

Amway™

23RD ANNUAL GENERAL MEETING

16 MAY 2018

Amway™

Annual Report 2017

Responses to questions from
Minority Shareholder Watchdog Group
(MSWG)

STRATEGIC & FINANCIAL MATTERS

QUESTION 1

On page 93 of the Annual Report, Executive Salaries & Other Emoluments at the Group level increased from RM714,000 in 2016 to RM3,671,000 in 2017 – an increase of 414% while Executive Bonuses increased from RM380,000 to RM1,970,000 – an increase of 418%.

Please provide the rationale and justification for the increases.

Answer to Question 1

In 2017, we have 2 Executive Directors (Martin Liou and Michael Duong), for the full year, both being expatriates on assignment and seconded to Amway Malaysia. For 2016, we had 2 Executive Directors, that is, Paul Yee who had resigned effective 1 January 2017 and Low Han Kee who retired effective 1 February 2016. Accordingly, only 13 months of executive director salary was paid in 2016 compared to 24 months of executive director salary paid in 2017.

QUESTION 2

On page 97 of the Annual Report, the External Auditors have designated the integrity and accuracy of the information system as a Key Audit Matter due to the central and pervasive role of the information system in generating key financial statement amounts.

Please explain how this risk is managed at the Group level along with a summary of the controls in place.

Answer to Question 2

The general and application controls in place are system development life cycle process, change management process, user access management, physical security, data backups and retention policy, data protection management, cybersecurity management and disaster recovery plan.

CORPORATE GOVERNANCE MATTERS

QUESTION 1

It is stated under Resolutions 6 and 7 that Dato' Ab. Halim Bin Mohyiddin and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham have served as Independent Non-Executive Directors (INEDs) for a cumulative term of more than twelve years. They have been proposed to continue to serve as INEDs until the conclusion of the next AGM.

Under Practice 4.2 of the MCCG, if the board continues to retain the INED after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Are there any plans to subject the re-election to a two-tier voting process? And if not, please explain why not?

Answer to Question 1

Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, Amway Malaysia did use a two-tier voting process in seeking annual shareholders' approval to retain Dato' Ab. Halim Bin Mohyiddin and Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham as Independent Non-Executive Directors at the 23rd Annual General Meeting as mentioned in the Notice of Meeting.

QUESTION 2

Under Practice 7.1 of the CG Report, it is stated that Michael Jonathan Duong received benefits-in-kind of RM272,400. Please explain the nature of the benefits-in-kind.

Answer to Question 2

Benefits-in-kind include amongst others the payments for accommodation, rental of car, and club membership. We expect some of these costs to be reduced in 2018.

QUESTION 3

Under Practice 12.3 of the CG Report, the explanation provided does not fully address the requirements of Practice 12.3. Practice 12.3 relates to voting in absentia and remote shareholder participation by leveraging technology and this goes beyond voting by proxies.

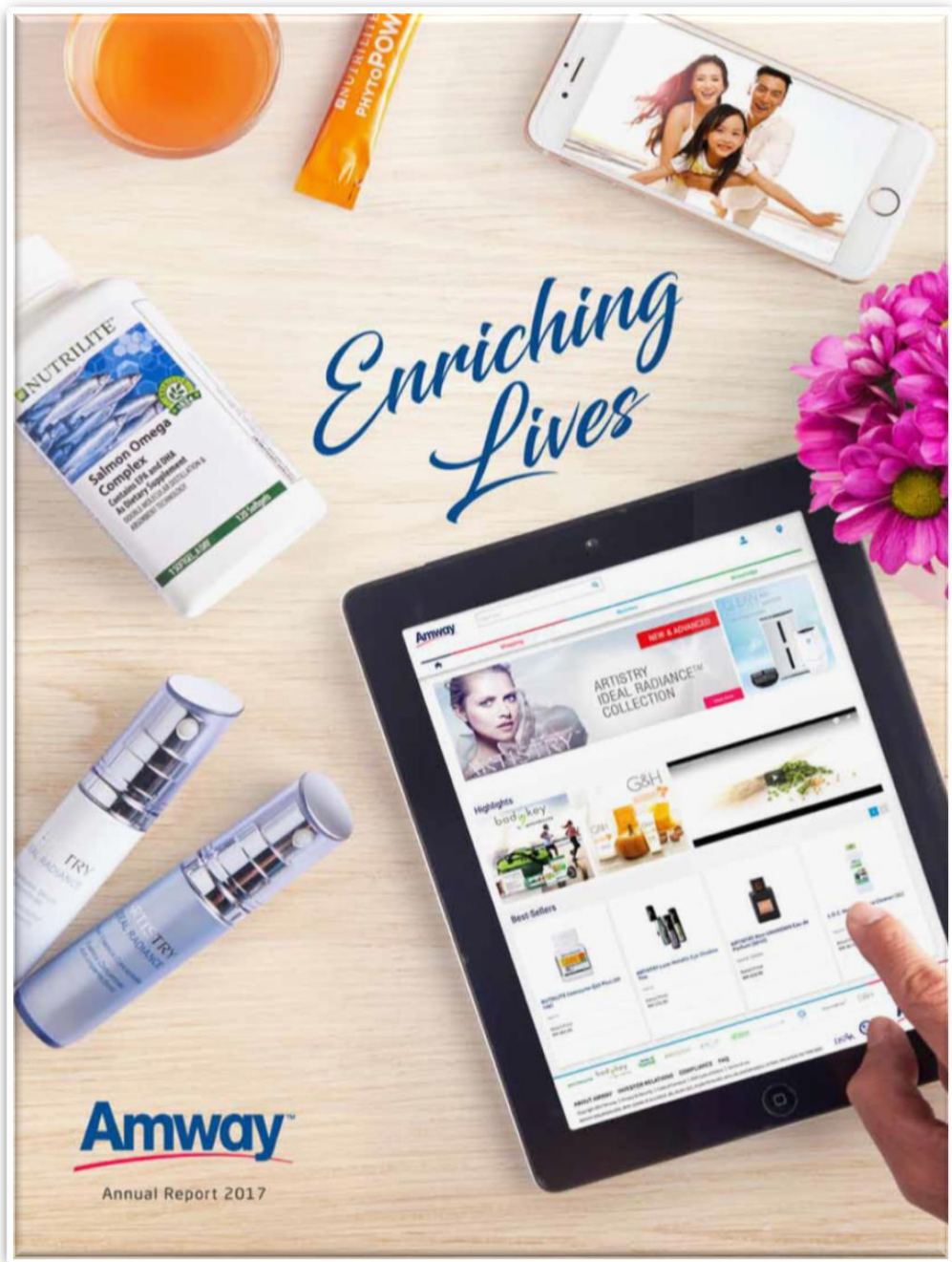
Please take note of this.

Answer to Question 3

We take note of your comment.

Amway Malaysia had held its AGMs at its corporate headquarters in Petaling Jaya, a venue that is easily accessible. For shareholders who are unable to attend the AGM in person, they have the right to appoint proxy(ies) to attend, vote and speak in his/her stead. In 2017, the Company leveraged on technology to facilitate electronic voting for the conduct of poll on all resolutions proposed.

Moving forward, the Company will evaluate options to further enhance and leverage on technology to facilitate voting in absentia and remote shareholders' participation at general meetings.



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THANK YOU