade and other payables and contract liability were adjusted or reclassified as necessary.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Standards issued but not yet effective (contd.)

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 16 Leases

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. MFRS 16 replaces the guidance in MFRS 117 Leases, IC interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet model similar to the accounting for finance leases under MFRS 117. At commencement date of a lease, the lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value assets. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting remains similar to MFRS 117 which continues to be classified as finance or operating lease.

The Group plans to adopt MFRS 16 on the required effective date using modified retrospective method. The Group will not restate the comparative information, which continues to be reported under MFRS 117. The lease liability will be stated at the present value of the remaining outstanding lease payments, discounted using the incremental borrowing rate. The right-of-use assets will be measured based on the lease liability. Hence, there will be no financial impact to its retained earning as at the initial application date. The Group will elect to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitments of RM5,499,000 as disclosed in Note 26 and these lease commitments are inclusive of lease contracts terms ends within 12 months and lease contracts for which the underlying asset is of low value. The Group is in the midst of finalising its assessment. Based on the initial assessment, the Group does not anticipate significant financial impact on its total assets and total liabilities. As the Group will elect to measure the right-of-use assets based on the lease liability, there will be no financial impact to its retained earning as at the initial application date.

2.4 Basis of consolidation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Basis of consolidation (contd.)

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

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

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

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

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

(a) Business combinations

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Basis of consolidation (contd.)

(a) Business combinations (contd.)

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.

Contingent consideration, resulted from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with change in fair value recognised in profit or loss.

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

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

(b) Subsidiaries

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

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

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

2.5 Intangible asset

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 Group 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	Ranging approximately 64 to 65 years
Buildings	2%
Building improvements	10%
Leasehold fixtures and improvements	33%
Furniture, fittings and equipment	10% - 33%
Motor vehicles	25%

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

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

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

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

2.7 Inventories

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

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

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

2.8 Leases

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.8 Leases (contd.)

As lessee

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

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

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

2.9 Provisions

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.10 Income taxes (contd.)

(b) Deferred tax (contd.)

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

2.11 Goods and services tax ("GST") and Sales and services tax ("SST")

Revenues are recognised net of the amount of GST. Expenses and assets are recognised net of the amount of GST, except for the GST incurred in purchase of assets or services which 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 part of the expense item as applicable.

SST incurred in purchase of assets or services is not recoverable from the taxation authority, hence SST is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

Receivables and payables are stated with the amount of GST and SST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.12 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

(a) Sale of goods

Revenue from sales of goods is recognised net of discounts and personal effort related incentives on volume purchase at the point in time when control of the asset is transferred to the customer, generally on the delivery of the goods. 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.

(i) Variable consideration

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts with customers provide a right of return and option to acquire future goods at discounted price.

- Rights of return

  The contract for sales of product provides customer with a right to return the goods within a specified period. The Group uses the most likely amount 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. For goods that are expected to be returned, the Group recognises a refund liability. As the Group does not anticipate the returned goods are in saleable condition and will bring any value to the Group, no value is estimated for the right of return asset.

- Option to acquire future goods at discounted price

  The sales and marketing plan of the Group includes offering coupons to the ABOs for their future acquisition of goods at discounted price. To estimate the variable consideration to which it will be entitled, the Group uses the most likely amount method that better predicts the amount of variable consideration.

- Incentives to customers

  The incentives paid or payable to the customers are broadly categorised into two types, i.e. group effort related incentives and personal effort related incentives on volume purchase. The Group had considered the personal effort related incentives on volume purchase to be 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.

(ii) Significant financing component

The Group is using the practical expedient in MFRS 15 for not adjusting any financing component for the sales on credit term of less than one year. As the Group's sales of goods are either on cash term or on credit term of up to 90 days, no adjustment is made for any financing component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.12 Revenue recognition (contd.)

(b) Revenue from sign up and renewals

Revenue from component of registration fees and sales kits from the sign up is recognised upon the transfer of control of goods and services to the customers, whilst the annual fees component is recognised over the period of subscription. The renewal fees is recognised over the period of subscription.

(c) Interest income

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

(d) Dividend income

Dividend income is recognised when the Group or the Company'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 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.13 Foreign currencies (contd.)

(b) Foreign operation (contd.)

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

	2018 RM	2017 RM
United States Dollar	4.1300	4.0440
Korean Won	0.0037	0.0038
Singapore Dollar	3.0339	3.0276
Brunei Dollar	3.0339	3.0132

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.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 Group has a Long-Term Incentive Plan ("LTIP") Scheme for key management personnel of the Group. 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

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Notes to the Financial Statements
For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.16 Financial assets (contd.)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the only category which is relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.17 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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.

2.19 Contract liability

A contract liability is stated at cost and represents the obligation of the Group to transfer the goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

2.20 Refund liability

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount of the Group ultimately expects it will have a return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.21 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. The Group considers forward-looking factors do not have significant impact to its credit risk given the nature of its industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

The Group considers a financial asset in default when contractual payments are past due as at month end. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.22 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.22 Fair Value Measurement (contd.)

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.

2.23 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.

2.24 Current and non-current classification

The Group 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.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.24 Current and non-current classification (contd.)

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

(a) Critical judgements made in applying accounting policies

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

(b) Key sources of estimation uncertainty

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTD.)

(b) Key sources of estimation uncertainty (contd.)

(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.

(iii) Impairment of financial assets at amortised cost

The Group assesses at each reporting date impairments on financial assets at amortised cost to be based on a forward-looking expected credit loss ("ECL") model. ECL is the difference between the contractual cash flows due in accordance with the terms of the contract and the cash flows the Group expects to receive. The Group applies the simplified approach, which allows expected lifetime credit losses to be recognised for trade receivables. The ECL is determined based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The carrying amount of the Group's financial assets at amortised cost at reporting date is disclosed in Note 18.

Notes to the Financial Statements

For the financial year ended 31 December 2018

4. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from contracts with customers				
- Sales of consumer products	956,428	970,337	-	-
- Sign up and renewal fees and other service fees	15,844	13,877	-	-
Dividends	-	-	44,374	41,179
	972,272	984,214	44,374	41,179

5. COST OF SALES

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

6. OTHER INCOME

Included in other income are the following:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest income on deposits with licensed bank	5,954	5,369	3,304	3,295
Realised foreign exchange gain	283	222	-	-
Gain on disposal of property, plant and equipment	5	518	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2018

7. PROFIT BEFORE TAX

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Employee benefits expense (Note 8)	41,596	40,844	-	-
Executive directors' remuneration	3,672	5,920	-	-
Non-executive directors' remuneration excluding benefits-in-kind	527	419	527	419
Auditors' remuneration				
- statutory	226	232	31	37
- other services	11	81	11	11
Allowance of inventory obsolescence	2,992	3,118	-	-
Inventories written off	736	436	-	-
Rental of premises	3,137	3,227	-	-
Net unrealised loss on foreign exchange	117	2,084	-	-
Property, plant and equipment				
- depreciation (Note 13)	6,723	6,849	-	-
- gain on disposal	(5)	(518)	-	-
- written off	41	15	-	-
Net (reversal)/allowance of expected credit loss (Note 18)	(163)	24	-	-
Bad debt written off	400	-	-	-
Support charges received/receivable from related companies (Note 27)	(616)	(502)	-	-
Support charges paid/payable to related companies (Note 27)	43,956	38,959	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018 RM'000	2017 RM'000
Wages, salaries and bonus	31,932	30,147
Defined contribution plan	4,693	3,931
Social security contributions	453	312
Other benefits	4,518	6,454
	41,596	40,844

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM3,672,000 (2017: RM5,920,000) as further disclosed in Note 9.

Notes to the Financial Statements

For the financial year ended 31 December 2018

9. DIRECTORS' REMUNERATION

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive directors' remuneration (Note 8):				
- Other emoluments	3,672	5,920	-	-
Non-executive directors' remuneration				
- Fees	479	398	479	398
- Other emoluments	48	21	48	21
	527	419	527	419
Total directors' remuneration	4,199	6,339	527	419
Estimated monetary value of benefits-in-kind	402	274	4	2
Total directors' remuneration including benefits-in-kind	4,601	6,613	531	421

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive:				
- Salaries and other emoluments	2,061	3,671	-	-
- Bonus	1,568	1,970	-	-
- Defined contribution plan	-	225	-	-
- Allowances	43	54	-	-
- Estimated monetary value of benefits-in-kind	398	272	-	-
	4,070	6,192	-	-
Non-Executive:				
- Fees	479	398	479	398
- Allowances	48	21	48	21
- Estimated monetary value of benefits-in-kind	4	2	4	2
	4,601	6,613	531	421

9. DIRECTORS' REMUNERATION (CONTD.)

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

	Number of directors Company	
	2018	2017
Executive directors:		
RM1,300,001 - RM1,400,000	1	-
RM2,600,001 - RM2,700,000	1	-
RM2,950,001 - RM3,000,000	-	1
RM3,200,001 - RM3,250,000	-	1
Non-executive directors:		
RM0 - RM50,000	1	2
RM50,001 - RM100,000	5	4
RM100,001 - RM150,000	1	1
	9	9

10. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax expense:				
- Malaysian income tax	18,678	9,278	771	878
- Foreign tax	73	121	-	-
	18,751	9,399	771	878
(Over)/under provision in prior years				
- Malaysian income tax	(951)	(663)	(96)	-
- Foreign tax	6	3	-	-
	(945)	(660)	(96)	-
	17,806	8,739	675	878
Deferred tax (Note 16):				
- Relating to origination and reversal of temporary differences	(2,135)	9,118	-	-
	(2,135)	9,118	-	-
Total income tax expense	15,671	17,857	675	878

Notes to the Financial Statements

For the financial year ended 31 December 2018

10. INCOME TAX EXPENSE (CONTD.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 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% (2017: 18.5%).

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	70,181	70,501	46,433	43,349
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	16,843	16,920	11,144	10,404
Effect of difference in tax rate and tax structure in other jurisdiction	(6)	(84)	-	-
Income not subject to tax	(2,263)	-	(10,650)	(9,883)
Expenses not deductible for tax purposes	2,042	1,681	277	357
Over provision of tax expense in prior years	(945)	(660)	(96)	-
Income tax expense	15,671	17,857	675	878

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	
	2018	2017
Profit attributable to ordinary equity holders of the Company (RM'000)	54,510	52,644
Weighted average number of ordinary shares in issue (number '000)	164,386	164,386
Basic earnings (sen per share)	33.16	32.02

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 2018

12. DIVIDENDS ON ORDINARY SHARES

	Sen per share	Total amount RM'000	Date of payment
Recognised in the financial year ended 31 December 2018			
Interim tax exempt (single-tier):			
Fourth interim 2017	5.00	8,219	28 March 2018
Special interim 2017	7.50	12,329	28 March 2018
First interim 2018	5.00	8,219	13 June 2018
Second interim 2018	5.00	8,219	19 September 2018
Third interim 2018	5.00	8,219	12 December 2018
		45,205	
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	

On 26 February 2019, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2018, 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 2019.

Notes to the Financial Statements

For the financial year ended 31 December 2018

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 2018									
Cost									
At 1 January 2018	1,420	17,356	33,291	20,685	6,533	40,778	834	1,546	122,443
Additions	-	-	-	509	24	615	-	4,425	5,573
Disposals	-	-	-	-	-	(500)	-	-	(500)
Write-offs	-	-	-	-	(723)	(1,559)	-	-	(2,282)
Reclassification	-	-	-	98	551	918	-	(1,567)	-
Effect of movements in exchange rates	-	-	-	-	-	(24)	-	-	(24)
At 31 December 2018	1,420	17,356	33,291	21,292	6,385	40,228	834	4,404	125,210
Accumulated depreciation									
At 1 January 2018	-	4,759	5,843	14,012	5,295	31,211	605	-	61,725
Charge for the year (Note 7)	-	540	666	1,834	719	2,841	123	-	6,723
Disposals	-	-	-	-	-	(445)	-	-	(445)
Write-offs	-	-	-	-	(723)	(1,518)	-	-	(2,241)
Effect of movements in exchange rates	-	-	-	-	-	(25)	-	-	(25)
At 31 December 2018	-	5,299	6,509	15,846	5,291	32,064	728	-	65,737
Net carrying amount	1,420	12,057	26,782	5,446	1,094	8,164	106	4,404	59,473

Notes to the Financial Statements

For the financial year ended 31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Building improvements RM'000	Leasehold fixtures and improvements RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 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	666	1,770	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	5,843	14,012	5,295	31,211	605	-	61,725
Net carrying amount	1,420	12,597	27,448	6,673	1,238	9,567	229	1,546	60,718

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 RM25,501,000. (2017: RM25,216,000).

14. INTANGIBLE ASSET

	Group 2018 RM'000	Group 2017 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.

Notes to the Financial Statements

For the financial year ended 31 December 2018

14. INTANGIBLE ASSET (CONTD.)

(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 with terminal growth rate of nil (2017: nil).
- 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 discount rate used is 13% (2017: 13%).

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	
	2018 RM'000	**2017 RM'000**
Unquoted shares at cost	86,202	86,202

Details of the subsidiaries are as follows:

Name of subsidiaries	Proportion of ownership interest 2018 %	2017 %	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

Notes to the Financial Statements

For the financial year ended 31 December 2018

16. DEFERRED TAX

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At beginning of financial year	8,524	17,642	-	-
MFRS 15 impact	2,127	-	-	-
Recognised in profit or loss (Note 10)	2,135	(9,118)	-	-
At end of financial year	12,786	8,524	-	-
Presented after appropriate offsetting as follows:				
Deferred tax asset	12,786	8,545	-	-
Deferred tax liability	-	(21)	-	-
	12,786	8,524	-	-

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 2017	(499)	(5,501)	(6,000)
Recognised in profit or loss	-	11	11
At 31 December 2017	(499)	(5,490)	(5,989)
Recognised in profit or loss	-	146	146
At 31 December 2018	(499)	(5,344)	(5,843)

Deferred tax assets of the Group:

	Others RM'000	Contract liabilities RM'000	Accrued expenses RM'000	Total RM'000
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
MFRS 15 impact	135	1,992	-	2,127
Recognised in profit or loss	4	1,987	(2)	1,989
At 31 December 2018	766	3,979	13,884	18,629

Notes to the Financial Statements

For the financial year ended 31 December 2018

17. INVENTORIES

	Group 2018 RM'000	Group 2017 RM'000
Consumer products:		
At cost	99,335	125,551
At net realisable value	18	608
	99,353	126,159

During the financial year, inventories recognised as cost of sales amounted to RM500,231,000 (2017: RM492,860,000).

18. TRADE AND OTHER RECEIVABLES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Trade receivables				
Third parties	10,640	13,419	-	-
Due from related companies	649	849	-	-
	11,289	14,268	-	-
Less: Allowance for expected credit loss	(722)	(919)	-	-
Trade receivables, net	10,567	13,349	-	-
Other receivables				
Amounts due from related companies	22,302	20,927	-	-
Sundry receivables	4,920	496	125	127
Deposits	1,410	1,440	5	4
Prepayments	5,983	8,173	15	-
	34,615	31,036	145	131
Total trade and other receivables	45,182	44,385	145	131
Add: Cash and cash equivalents (Note 19)	176,719	163,402	88,528	87,982
Less: Prepayments	(5,983)	(8,173)	(15)	-
Total financial assets, carried at amortised cost	215,918	199,614	88,658	88,113

(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 (2017: 90) 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.

18. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group	
	2018 RM'000	2017 RM'000
Neither past due nor impaired	10,567	13,349
Impaired	722	919
	11,289	14,268

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 expected credit loss 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	
	2018 RM'000	2017 RM'000
At beginning of financial year	919	895
Net change for the year	(163)	24
Written off for the year	(34)	-
At end of financial year	722	919

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 (2017: 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.

Notes to the Financial Statements

For the financial year ended 31 December 2018

18. TRADE AND OTHER RECEIVABLES (CONTD.)

(b) Due from related companies (contd.)

Further details on related party transactions are disclosed in Note 27.

Other information on credit risks are disclosed in Note 28.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash on hand and at banks	23,286	43,685	1,156	666
Deposits with licensed banks	153,433	119,717	87,372	87,316
Total cash and cash equivalents	176,719	163,402	88,528	87,982

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 28.

20. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
Issued and fully paid				
Share Capital at beginning/end of financial year	164,386	164,386	166,436	164,386
Share Premium#	-	-	-	685
Capital Redemption Reserve#	-	-	-	1,365
	164,386	164,386	166,436	166,436

#Under the Companies Act 2016, the amount standing in the Share Premium Account and Capital Redemption Reserve was 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 2018 without any restrictions.

Notes to the Financial Statements

For the financial year ended 31 December 2018

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Trade payables				
Third parties	33,678	37,107	-	-
Due to related companies	40,092	71,174	-	-
	73,770	108,281	-	-
Other payables				
Amounts due to:				
- Penultimate holding company	6,250	580	-	-
- Related companies	3,836	1,820	-	10
- Subsidiary companies	-	-	5	-
Sundry payables	3,003	4,720	-	-
Accruals	82,171	77,865	507	460
Refund liabilities	581	-	-	-
Deferred product sales	-	8,205	-	-
	95,841	93,190	512	470
Total trade and other payables	169,611	201,471	512	470
Less: Deferred product sales	-	(8,205)	-	-
Total financial liabilities carried at amortised cost	169,611	193,266	512	470

(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 (2017: 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 (2017: 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 (2017: 90) days from the date of invoice. These amounts are to be settled in cash.

(d) Accruals

Accruals amounting to RM57,383,000 (2017: RM62,512,000) are in respect of distributors' bonuses, seminars and other expenses.

Further details on related parties transactions are disclosed in Note 27. Other information on liquidity risks are disclosed in Note 28.

Notes to the Financial Statements

For the financial year ended 31 December 2018

23. CONTRACT LIABILITIES

	Group	
	2018 RM'000	2017 RM'000
Deferred sign up and renewal fee	8,613	-
Deferred product sales	7,645	-
Other variable considerations	385	-
	16,643	-

Contract liabilities of deferred sign up and renewal fees relate to the consideration received from the customers for a twelve (12) months period of services, which revenue is recognised overtime over the service period on a straight line basis.

Contract liabilities of deferred product sales mainly relate to the consideration received from the customers for the online products sales and the delivery of products that has not been completed during the financial year. The revenue is recognised upon delivery.

Contract liabilities of other variable considerations relate to the options to acquire future goods at discounted price and this gives rise to a separate performance obligation. The variable considerations are recognised as revenue when the Group satisfies its performance obligation.

24. 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.

25. CAPITAL COMMITMENTS

	Group	
	2018 RM'000	2017 RM'000
Capital expenditure in respect of		
Property, plant and equipment:		
- Approved and contracted for	5,671	-

26. 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 six (6) months to sixty (60) months and some of the leases are with renewal option included in the contracts. There is no restriction 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	
	2018	**2017**
	RM'000	**RM'000**
Future minimum rentals payments:		
Not later than 1 year	3,104	2,718
Later than 1 year and not later than 5 years	2,395	1,710
	5,499	4,428

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

The Group leases a number of shop offices cum warehouse and shop lots under operating leases. The leases typically run for initial periods ranging from six (6) months to forty two (42) months with the following options upon expiry of the initial lease periods:

Two (2) leases - renew the lease for six (6) months by notifying the lessor in writing.

Two (2) leases - renew the lease for twelve (12) months by notifying the lessor in writing.

Twenty-seven (27) leases - renew the lease for twenty four (24) months by notifying the lessor in writing.

Six (6) leases - renew the lease for thirty six (36) months by notifying the lessor in writing.

Notes to the Financial Statements

For the financial year ended 31 December 2018

27. 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 2018 RM'000	Group 2017 RM'000
Sales of goods and services:		
Amway (Singapore) Pte. Ltd. (i)	(492)	(441)
Purchases:		
Access Business Group International L.L.C. (i)	316,875	368,736
Support charges:		
Alticor Inc. (ii)	13,914	11,359
Amway International Inc. (iii)	3,200	3,442
Merchandising Productions Inc. (i)	-	6
Amway (Singapore) Pte. Ltd. (i)	(616)	(502)
Amway Business Services Asia Pacific Sdn. Bhd. (i)	26,842	24,152
Royalties paid:		
Access Business Group International L.L.C. (i)	2,596	3,177

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 2018 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; and
(iii) intermediate holding company.

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

	Group 2018 RM'000	Group 2017 RM'000
Short-term employee benefits	6,309	7,460
Post-employment benefits:		
- Defined contribution plan	358	475
	6,667	7,935
Included in the remuneration of key management personnel are:		
- Executive directors' remuneration (Note 9)	3,672	5,920

28. 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.

(b) Interest rate risk

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

The Group's and the Company'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 2018		
Group		
Deposits with licensed banks	3.54	153,433
Company		
Deposits with licensed banks	3.74	87,372
At 31 December 2017		
Group		
Deposits with licensed banks	3.53	119,717
Company		
Deposits with licensed banks	3.66	87,316

Notes to the Financial Statements

For the financial year ended 31 December 2018

28. FINANCIAL INSTRUMENTS (CONTD.)

(c) Foreign currency risk

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

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

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

	Group	
	2018	**2017**
	RM'000	**RM'000**
Due from related companies		
Korean Won	177	-
Singapore Dollar	441	849
United States Dollar	44	19
Due to related companies		
Singapore Dollar	3	-
United States Dollar	42	574

<u>Sensitivity analysis for foreign currency risk</u>

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 and the Company manage 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 and the Company maintain 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.

28. FINANCIAL INSTRUMENTS (CONTD.)

(e) Credit risk (contd.)

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets. The analysis of the quality of credit risk are disclosed in Note 18.

(f) Fair values

The Group and the Company measure 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 and the Company do not have any financial instruments classified as Level 1 to Level 3 as at 31 December 2018 and 31 December 2017.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2018

29. 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 2018 and 31 December 2017.

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

30. COMPARATIVES

Certain comparative amounts have been reclassified to conform with the current year's presentation.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	As previously reported RM '000	Re-classification RM '000	As restated RM '000
Current assets			
Tax recoverable	-	7,924	7,924
Trade and other receivables	46,099	(1,714)	44,385
Total current assets	335,660	6,210	341,870
Total assets	409,705	6,210	415,915
Current liabilities			
Trade and other payables	195,261	6,210	201,471
Total current liabilities	195,611	6,210	201,821
Total liabilities	195,632	6,210	201,842
Total equity and liabilities	409,705	6,210	415,915

30. COMPARATIVES (CONTD.)

Certain comparative amounts have been reclassified to conform with the current year's presentation. (contd.)

CONSOLIDATED STATEMENTS OF CASH FLOWS
AS AT 31 DECEMBER 2017

	As previously reported RM '000	Re-classification RM '000	As restated RM '000
Cash flows from operating activities			
Net changes in related companies balance	-	25,861	25,861
Net changes in penultimate holding company balance	-	540	540
Cash (used in)/generated from operating activities	(16,050)	26,401	10,351
Cash flows from financing activities			
Net changes in related companies balance	25,861	(25,861)	-
Net changes in penultimate holding company balance	540	(540)	-
Net cash used in financing activities	(22,914)	(26,401)	(49,315)

Particulars of Properties

As At 31 December 2018

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	9	22,224	9 March 2006
26 & 26A, Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan	7,934	Office, Warehouse and Shop	Leasehold expiring 26 March 2069	9	21,302	19 November 2004
1, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750 Masai Johor Darul Takzim	3,841	Office, Warehouse and Shop	Freehold	18	2,140	6 March 2000
10, Lorong Nagasari 4 Taman Nagasari 13600 Prai Penang	975	Warehouse	Freehold	27	401	19 June 1991

Group's Physical Presence

As At 31 December 2018

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 BAHRU
10 & 11, Lot 1669 & 1670
Bangunan Yakin
Jalan Raja Perempuan Zainab 2
Bandar Baru Kubang Kerian
16150 Kota Bharu
Kelantan Darul Naim

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

KUALA TERENGGANU
Bangunan Pusat Niaga Paya Keladi,
No. 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

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 24th 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, 29 May 2019 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 2018 together with the Directors' and the Auditors' Reports thereon. **Please refer to Note 1 of the Explanatory Notes**

2. To re-elect Mr Low Han Kee who is retiring pursuant to Article 87.1 of the Company's Articles of Association, comprising part of the Constitution of the Company ("the Constitution"). **Ordinary Resolution 1**

3. To re-elect En Abd Malik Bin A Rahman who is retiring pursuant to Article 94 of the Company's Constitution. **Ordinary Resolution 2**

4. To re-elect Datin Azreen Binti Abu Noh who is retiring pursuant to Article 94 of the Company's Constitution. **Ordinary Resolution 3**

5. To approve the payment of under provision of Directors' benefits amounting to RM9,600.00 for the financial year ended 31 December 2018. **Ordinary Resolution 4**

6. To approve the Directors' fees and benefits of up to RM570,000.00 for the financial year ending 31 December 2019 (2018: fees of up to RM522,000.00). **Ordinary Resolution 5**

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

As Special Business

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

8. 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)") **Ordinary Resolution 7**

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

   "THAT approval be and is hereby given for the Company and/or its subsidiaries ("Group") to enter into recurrent transactions of a revenue or trading nature with ABGIL, ABSAP, Alticor, Amway International and Amway (S) as set out in Section 2.4 of the Circular to shareholders dated 29 April 2019, which are subject to the approval of the Proposed Renewal of Shareholders' Mandate, provided that such recurrent transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are consistent with the Group's normal business practices and policies and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders,

Notice of Annual General Meeting

AND THAT such approval shall be in force until:

(i) the conclusion of the next Annual General Meeting of the Company ("AGM") at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;

(ii) the expiration of the period within which the next AGM is required to be held under Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed under Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

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

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."

As Special Resolution

9. Proposed Alteration of the Existing Memorandum and Articles of Association by replacing with a New Constitution ("Proposed Alteration") **Special Resolution**

"THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution as set out in the Appendix attached to the Annual Report 2018 with effect from the date of passing this special resolution.

AND THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

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 29 April 2019

Notice of Annual General Meeting

Notes on the appointment of Proxy

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

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 23 May 2019 (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. Ordinary Resolutions 1, 2 and 3

   Mr Low Han Kee, En Abd Malik Bin A Rahman and Datin Azreen Binti Abu Noh are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 24th 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 En Abd Malik Bin A Rahman and Datin Azreen Binti Abu Noh's independence and is satisfied that they have complied with the criteria prescribed by the MMLR and Malaysian Code on Corporate Governance.

   Dato' Ab. Halim Bin Mohyiddin who is due for re-election pursuant to Article 87.1 of the Company's Constitution has indicated to the Company that he would not seek re-election at the 24th Annual General Meeting. Therefore, Dato' Ab. Halim Bin Mohyiddin shall cease to be the Director and Chairman of the Company upon the conclusion of the 24th Annual General Meeting.

3. Ordinary Resolutions 4 and 5

   Ordinary Resolution 4 is to facilitate the payment of the shortfall of Directors' benefits amounting to RM9,600.00 for the financial year ended 31 December 2018 due to additional Board Committee meetings and benefits-in-kind.

   Ordinary Resolution 5 is to facilitate the payment of Directors' fees and benefits on a current financial year basis, calculated based on the current board size and the number of scheduled Board and Board Committee meetings for the current financial year. In the event the proposed amount is insufficient, approval will be sought at the next Annual General Meeting for the shortfall.

4. Ordinary Resolution 6

   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 24th Annual General Meeting are disclosed in the Corporate Governance Overview Statement of this Annual Report.

Explanatory Notes on Special Business

1. Ordinary Resolution 7

   This Resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with ABGIL, ABSAP, Alticor, Amway International and Amway (S) in the ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party 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 29 April 2019 for further details.

2. Special Resolution

   This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the MMLR and other provisions of laws and regulations that are applicable to the Company.

   For further information on the Proposed Alteration, please refer to the Appendix.

Statement Accompanying Notice of the 24th 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 24th Annual General Meeting.

The Directors who are standing for re-election are Mr Low Han Kee, En Abd Malik Bin A Rahman and Datin Azreen Binti Abu Noh, whose profile can be found on pages 43, 48 and 49 respectively of the Annual Report 2018.

Analysis of Shareholdings

As at 20 March 2019

Issued Share Capital : RM164,385,645
Class of Shares : Ordinary Shares
Voting Rights : One vote per share

ANALYSIS OF SHAREHOLDINGS

Distribution of shareholdings according to size:

Size Of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 - 99	376	7.87	7,819	0.01
100 - 1,000	1,912	40.00	1,303,139	0.79
1,001 - 10,000	2,212	46.28	7,158,251	4.36
10,001 - 100,000	250	5.23	5,869,520	3.57
100,001 - 8,219,281	26	0.54	18,383,200	11.18
8,219,282 and above	4	0.08	131,663,716	80.09
Total	4,780	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)	14,815,800	9.01	716,600	0.44
Employees Provident Fund Board	11,177,433	6.80	-	-

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

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.	Michael Jonathan Duong	-	-
3.	Low Han Kee	-	-
4.	Scott Russell Balfour	-	-
5.	Mohammad Bin Hussin	-	-
6.	Tan Sri Faizah Binti Mohd Tahir	-	-
7.	Dato' Abdullah Thalith Bin Md Thani	-	-
8.	Abd Malik Bin A Rahman	-	-
9.	Datin Azreen Binti Abu Noh	-	-

***Negligible*

ANALYSIS OF SHAREHOLDINGS
As at 20 March 2019

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)	14,815,800	9.01
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - EMPLOYEES PROVIDENT FUND BOARD	10,382,433	6.32
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	1,622,500	0.99
8.	CIMB COMMERCE TRUSTEE BERHAD - PUBLIC FOCUS SELECT FUND	940,000	0.57
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	577,200	0.35
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	548,600	0.33
11.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE SEY LIANG (KLC/KEN)	343,700	0.21

Analysis of Shareholdings

		No. of shares held	% of Issued Capital
12.	AMANAHRAYA TRUSTEES BERHAD		
	- ASN UMBRELLA FOR ASN EQUITY 3	316,600	0.19
13.	AMANAHRAYA TRUSTEES BERHAD		
	- AMANAH SAHAM MALAYSIA 3	295,700	0.18
14.	CITIGROUP NOMINEES (ASING) SDN BHD		
	- CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	252,400	0.15
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD		
	- EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	217,800	0.13
16.	CIMSEC NOMINEES (TEMPATAN) SDN BHD		
	- CIMB BANK FOR SKYTURE CAPITAL SDN BHD (M51016)	205,000	0.12
17.	URUSHARTA JAMAAH SDN BHD	204,000	0.12
18.	PUBLIC NOMINEES (TEMPATAN) SDN BHD		
	- PLEDGED SECURITIES ACCOUNT FOR CHEW ER HONG (E-KPG)	192,900	0.12
19.	CHUA SOON GIN	179,700	0.11
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD		
	- KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (UOB AM SC EQ)	168,000	0.10
21.	KALSOM BINTI AHMAD	134,000	0.08
22.	AJEET KAUR A/P INDER SINGH	128,700	0.08
23.	MEHAR SINGH @ MEHAR SINGH GILL	127,000	0.08
24.	BOH PLANTATIONS SDN BERHAD	122,500	0.07
25.	NEW TONG FONG PLYWOOD SDN BHD	120,000	0.07
26.	TEO CHIANG HONG	116,000	0.07
27.	YEOH SAIK KHOO SENDIRIAN BERHAD	114,500	0.07
28.	AMANAHRAYA TRUSTEES BERHAD		
	- ARB FOR YAYASAN TUN ISMAIL MOHAMED ALI (BERDAFTAR)	103,500	0.06
29.	CITIGROUP NOMINEES (ASING) SDN BHD		
	- CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	101,900	0.06
30.	LIM NG KIAT	101,000	0.06
		150,046,916	**91.25**

Information for Shareholders

On 24th Annual General Meeting

Date: Wednesday, 29 May 2019
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

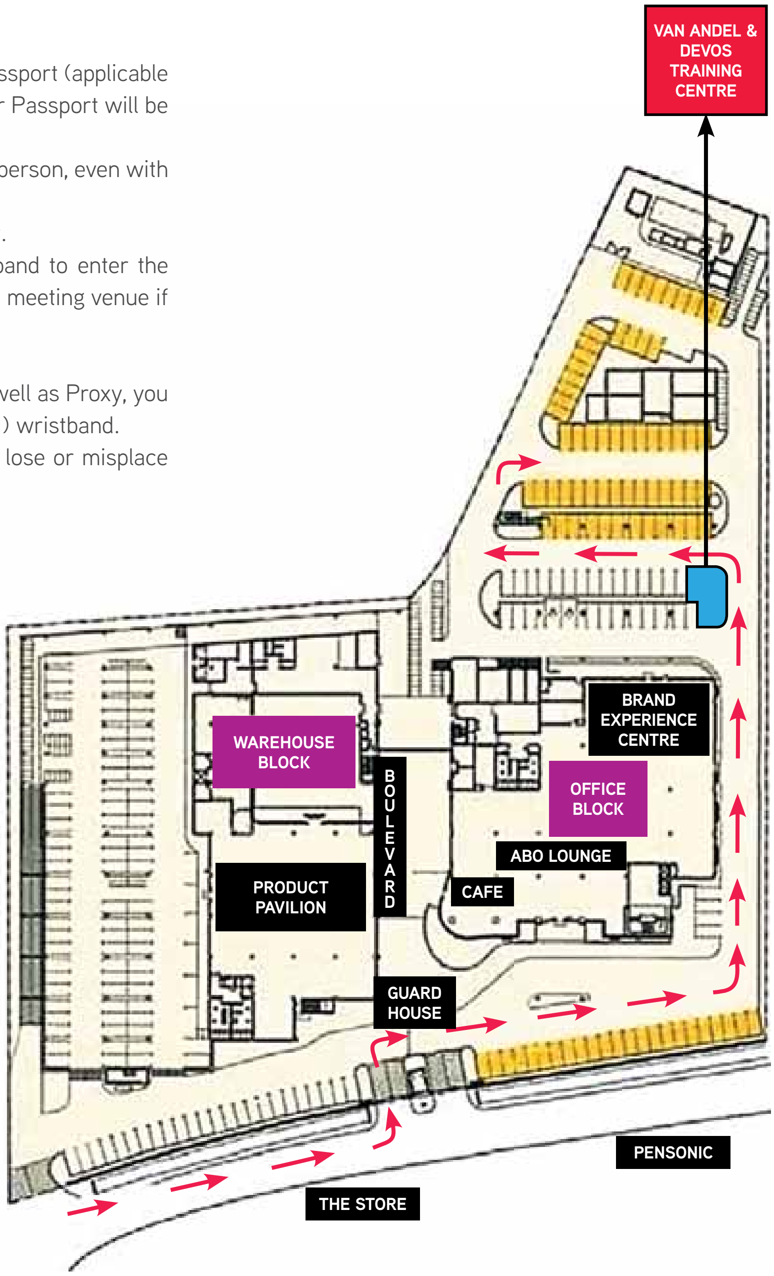
1. Registration will start at 8.30 a.m.
2. Please produce your original Identity Card (IC) or Passport (applicable for foreigners) for verification. No photocopy of IC or Passport will be accepted.
3. You are not allowed to register on behalf of another person, even with the original IC or Passport of 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 24th Annual General Meeting of the Company to 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, 29 May 2019 at 9.30 a.m. or at any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTION		FOR	AGAINST
1	Re-election of Mr. Low Han Kee as Director		
2	Re-election of En. Abd Malik Bin A Rahman as Director		
3	Re-election of Datin Azreen Binti Abu Noh as Director		
4	Approval of the shortfall of Directors' benefits for the financial year ended 31 December 2018		
5	Approval of Directors' fees and benefits for the financial year ending 31 December 2019		
6	Re-appointment of Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration		
7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
SPECIAL RESOLUTION			
Proposed Alteration of the Existing Memorandum and Articles of Association by replacing with a New Constitution			

[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 ________________ 2019

____
Signature of Shareholder/Common Seal

* Delete whichever is inapplicable

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 23 May 2019 (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 24th 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 | Website : www.amway.my