

# annual report 2011

NEW ENERGY FROM A NEW GENERATION

# annual report 2011



# NEW ENERGY



## STAYING RELEVANT WITH NEW ENERGY

Through the years, Amway has been recognized for its wide range of products and its business opportunity, staying true to its core belief to enrich people's life from the inside out. This year, fueled by a new energy, Amway forges ahead to stay relevant for the new generation.

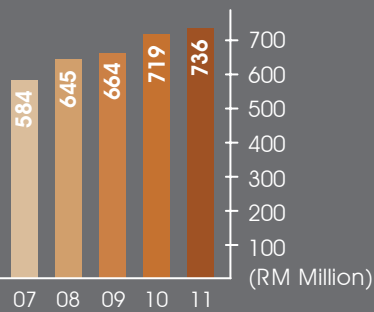


4	5 Year Financial Highlights
5	Quarterly Performance
6	Chairman's Statement
10	Penyata Pengerusi
15	Board of Directors
15	Corporate Information
17	Profile of Directors
21	Operations Review
25	Corporate Responsibility
27	Statement on Corporate Governance
34	Audit Committee Report
40	Statement on Internal Control
42	Compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad
43	Directors' Report
46	Statement by Directors
46	Statutory Declaration
47	Independent Auditors' Report to The Members of Amway (Malaysia) Holdings Berhad

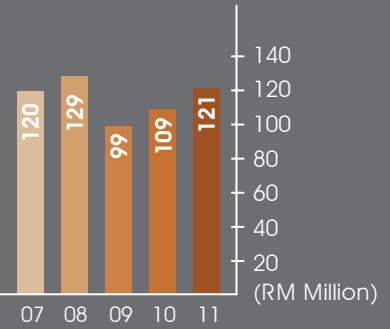
# CONTENTS

49	Statements of Comprehensive Income
50	Statements of Financial Position
51	Statements of Changes In Equity
52	Statements of Cash Flows
54	Notes to the Financial Statements
78	Particulars of Properties
79	Group's Physical Presence
80	Disclosure of Recurrent Related Party Transactions
82	Notice of Annual General Meeting
84	Analysis of Shareholdings
87	Information for Shareholders on Seventeenth Annual General Meeting
	Proxy Form
	Appendix 1

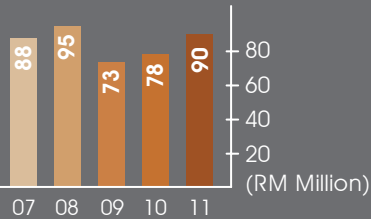
## SALES REVENUE



## PROFIT BEFORE TAXATION



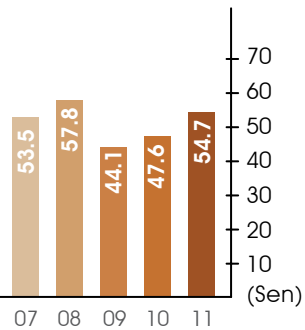
## NET PROFIT



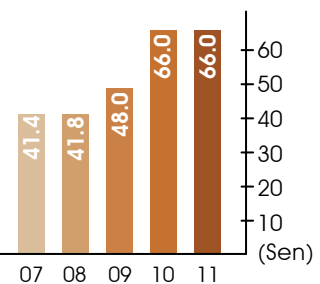
# 5 YEAR

## FINANCIAL HIGHLIGHTS

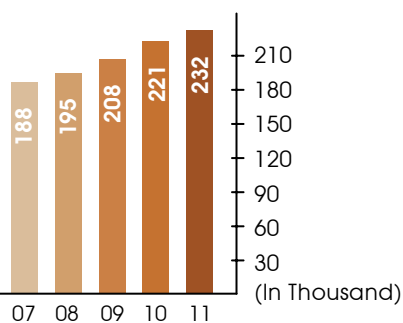
## NET EARNINGS PER SHARE



## NET DIVIDEND PER SHARE



## CORE DISTRIBUTOR FORCE



# QUARTERLY

## PERFORMANCE

2011	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Full Year
<b>Sales Revenue</b> (RM Million)	172.8	169.1	211.5	182.4	<b>735.8</b>
<b>Profit Before Taxation</b> (RM Million)	27.4	25.6	34.4	33.6	<b>121.0</b>
<b>Net Profit</b> (RM Million)	20.3	19.0	25.8	24.9	<b>90.0</b>
<b>Net Earnings Per Share</b> (Sen)	12.3	11.6	15.7	15.1	<b>54.7</b>
<b>Net Dividend Per Share</b> (Sen)	9.0	9.0	39.0	9.0	<b>66.0</b>

2010	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Full Year
<b>Sales Revenue</b> (RM Million)	175.5	168.3	191.5	184.1	<b>719.4</b>
<b>Profit Before Taxation</b> (RM Million)	22.3	30.0	28.8	28.0	<b>109.1</b>
<b>Net Profit</b> (RM Million)	16.8	21.7	21.5	18.3	<b>78.3</b>
<b>Net Earnings Per Share</b> (Sen)	10.2	13.2	13.1	11.1	<b>47.6</b>
<b>Net Dividend Per Share</b> (Sen)	9.0	9.0	39.0	9.0	<b>66.0</b>



# CHAIRMAN'S STATEMENT



Dear shareholders,

## OVERVIEW

2011 was a challenging year for the economy and for Amway (Malaysia) Holdings Berhad (Amway). Amidst cautious consumer sentiment in Malaysia that was influenced by the global economic downturn, sales revenue for the year under review grew a modest 2.3% to RM735.8 million from RM719.4 million in 2010. This achievement secured Amway's record of having attained sales revenue growth in 32 years out of 35 years. Amway threw further weight behind aggressive sales and marketing programmes to stimulate demand in support of Amway Distributors' retailing and sponsoring activities.

Despite these challenges, Amway's business model continued to resonate with Malaysians even after having been in this market for 35 years. Amway's relevance is reflected in the increased number of Malaysians renewing as Amway Distributors in 2011, bringing the Core Distributor Force (CDF) to 232,000. This is a 4.8% growth over 2010's CDF which incidentally has been recording a consistent increase for the last ten years. A significant trend which will drive Amway's sustainability is the increasing number of new Amway Distributors under the age of 35 in the last few years. This group formed 56% of new Distributors in 2011 and this is a strong catalyst to catapult Amway's growth through their energy and enthusiasm, which in turn would yield higher recruitment and productivity.



The Amway Brand Experience Centre is a testimony of Amway's commitment to enhancing brand image



## FINANCIAL PERFORMANCE

For the year in review, the Group's sales revenue grew 2.3% to RM735.8 million compared to RM719.4 million in 2010. The Group had invested more in sales and marketing activities to defend our market share amidst stiffer competition not only from other multi-level marketing players but also from conventional FMCG (fast-moving consumer goods) companies. These investments, together with prudent cost management in other areas, a higher sales revenue and an improved gross margin arising from the lower cost of products, had resulted in a better profit before tax by 10.8% to RM121.0 million against the previous year's RM109.1 million. Profit after tax also increased 14.9% to RM90.0 million from RM78.3 million in 2010.

## DIVIDEND

The Group's financial results demonstrated the strength of Amway's underlying business and our dedication to delivering shareholder value. As in previous years, the Company has always returned surplus cash to shareholders in a systematic and orderly manner. Therefore, the Board of Directors is recommending a 4th interim single tier dividend of 9 sen net per share, subsequent to the reporting date. Taken together with the interim and special dividends declared earlier in the year, the total dividend for the financial year ended 31 December 2011 amounts to 66 sen net per share. The total net dividend payout of RM108.5 million is equivalent to 121% of 2011 net earnings.

## OPERATIONAL OVERVIEW

### Potential Target Groups

With a business that is primarily people-driven, it is vitally important that Amway attracts, retains and motivates highly effective Distributors. Insights have shown that Amway's future growth will come potentially from two pools of Distributors – those under the 35-year-old age category as well as from the Malay market segment. Relevancy took on a new meaning for Amway when the Group developed and executed purposeful programmes targeted at these two groups. These programmes are detailed at length in the Operations Review pages.

### Digital Initiatives

In keeping with the relevancy theme, Amway also took to social media to engage its IT-savvy Distributors. Platforms such as YouTube and Facebook were used to connect with Distributors and consumers alike, bringing the Amway brand and its products closer to them. Work also began

in late 2011 to revamp one of Amway's most important retail and sponsoring channels – its web-site amway2u.com, which is 10 years old. In 2011 alone, 47% of total sales revenue or about RM340 million came from amway2u.com, illustrating the importance of the web-site in the Amway business. When the first phase of the revamp of the existing web-site is completed by 2012, the look and feel of the web-site will provide navigational ease to Distributors and consumers as well as make it relatable in the present day context.

### Amway Shops

Several significant initiatives begun in the previous three years carried on into 2011. These included the conversion of three Regional Distribution Centers (RDCs), namely in Brunei, Alor Setar and Kuantan into shops. Amway's physical presence through its wholly-own and employee-run shops was premised upon the Group's objective to make Amway products more accessible in a high-traffic environment. When the first few shops opened in 2008, they appropriately captured the needs of Amway Distributors and their prospects. The next phase was to convert Amway's existing RDCs into shops. Having completed the three conversions in 2011, Amway's physical presence is strengthened throughout Malaysia with its 16 shops and 9 RDCs. At the end of 2011, the shop concept came full cycle when the first shop to be opened in Seremban relocated to bigger premises and adopted the latest generation look with enhanced services such as product repairs and returns. In fact, the latest shops offered additional services that emphasized Amway's commitment to supporting the retailing and sponsoring efforts of the Amway Distributors.



### Branding

Brand-building efforts were two-pronged - strengthen consumer awareness for the corporate brand of Amway as well as for one of our core product lines, namely the ARTISTRY brand of skincare and cosmetics. The corporate branding campaign involved an integrated approach which articulated Amway's key messages of innovation, value for money and product efficacy. The various media channels of broadcast, print, digital, outdoor and radio which ran concurrently for three months in the middle of 2011 provided an opportunity for Amway and its Distributors to create further awareness about the Amway business opportunity and products in the market.

For the first time ever, ARTISTRY complemented its above-the-line advertising in top beauty magazines with the organizing of two expositions themed around beauty. Held at high-traffic shopping malls in Kuala Lumpur and Penang, both Artistry Beauty Expos showcased ARTISTRY's wide offering of skincare and cosmetic products to more than 30,000 visitors.

### New Products And Promotions

The launch of a new category under ARTISTRY called Intensive Skincare provided excitement in the area of new products. Two products, the Renewing Peel and the Anti-Wrinkle Firming Serum, drew encouraging responses from Amway Distributors, eager to expand their retailing portfolio with innovative products that have become Amway's hallmark. These two products contributed 13% to ARTISTRY's overall sales for 2011. From NUTRILITE, Amway's best-selling Nutrition and Wellness coreline, the launch of the All-Plant Protein drew an overwhelming response from Amway Distributors, with RM10 million in sales from just three months since its launch. The year in review also saw an aggressive number of promotions to support the field's retailing efforts amidst a very competitive environment. Some of the promotions performed exceedingly well to deliver incremental sales to the Group.



An LRT train with Amway's corporate branding



Amway's branding in the interiors of an LRT train

### HQ Facilities

Amway Headquarters (Amway HQ), completed in 2009 at an investment of RM100 million, has been drawing an endless stream of Amway Distributors, customers and potential Distributors through its environmentally-friendly designed facilities which include a large order processing area, warehouse with a state-of-the-art picking system, a 400-seat training hall and well-equipped training rooms. Capitalising on Amway HQ's role as an important sponsoring tool, seven Super Weekends were held on the premises during the year under review. Adapted from the Open House concept, these Super Weekends were a series of marketing and business opportunity activities to showcase the spectrum of Amway's entire offerings. A one-day event held on either a Saturday or Sunday, all Super Weekends attracted nearly 20,000 visitors, boosted new applications and renewed interest.

The opening in 2010 of the 10,000 sq feet Brand Experience Centre (BEC) within the main administration building of Amway Headquarters, has proven to be another compelling proposition for Amway Distributors, with its halls of corporate and product history, product exhibits and demonstration areas as well as its health and beauty assessment rooms. With guided or free-and-easy tours available to Amway Distributors and members of the public, the BEC drew an average of 2,000 visitors monthly with this number set to grow when more assessment programmes are put in place in 2012. Amway HQ and its many facilities have effectively demonstrated Amway's solid commitment to the business and Amway Distributors that is anchored on business continuity.



The Happy Healthy Minds Camps help build confidence in children

## CORPORATE GOVERNANCE

Governance is an on-going commitment shared by the Board of Directors, management and staff of Amway. Making it to the top 100 public-listed companies in the Malaysian Corporate Governance Index 2011 for the third year running underscored Amway's emphasis on compliance and ethical conduct.

The Board of Directors has also demonstrated a clear commitment to the Group through their professional conduct, attendance at Board meetings and participation in professional programmes. As members of the various Sub-Committees, they have provided invaluable input to ensure that the Group practices the highest level of accountability and responsibility to shareholders.

## CORPORATE RESPONSIBILITY

At Amway, we believe that corporate responsibility is a shared business obligation in ensuring the sustainability of our business in the interest of wider stakeholders. Amway products carry the legacy of being environmentally-friendly and our guaranteed satisfaction promise reflects our commitment to consumer protection. Concern for the environment and staff well-being also prompted an initiative to remove the ultra-violet coating on all nearly 300,000 copies of our monthly magazine, AMAGRAM, distributed to Amway Distributors. The other areas like talent development programmes, equitable compensation reviews and appraisals reinforced the Group's inclination in providing a stimulating work environment. Last but not least, Amway's community relations efforts are largely concentrated on improving children's mental health through its One By One Campaign for Children which began in 2003. Under its twin pillars of Happy Healthy Minds and Happy Healthy Wards projects, Amway continued to conduct camps to promote self-esteem and refurbished two more Paediatric Wards at government hospitals respectively in 2011.

## OUTLOOK

Many economic and analytical reports all agree that the one constant outlook for 2012 is that there will continue to be great uncertainties in the global economy, which will inevitably have a local impact. Amway has always kept a close watch on any signs of change that will impact our business. Staying relevant has been key to our continued success and we stand ready to respond appropriately and quickly to any challenges that may derail our efforts to sustain growth. Having clearly defined the opportunities for Amway's future growth through our focus on the younger generation of adults under the age of 35 as well as the

Malay segment, we will align our resources appropriately to support the strategic priorities. Differentiation is also critical in establishing Amway ahead of the competition and to that extend, the Group is giving serious attention and commitment to raising our service standards.

The Group is also confident that Amway Distributors who are loyal business builders have regained their footing and enthusiasm following an internal exercise to increase their earning opportunity two years ago which required an adjustment period. Coupled with Amway's wide-ranging and innovative product offerings at all price levels, events that excite and attract targeted segments of the market and a solid infrastructure, the Group is taking deliberate measures to ensure business continuity.

## APPRECIATION

I would like to acknowledge the hard work and dedication of our staff and Amway Distributors, both of whom were very crucial to the success of the Group. I would like to take this opportunity to congratulate them for again returning a commendable performance amidst a difficult operating environment. My gratitude goes to our business partners for their co-operation and support as well as to the shareholders for your trust in the Board of Directors, staff and management of Amway.

I also want to recognize the Board of Directors for their invaluable guidance, counsel and strong sense of responsibility in undertaking their duties to the Group. I am inspired by their unwavering commitment and thank them for their continuous support.

**DATO' AB. HALIM BIN MOHYIDDIN**  
Chairman



## ENYATA PENGGERUSI

Para pemegang saham yang  
dihormati sekalian,

### TINJAUAN

Tahun 2011 adalah tahun yang mencabar bagi ekonomi negara dan bagi Amway (Malaysia) Holdings Berhad (Amway). Walaupun diselubungi sentimen berhati-hati di kalangan pengguna di Malaysia akibat kelembapan ekonomi global, hasil jualan bagi tahun yang ditinjau masih mencatat pertumbuhan yang memuaskan iaitu sebanyak 2.3% kepada RM735.8 juta berbanding RM719.4 juta pada tahun 2010. Pencapaian ini mengukuhkan lagi rekod Amway yang telah berjaya mencatat pertumbuhan jualan bagi 32 daripada 35 tahun ia beroperasi. Amway telah memperhebatkan lagi usaha dalam pelaksanaan program penjualan dan pemasaran secara agresif bagi merangsang permintaan untuk menyokong aktiviti jualan runcit dan penajaan yang dijalankan oleh para Penedar Amway.

Sungguhpun berdepan dengan cabaran-cabaran tersebut, model perniagaan Amway terus mendapat sambutan daripada rakyat Malaysia walaupun telah berada di pasaran selama 35 tahun. Amway kekal relevan dan ini

## TINJAUAN (sambungan)

jelas tergambar menerusi peningkatan bilangan rakyat Malaysia yang memperbaharui status mereka sebagai Pengedar Amway pada tahun 2011, menjadikan Pasukan Pengedar Teras (CDF) berjumlah 232,000 orang. Ini mewakili pertumbuhan sebanyak 4.8% berbanding jumlah CDF pada tahun 2010 yang juga telah merekodkan peningkatan konsisten sepanjang tempoh sepuluh tahun yang lalu. Satu trend penting yang akan memacu kemampanan Amway adalah pertambahan bilangan Pengedar Amway baru di bawah usia 35 tahun sejak beberapa tahun kebelakangan ini. Kumpulan tersebut merangkumi 56% daripada jumlah Pengedar baru pada tahun 2011 dan ini merupakan pemangkin yang berkesan untuk melonjakkan pertumbuhan Amway melalui kesungguhan dan semangat mereka, yang seterusnya akan menghasilkan pengambilan Pengedar baru dan produktiviti yang lebih tinggi.

## PRESTASI KEWANGAN

Bagi tahun yang ditinjau, hasil jualan Kumpulan meningkat sebanyak 2.3% kepada RM735.8 juta berbanding RM719.4 juta pada tahun 2010. Kumpulan telah membuat pelaburan yang lebih besar dalam aktiviti penjualan dan pemasaran bagi mempertahankan bahagian pasaran berikutan saingan lebih sengit bukan sahaja daripada syarikat pemasaran pelbagai peringkat yang lain, malah daripada syarikat-syarikat FMCG (barangan pengguna laris) konvensional. Pelaburan ini berserta dengan pengurusan kos secara berhemah dalam bidang-bidang lain, hasil jualan yang lebih tinggi dan margin kasar lebih baik yang terhasil daripada kos produk lebih rendah, telah membawa keuntungan sebelum cukai yang lebih baik sebanyak 10.8% kepada RM121.0 juta berbanding RM109.1 juta pada tahun lepas. Keuntungan selepas cukai turut meningkat sebanyak 14.9% kepada RM90.0 juta daripada RM78.3 juta pada tahun 2010.



Ibu pejabat Amway dilengkapi dengan kemudahan untuk menyokong perniagaan Pengedar



## DIVIDEN

Keputusan kewangan Kumpulan menunjukkan keteguhan perniagaan asas Amway dan dedikasi kita dalam menyampaikan nilai pemegang saham. Seperti tahun-tahun lepas, Syarikat sentiasa memulangkan lebihan tunai kepada para pemegang saham secara sistematik dan tersusun. Oleh itu, Lembaga Pengarah mengesyorkan dividen interim satu peringkat ke-4 sebanyak 9 sen sesaham bersih, selepas tarikh laporan ini. Jika dikira bersama-sama dengan dividen interim dan dividen khas yang diisytiharkan lebih awal pada tahun ini, jumlah dividen bagi tahun kewangan berakhir 31 Disember 2011 adalah sebanyak 66 sen sesaham bersih. Jumlah pembayaran dividen bersih sebanyak RM108.5 juta ini adalah bersamaan dengan 121% daripada pendapatan bersih tahun 2011.

## TINJAUAN OPERASI

### Kumpulan Sasaran yang Berpotensi

Dengan bentuk perniagaan yang didorong terutamanya oleh manusia, adalah penting bagi Amway untuk menarik, mengekalkan dan memotivasikan para Pengedar yang memiliki keberkesanan tinggi. Kajian menunjukkan bahawa pertumbuhan Amway pada masa hadapan akan berkemungkinan datang daripada dua kumpulan Pengedar iaitu mereka dalam kategori usia di bawah 35 tahun serta daripada segmen pasaran Melayu. Keberkaitan kini memberi erti yang baru bagi Amway apabila Kumpulan merangka dan melaksanakan program-program bertujuan khusus yang didasarkan kepada kedua-dua kumpulan tersebut. Program-program ini diperincikan dengan panjang lebar di halaman Tinjauan Operasi.

### Inisiatif Digital

Sejajar dengan tema keberkaitan tersebut, Amway turut memanfaatkan media sosial untuk mendekati para Pengedar yang celik IT. Platform-platform seperti YouTube dan Facebook telah digunakan untuk berhubung dengan para Pengedar dan pengguna, membawa jenama Amway dan produk-produknya lebih dekat dengan mereka. Kerja-kerja juga telah



◀ ▼ Kehadiran Kedai Amway meningkatkan pendekatan pengguna ke atas produk Amway



dimulakan pada penghujung tahun 2011 untuk merombak semula salah satu saluran peruncitan dan penajaan paling penting Amway iaitu laman web amway2u.com yang telah berusia 10 tahun. Pada tahun 2011 sahaja, 47% daripada keseluruhan hasil jualan atau kira-kira RM340 juta adalah datangnya daripada amway2u.com, menunjukkan pentingnya laman web dalam perniagaan Amway. Apabila fasa pertama rombakan semula laman web sedia ada ini selesai menjelang tahun 2012, penampilan dan suasana laman web berkenaan akan memberi kemudahan navigasi kepada para Pengedar dan pengguna serta menjadikannya seiring dengan konteks masa kini.

#### Kedai Amway

Beberapa inisiatif penting yang dimulakan sepanjang tiga tahun lepas telah diteruskan pada tahun 2011. Ini termasuk pengubahsuaian Pusat Pengedaran Daerah (RDC) di Brunei, Alor Setar dan Kuantan menjadi kedai. Kehadiran Amway secara fizikal melalui kedai-kedai milik penuhnya dan dikendalikan oleh kakitangannya sendiri adalah berasaskan objektif Kumpulan untuk menjadikan produk-produk Amway lebih mudah diperolehi di persekitaran ber trafik tinggi. Sewaktu kali pertama beberapa buah kedai dibuka pada tahun 2008, kedai-kedai tersebut telah berjaya memenuhi



Pengiktirafan sebagai jenama yang dipercayai di kalangan pengguna

keperluan para Pengedar Amway dan prospek mereka. Fasa seterusnya adalah untuk mengubahsuaikan RDC Amway yang sedia ada menjadi kedai. Setelah menyiapkan tiga pengubahsuaian tersebut pada tahun 2011, kehadiran fizikal Amway telah dapat diperkukuhkan di seluruh Malaysia menerusi 16 buah kedai dan 9 buah RDC. Pada akhir tahun 2011, konsep kedai tersebut telah berjaya disempurnakan apabila kedai pertama yang dibuka di Seremban ditempatkan semula ke premis lebih besar dan menggunakan penampilan generasi masa kini dengan perkhidmatan yang dipertingkatkan seperti membaiki dan menerima pemulangan produk. Bahkan, kedai-kedai terbaru ini turut menawarkan pelbagai perkhidmatan tambahan yang menegaskan komitmen Amway untuk menyokong aktiviti peruncitan dan usaha penajaan para Pengedarnya.

#### Penjenamaan

Pembinaan jenama merupakan usaha serampang dua mata iaitu meninggikan kesedaran pengguna terhadap jenama korporat Amway dan juga salah satu daripada rangkaian produk teras kita, iaitu jenama penjagaan kulit dan kosmetik, ARTISTRY. Kempen penjenamaan korporat melibatkan suatu pendekatan bersepadu yang menyampaikan mesej penting Amway berhubung inovasi, nilai bagi wang dan keberkesanan produk. Saluran-saluran media penyiaran, percetakan, digital, media di luar dan radio yang digembleng serentak selama tiga bulan pada pertengahan tahun 2011 telah menyediakan peluang bagi Amway dan para Pengedarnya untuk mewujudkan kesedaran selanjutnya mengenai peluang perniagaan Amway dan produk-produknya di pasaran.



Pusat Pengalaman Jenama Amway

## TINJAUAN OPERASI (sambungan)

### Penjenamaan (sambungan)

Buat julung kalinya, ARTISTRY melengkapkan pengiklanan atas garis yang dilaksanakan dalam majalah-majalah kecantikan terkemuka dengan menganjurkan dua ekspo bertemakan kecantikan. Kedua-dua Ekspo Kecantikan Artistry tersebut yang diadakan di pusat-pusat membeli-belah tumpuan ramai di Kuala Lumpur dan Pulau Pinang mempamerkan rangkaian produk penjagaan kulit dan kosmetik ARTISTRY yang berpelbagai kepada lebih 30,000 orang pengunjung.

### Produk Baru dan Promosi

Pelancaran kategori baru di bawah ARTISTRY yang digelar Penjagaan Kulit Intensif telah mencetuskan keterujaan dalam bahagian produk baru. Dua produk, Pengelupas Memperbaharui dan Serum Pemejal Antikedutan, telah mendapat sambutan menggalakkan daripada para Pengedar Amway yang begitu teruja untuk meluaskan portfolio peruncitan mereka dengan produk-produk inovatif yang sinonim dengan jenama Amway. Kedua-dua produk ini menyumbang sebanyak 13% kepada jualan keseluruhan ARTISTRY bagi tahun 2011. Daripada NUTRILITE, iaitu rangkaian produk teras Pemakanan dan Kesejahteraan Amway paling laris, pelancaran All-Plant Protein telah mendapat sambutan yang sungguh memberangsangkan daripada para Pengedar Amway dengan jualan mencecah RM10 juta dalam tempoh hanya tiga bulan sejak ia dilancarkan. Tahun yang ditinjau turut menyaksikan jumlah aktiviti promosi yang agresif bagi menyokong usaha peruncitan di pasaran dalam suasana yang begitu kompetitif. Sebahagian daripada promosi tersebut memberikan hasil yang sungguh baik bagi menjana peningkatan jualan bagi Kumpulan.

### Kemudahan Ibu Pejabat

Kemudahan Ibu Pejabat Amway yang siap dibina pada tahun 2009 dengan kos pelaburan berjumlah RM100 juta telah menarik kunjungan yang tidak putus-putus oleh para Pengedar Amway, pelanggan dan Pengedar berpotensi menerusi reka bentuk kemudahannya yang mesra alam, merangkumi ruang memproses pesanan yang luas, gudang yang mempunyai sistem pengambilan barang yang canggih, dewan latihan dengan 400 tempat duduk dan bilik-bilik latihan yang lengkap. Dengan memanfaatkan peranan Ibu Pejabat Amway sebagai suatu kaedah penajaan penting, tujuh Super Weekend telah diadakan di premis tersebut pada tahun yang ditinjau. Acara Super Weekend yang berkonsepkan Rumah Terbuka ini merupakan satu siri aktiviti pemasaran dan peluang perniagaan untuk memaparkan spektrum keseluruhan penawaran Amway. Semua acara

Super Weekend tersebut yang merupakan program sehari pada hari Sabtu atau Ahad telah berjaya menarik hampir 20,000 pengunjung, meningkatkan bilangan permohonan baru dan memperbaharui minat sedia ada.

Pembukaan Pusat Pengalaman Jenama (BEC) seluas 10,000 kaki persegi pada tahun 2010 di bangunan pentadbiran utama Ibu Pejabat Amway adalah suatu langkah yang terbukti amat bermanfaat bagi para Pengedar Amway, dengan dewan pameran sejarah korporat dan produk, pameran produk dan ruang demonstrasi serta bilik-bilik penilaian kesihatan dan kecantikan. Melalui lawatan berpandu atau lawatan bebas yang disediakan kepada para Pengedar Amway dan orang ramai, BEC berjaya menarik jumlah pengunjung dengan purata seramai 2,000 orang setiap bulan di mana angka tersebut dijangka akan terus bertambah apabila lebih banyak program penilaian disediakan pada tahun 2012. Ibu Pejabat Amway dan pelbagai kemudahannya merupakan suatu gambaran yang cukup berkesan tentang komitmen padu Amway kepada perniagaan dan para Pengedar Amway yang bertunjangan kesinambungan perniagaan.

## TADBIR URUS KORPORAT

Tadbir urus korporat merupakan suatu komitmen berterusan yang dikongsi oleh Lembaga Pengarah, pengurusan dan kakitangan Amway. Kejayaan mencapai kedudukan antara 100 syarikat senarai awam terbaik dalam Indeks Tadbir Urus Korporat Malaysia 2011 bagi tahun ketiga berturut-turut adalah bukti penekanan Amway terhadap pematuhan dan tatacara beretika.

Lembaga Pengarah juga telah memperlihatkan komitmen yang jelas terhadap Kumpulan menerusi tatacara profesional mereka, kehadiran di mesyuarat-mesyuarat Lembaga dan penyertaan dalam program-program profesional. Sebagai ahli dalam pelbagai Jawatankuasa Kecil, mereka menyumbangkan input yang tidak ternilai bagi memastikan supaya amalan Kumpulan sentiasa berada di tahap tertinggi dari aspek akauntabiliti dan tanggungjawab kepada para pemegang saham.

## TANGGUNGJAWAB KORPORAT

Di Amway, kita percaya bahawa tanggungjawab korporat adalah kewajipan perniagaan yang dikongsi dalam memastikan kemampanan perniagaan kita demi kepentingan golongan pemegang kepentingan yang lebih luas. Produk-produk Amway membawa

Serum Pemejal Antikedutan  
Penjagaan Kulit Intensif ARTISTRY



Kempen Penjenamaan Korporat juga meliputi saluran konvensional dan digital



warisan ciri-ciri produk mesra alam dan jaminan kepuasan yang dijanjikan mencerminkan komitmen kita terhadap perlindungan pengguna. Keprihatinan kepada alam sekitar dan kebajikan kakitangan juga telah mencetuskan suatu inisiatif untuk tidak lagi menggunakan lapisan ultraungu pada hampir 300,000 naskhah majalah bulanan kita, AMAGRAM yang diedarkan kepada para Pengekar Amway. Bidang-bidang lain seperti program pembangunan bakat, kajian dan taksiran imbuhan saksama telah mengukuhkan lagi tumpuan Kumpulan dalam menyediakan persekitaran kerja yang membina. Begitu juga dengan usaha hubungan komuniti Amway yang sebahagian besarnya ditumpukan kepada peningkatan kesihatan minda kanak-kanak melalui Kempen One By One untuk Kanak-Kanak yang dimulakan pada tahun 2003. Di bawah tonggak berkembar projek Minda Riang Sihat dan Wad Riang Sihat, Amway terus mengadakan kem-kem untuk menggalakkan keyakinan diri dan menghias semula dua buah lagi Wad Kanak-kanak di hospital-hospital kerajaan pada tahun 2011.

## TINJAUAN MASA DEPAN

Sebagaimana yang dipersetujui oleh pelbagai laporan ekonomi dan analisis, tinjauan masa depan bagi tahun 2012 menjangkakan bahawa ketidakpastian yang ketara akan terus menyelubungi ekonomi global yang pastinya akan mempengaruhi suasana ekonomi dalam negara. Amway sentiasa mengawasi sebarang tanda perubahan yang akan memberi kesan kepada perniagaan. Kekal relevan telah menjadi kunci kepada kesinambungan kejayaan Amway dan kita bersedia untuk bertindak balas dengan sewajarnya dan segera terhadap sebarang cabaran yang boleh menggagalkan usaha kita mengekalkan pertumbuhan. Setelah mentakrif dengan jelas peluang bagi pertumbuhan masa depan Amway menerusi fokus kami terhadap generasi yang lebih muda daripada kalangan golongan dewasa pada peringkat usia di bawah 35 tahun dan juga segmen Melayu, kita akan mengembleng sumber-sumber yang ada dengan sewajarnya untuk menyokong keutamaan-keutamaan strategik. Di samping itu, pembezaan juga adalah penting untuk memastikan Amway jauh ke hadapan berbanding pesaing dan untuk itu, Kumpulan memberikan tumpuan dan komitmen yang serius terhadap peningkatan piawaian perkhidmatan kita.

Kumpulan juga yakin bahawa para Pengekar Amway yang merupakan pembina perniagaan yang setia telah dapat mengukuhkan semula kedudukan dan semangat mereka selepas mengikuti satu latihan yang diadakan secara dalaman untuk meninggikan peluang pendapatan mereka dua tahun lalu yang memerlukan satu tempoh penyesuaian. Dengan penawaran rangkaian produk yang luas dan inovatif pada semua peringkat harga, acara-acara yang menguja dan menarik minat segmen-segmen sasaran dalam pasaran dan kemudahan infrastruktur yang mantap, Kumpulan sesungguhnya telah mengambil pelbagai langkah yang perlu untuk memastikan kelangsungan perniagaan.



Liputan akhbar Amway membantu meningkatkan kesedaran tentang jenama

## PENGHARGAAN

Di sini saya ingin mengiktiraf kesungguhan dan dedikasi yang ditampilkan oleh kakitangan kita dan para Pengekar Amway yang merupakan dua faktor amat penting dalam memastikan kejayaan Kumpulan. Saya juga ingin mengucapkan tahniah kepada mereka kerana sekali lagi telah mencatat prestasi yang membanggakan walaupun berhadapan dengan persekitaran operasi yang sukar. Setinggi-tinggi penghargaan juga saya tujukan kepada rakan-rakan kongsi perniagaan kita atas kerjasama dan sokongan mereka serta kepada para pemegang saham atas kepercayaan anda terhadap Lembaga Pengarah, kakitangan dan pengurusan Amway.

Saya juga ingin menyatakan penghargaan kepada Lembaga Pengarah atas bimbingan dan nasihat yang tidak ternilai serta rasa tanggungjawab yang luhur dalam melaksanakan tugas mereka kepada Kumpulan. Komitmen mereka yang tidak berbelah bahagi menjadi sumber inspirasi kepada saya dan di sini saya juga ingin mengucapkan ribuan terima kasih atas sokongan mereka yang berterusan.

**DATO' AB. HALIM BIN MOHYIDDIN**  
Pengerusi

# BOARD OF



**Dato' Ab. Halim  
Bin Mohyiddin DPMS**  
(Chairman,  
Senior Independent  
Non-Executive Director)



**Low Han Kee**  
(Managing Director)



**Scott Russell Balfour**  
(Non-Independent  
Non-Executive Director)



**Yee Kee Bing**  
(Executive Director)

## CORPORATE INFORMATION

### COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)  
Liew Irene (MAICSA 7022609)

### REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7720 1188  
Fax : 03-7720 1111

### SHARE REGISTRARS

Boardroom Corporate Services (KL) Sdn Bhd  
Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7720 1188  
Fax : 03-7720 1111

### AUDITORS

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

# DIRECTORS



**Eva Cheng Li Kam Fun**  
(Non-Independent  
Non-Executive Director)



**Tan Sri Dato' Cecil  
Wilbert Mohanaraj  
Abraham**  
(Independent  
Non-Executive Director)



**James Bradley Payne**  
(Non-Independent  
Non-Executive Director)



**Professor Datuk Dr. Nik  
Mohd Zain Bin Nik Yusof**  
(Independent  
Non-Executive Director)



**Mohammad Bin Hussin**  
(Non-Independent  
Non-Executive Director)

## PRINCIPAL BANKERS

Public Bank Berhad  
Standard Chartered Bank Malaysia Berhad  
AmBank (M) Berhad  
CIMB Bank Berhad

## PLACE OF INCORPORATION

Malaysia

## PRINCIPAL BUSINESS ADDRESS

28 Jalan 223  
46100 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7946 2288  
Fax : 03-7946 2399  
E-mail : [lr@amway.com](mailto:lr@amway.com)

## COMPANY WEBSITE

[www.amway2u.com](http://www.amway2u.com)

## STOCK EXCHANGE LISTING

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

# PROFILE OF DIRECTORS

## DATO' AB. HALIM BIN MOHYIDDIN DPMS

**CHAIRMAN  
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR**

Dato Ab. Halim Bin Mohyiddin, a Malaysian, aged 66, was appointed Director of Amway (Malaysia) Holdings Berhad ( AMHB ) on 25 November 2002. He was appointed the Chairman of AMHB on 12 January 2006 and is also the Senior Independent Director of AMHB. He also serves as the Chairman of the Audit Committee and member of the Remuneration Committee and Nominating Committee.

He graduated with a Bachelor of Economics (Accounting) from Universiti Malaya in 1971 and thereafter joined Universiti Kebangsaan Malaysia as a Faculty member of the Faculty of Economics. He obtained his Masters of Business Administration Degree from University of Alberta, Canada in 1973. He retired from KPMG/KPMG Desa Megat & Co. on 1 October 2001, a firm he joined in 1977 and had his early accounting training in both Malaysia and United States of America. He was made partner of the Firm in 1985. At the time of his retirement, he was Partner-in-Charge of the Assurance and Financial Advisory Services Divisions and was also looking after the Secured e-Commerce Practice of the Firm.

He is a member of the Malaysian Institute of Certified Public Accountants ( MICPA ) and Malaysian Institute of

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

Presently, he is a Board member of Kumpulan Perangsang Selangor Berhad, HeiTech Padu Berhad, Utusan Melayu (Malaysia) Berhad, DiGi.Com Berhad, KNM Group Berhad, Idaman Unggul Berhad, ECM Libra Financial Group Berhad, RCE Capital Berhad, Petronas Gas Berhad and Amcorp Properties Berhad (formerly known as AMDB Berhad).

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

Dato Ab. Halim attended all the four Board meetings held during the financial year ended 31 December 2011.

# LOW HAN KEE

## MANAGING DIRECTOR

Low Han Kee, a Malaysian, aged 52, was appointed Director of AMHB and Amway (Malaysia) Sdn Bhd ( AMSB ) on 6 June 1996 and 16 October 1995 respectively. On 1 September 1998, he took over the helm as the Managing Director of AMHB. He is also a Director of Amway (B) Sdn Bhd ( ABSB ), a subsidiary of AMSB since 1998.

He joined AMSB in 1990 as Divisional Manager, Finance & Administration and was promoted to General Manager responsible for Amway operations in Malaysia and Brunei, in January 1993. He qualified as a Certified Public Accountant in 1984 whilst serving in Ernst & Whinney (now known as Ernst & Young), an international accounting firm. He has since accumulated more than 20 years of financial expertise, having held senior positions in finance in companies listed on Bursa Malaysia Securities Berhad ( Bursa Securities ), including Mulpha International Trading Corporation Berhad, a group involved in trading, construction and engineering, where he last held the position of Group Chief Accountant, from 1985 to 1990 before leaving to join AMSB.

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

Low Han Kee attended all the four Board meetings held during the financial year ended 31 December 2011.

# SCOTT RUSSELL BALFOUR

## NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Scott Russell Balfour, an American, aged 50, was appointed Director of AMHB on 15 January 2004. He also serves as a member of the Audit Committee. He is a member of the American, Michigan and Grand Rapids Bar Associations. He has authored several articles regarding Korean and Asian jurisprudence and co-authored the book entitled Korean Labor and Employment Laws .

Currently, he is also the Deputy General Counsel and Vice President of International Legal of Alticor Inc. Through the International Legal Group, he coordinates and oversees Alticor's diverse legal issues for over 50 markets, including 14 Asian affiliates in Australia, China, Korea, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam.

Prior to joining Alticor in 1999, he spent 8 years as a Senior Foreign Legal Consultant for the law firm of Kim & Chang in Seoul, South Korea. His clients included Amway, Citibank, Pepsico, Morgan Stanley, Nike, McDonald, Gerber, Unilever, P&G and Duracell to name a few.

He graduated with a Bachelor of Science Degree from Michigan State University in 1983. After serving in the US military, he attended the University of Detroit where he received a Juris Doctorate Degree cum laude in 1990.

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

Scott Russell Balfour attended all the four Board meetings held during the financial year ended 31 December 2011.



# YEE KEE BING

## EXECUTIVE DIRECTOR

Yee Kee Bing, a Malaysian, aged 52, was appointed Director of AMSB on 28 November 2000. He was appointed Executive Director of AMHB on 16 July 2004. On 1 September 2004, he assumed his responsibility as the General Manager of AMSB.

He started his career as the Accounts Servicing Executive at Art Beat Communications Sdn Bhd in July 1983. He joined AMSB as Communications Executive, in November 1984 before being promoted to Communications Co-ordinator in 1988, and assuming the position of Communications Manager in 1990.

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

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

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

Yee Kee Bing attended all the four Board meetings held during the financial year ended 31 December 2011.

# EVA CHENG LI KAM FUN

## NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Eva Cheng Li Kam Fun, a British National (Overseas), aged 59, was appointed Director of AMHB on 19 October 2005. She also serves as the Chairperson of the Remuneration Committee, and the Nominating Committee and an alternate member of the Audit Committee.

Eva joined Amway Hong Kong in 1977 and was Executive Vice President of Alticor Global Holdings Inc. responsible for Mainland China, Taiwan, Hong Kong SAR and the Southeast Asia region before her retirement on 31 December 2010. Eva continues to serve as Chairperson of Amway China Co. Ltd. and the Amway Charity Foundation in the People's Republic of China.

Eva is best known for leading Amway's entry into China in 1992, and for driving the growth and development of the company's business there. Over the past decade, Amway China has regularly been recognized by business magazines, surveys, and government agencies as one of China's most admired companies and best employers. Amway China is now one of the top 100 foreign invested enterprises in sales and was named "The Most Influential Multi National Company in China" by China Business Network for 5 consecutive years since 2005. She was also named among the "World's 100 Most Powerful Women" in 2008 and 2009 by Forbes Magazine. In 2010, she was named "25 Most Influential Business Women in 2010 in China" by Fortune magazine (Chinese Edition).

Eva Cheng graduated with a Bachelor of Arts Degree (Hons) in 1975 and obtained a Master's Degree in Business Administration in 1989 from the University of Hong Kong. Eva is not a shareholder of the Company. She does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no convictions for offences within the past ten years.

Eva Cheng attended all the four Board meetings held during the financial year ended 31 December 2011.

# PROFESSOR DATUK DR. NIK MOHD ZAIN BIN NIK YUSOF

## INDEPENDENT NON-EXECUTIVE DIRECTOR

Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof, a Malaysian, aged 65, was appointed Director of AMHB on 9 February 2006. He also serves as a member of the Audit Committee and Remuneration Committee. He graduated with a Bachelor of Arts (Honours) from Universiti Malaya in 1969. He obtained a Master of Arts from the University of Wisconsin, Madison, United States of America in 1979 and later gained a PhD in Law from the University of Kent, Canterbury, United Kingdom in 1989.

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

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

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

Professor Datuk Dr. Nik Mohd Zain attended three of the four Board meetings held during the financial year ended 31 December 2011.



# TAN SRI DATO CECIL WILBERT MOHANARAJ ABRAHAM

## INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Dato Cecil Wilbert Mohanaraj Abraham, a Malaysian, aged 66, was appointed Director of AMHB on 9 February 2006. He also serves as a member of the Audit Committee and Nominating Committee.

Tan Sri Dato Cecil had his tertiary education in Malaysia and the schools which he attended include, inter-alia, the Royal Military College. He read law at Queen Mary College, University of London and graduated with an LL.B Hons. in 1968. He was called by the Honourable Society of Middle Temple as a Barrister at Law in May 1969. He was admitted as an Advocate & Solicitor of the High Court of Malaya in February 1970. He was a Partner of Shearn Delamore & Co. from 1976 to 31 July 2007. He is a Fellow of Queen Mary College and a Benchler of the Honourable Society of Middle Temple.

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

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

Tan Sri Dato Cecil attended three of the four Board meetings held during the financial year ended 31 December 2011.

# MOHAMMAD BIN HUSSIN

## NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mohammad Bin Hussin, a Malaysian, aged 51, was appointed Director of AMHB on 10 June 2009.

He obtained a Bachelor of Business Administration from University of Portland, Oregon, United States of America in 1986 and later gained a Master of Business Administration from Cranfield University, United Kingdom in 1990.

He is currently the Senior Vice President of the Marketing & Branch Operations Department of Permodalan Nasional Berhad (PNB). He had previously held various senior management positions in PNB.

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

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

Mohammad attended all the four Board meetings held during the financial year ended 31 December 2011.

# JAMES BRADLEY PAYNE

## NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

James Bradley Payne, an American, aged 58, was appointed Director of AMHB on 17 November 2011. Currently, he is also the Executive Vice President of Alticor Inc. He is responsible for leading growth in Amway's direct selling markets of North America, Latin America, Europe, South Africa and the Asia Pacific regions.

Prior to his current position, in 2005, he was the Senior Vice President of Amway, responsible for numerous international affiliates. From 1999 through 2000, he served as President and Representative Director of Amway Japan G.K., where he remains on the board of directors. Since 1980, his Amway career has taken him around the world, including positions as Director and then Vice President of New Market Development, responsible for expanding Amway markets worldwide. He also served as General Manager of Amway Germany, Regional Manager for the Poland and Switzerland affiliates, and Managing Director of Amway Thailand.

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

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

James Bradley Payne did not attend any Board meetings of the Company held during the financial year ended 31 December 2011 as he was appointed to the Board on 17 November 2011.

2011 marked the 35th Anniversary of the Amway brand and business opportunity in Malaysia. By the time of its listing in 1996 and the listed entity became known as Amway (Malaysia) Holdings Berhad (Amway), the Amway brand was already entrenched as a household name. Today, its business opportunity still resonates with Malaysians and Amway's steady revenue growth over the years reflects our resilience even after 35 years.

For the year in review, Amway delivered another good performance despite the challenging economic conditions. Sales revenue grew 2.3% to RM735.8 million from RM719.4 million in 2010 while profit before tax grew 10.8% to RM121.0 million from RM109.1 million mainly due to an improved gross margin arising from the lower cost of products offset by higher advertising and promotional expenses, and higher operating cost as a result of our investment in consumer access driven strategies. The lower cost of products was mainly attributable to the lower exchange rate of USD in 2011 in comparison to 2010.

Coming from a difficult environment that defined 2010, the management recognised that more aggressive efforts were needed in 2011 to sustain its growth trend. Top line sales revenue was boosted with a relentless combination of new

products, attractive promotions and events targeted at attracting the two potential growth segments: adults under 35 years old and the Malay market segment. Concerted efforts were placed on these two groups as insights showed that the younger generation and the Malay segment are increasingly attracted to the Amway business opportunity and products. As it stands, 56% of new Amway Distributors are below 35 years old while the thrust behind penetrating the Malay segment is premised on the fact that this segment which is currently under-represented in Amway has growth potential given its size.

It was essential to remain relevant to attract more people to Amway's products and business opportunity.

#### REMAINING RELEVANT WITH PRODUCTS

Product innovation is a key component of our product strategy. A new category under our skincare and cosmetics brand ARTISTRY™ called Intensive Skincare was introduced. It excited the field with the launch of not one, but two products under the category. The ARTISTRY Intensive Skincare Renewing Peel and the ARTISTRY Anti-Wrinkle Firming Serum fuelled a strong retailing story for Amway Distributors. The Intensive Skincare is ideally suited for our channel – it offers immediate and visible benefits that can be easily



# PERATIONS

## REVIEW

demonstrated and is complementary with ARTISTRY's other product categories that encourage cross-sell, repeated purchases and upgrade opportunities. Awareness for ARTISTRY was also elevated through two major expositions held at leading malls in Kuala Lumpur and Penang. This was the first time that a dedicated exposition for a single brand within the Amway ambit of core brands was held. There were product demonstrations, product sales, make-overs, fashion shows and an expert speaker was also specially flown over from Europe to enhance the credibility of the brand. There were also youth elements incorporated into the expositions to illuminate the appeal of ARTISTRY to the younger set. That proved to be successful and aligned to the Group's overall strategy to attract the under 35s as more than 60% of the total visitors of 30,000 was from that age group.

During the year, Amway was also successful at launching effective promotions which drove volumes while maintaining the desired pricing levels. Promotions are effective mechanisms for supporting Distributors' retailing efforts and several notable promotions in 2011 helped to drive the sales revenue for Amway's three power brands, namely skincare and cosmetics brand ARTISTRY, nutrition and wellness brand NUTRILITE™ and eSpring™ Water Purifier.

Our continued emphasis on equipping Amway Distributors with retailing skills and product knowledge was supported by three expert speakers from the United States in addition to the on-going workshops by local trainers. 2011 saw a 40% increase in the number of training workshops from 319 to 457 where more than 40,000 Distributors received product and retail training. In a business that is word-of-mouth driven, a successful Distributor force has to be supported by product knowledge to evoke confidence and attract sales.

Products under the Personal Shoppers Catalogue (PSC) recorded a 3% growth in sales year-on-year. Traditionally a door-opener, PSC carries locally-sourced products from local companies who meet our criteria and wish to gain market access. Sales from PSC contributed about 12% to the Group's total sales revenue. In November 2011, PSC introduced its inaugural offerings of pre-packed Festive Hamper Gift Sets in conjunction with the up-coming Chinese New Year. With advancements in packaging and logistics which were previous concerns in making such products available, these Festive Hampers retailed between RM198 to RM498 and were either delivered or sold from our RDCs and shops. Response to these Hampers has been very encouraging with the first two months sales contributing to approximately 50% of the total forecast.

As a testimony of consumers' confidence in Amway products, NUTRILITE was awarded the Reader's Digest Trusted Brand Award for the seventh consecutive year, garnering a Platinum Award in Malaysia and a Gold Award for the Asia region. eSpring was awarded the Reader's Digest Trusted Brand Award for the sixth consecutive year, with both Gold Awards in Malaysia and Asia. Frost & Sullivan also awarded our eSpring Water Treatment System with the Asia Pacific Best Practices Awards for Water Filtration Company of the Year for the second consecutive year.



The ARTISTRY Intensive Skincare Renewing Peel was the first product to be launched from the Intensive Skincare range



Engaging activities were organised at Amway's Product Expo



Entrepreneurship Conventions drew a crowd of more than 5,000 people, reflecting the efforts put in to attract the Malay segment to Amway



The National Convention drew excitement to more than 18,000 Distributors

## REMAINING RELEVANT WITH DISTRIBUTORS

At the end of 2011, our Core Distributor Force (CDF) grew from 221,000 to 232,000, a 5% growth. The increase is a reflection of the continued confidence of the market in Amway's Business Opportunity. We also noticed the positive trend of younger people joining Amway with 56% of new Distributors under the age of 35 and this augurs well for the longevity of the business. During the year in review, the Group invested heavily in the Sales Incentive Programmes and field activities to recognise and reward Distributors for their efforts. Seven Super Weekends were organised in 2011, up from the 5 held the previous year. A Super Weekend is similar to an Open House with added features such as product demonstrations and Business Opportunity talks by Distributor leaders. Conducted over either a Saturday or Sunday at Amway Headquarters, the seven Super Weekends attracted nearly 20,000 Distributors and their prospects. For the first time ever, a rally and product exposition with very youthful elements called Y Me Rally and Expo were organised to make the Amway Business Opportunity and products appeal to a younger segment. Similarly, three Entrepreneurship Conventions with Malay speakers drew a crowd of more than 5,000 people, reflecting the efforts put in to attract this segment to Amway.

In 2011, we trained over 40,000 Distributors through more than 450 training workshops, conducted across all core lines, equipping them with retailing and demonstration skills. A new workshop entitled the Amway Entrepreneurship Series was launched in mid 2011 to complement and strengthen the efforts of top Amway Distributors in growing their network of Distributors. Demand for this workshop was overwhelming that additional sessions had to be arranged to accommodate the response. More than 9,000 Distributors attended the 38 sessions.

The most significant support rendered during the year was the effort to bring together more than 18,000 people for the annual National Convention. The guest speakers at the National Convention was a very high pin from Japan and one of the youngest couples to achieve the Diamond pin from Thailand who inspired the crowd with the stories. Another source of inspiration was the travel seminars where the Amway Leadership Seminar 2011 was held in Paris while the Diamond Invitation 2011 was on the Mediterranean Cruise. These business trips allowed Distributors to engage with Amway and its management team and at the same time, be updated on company initiatives that would help them with their Amway business.

The benefits of enhanced field support is consequently mirrored in the 5% increase in CDF and the commendable number of high pin qualifiers achieved during this very challenging year – 2 new Diamond Direct Distributors, 1 Executive Diamond Direct Distributor, 1 Double Diamond Direct Distributor and 1 Founders Triple Diamond Direct Distributor.

## REMAINING RELEVANT THROUGH INFRASTRUCTURE AND IT

As part of the consumer access strategy initiated in 2008, the first shop was opened in Seremban, quickly followed by a spate of shops over the next three years. At the end of 2010, the first out of the existing 13 Regional Distribution Centers (RDCs) was converted into a shop as Distributors were very encouraged with the benefits of having a shop. 2011 saw the further conversion of more RDCs into shops and by the end of 2011, 3 more RDCs had been converted into shops. These were in Brunei, Alor Setar and Kuantan. By the end of 2011, this brought the total number of shops to 16 and the



remaining RDCs to 9. The shop concept also came full circle when the Seremban shop was relocated to bigger premises and adopted the latest generation design to better reflect the current needs of Distributors.

Amway Headquarters also thrived in its role as a beacon for the business, providing credibility that the Amway Business Opportunity is supported by an established organization. Apart from the Super Weekends which were meant to draw new Distributors and prospects, the Brand Experience Centre (BEC) was strongly promoted as a venue for greater insights into Amway and its brands. Additionally, the BEC began to conduct health and beauty assessments with its trained nutritionists and beauty consultants using sophisticated equipment. This gave added confidence to Distributors that their product usage is guided by expert analysis. As consumers become more health and beauty conscious, they are willing to pay for premium propositions that define the range of Amway products.

Our website, amway2u.com, has always been an instrumental channel for ordering as reflected in the 47% of total sales coming through the internet. To increase the bandwidth and enhance its capabilities to cater to the increasing digital possibilities, the Group had embarked on a project to upgrade amway2u using the Global Web 2.0 platform. When the first phase is completed in 2012 and the subsequent phases in 2013, the upgraded Amway web-site will be able to offer a myriad of services, features and applications to make information dissemination, retailing and ordering an ease for Distributors.



NUTRILITE All Plant Protein

### REMAINING RELEVANT THROUGH BRANDING

To continue connecting with its audience and to ensure that they have their pulse on who Amway is, the Group rolled out the second phase of its Corporate Branding Campaign with an integrated media strategy. Advertisements carrying the visual concepts of Amway's three core values of innovation, value for money and efficacy appeared in print, broadcast, digital and outdoors. Radio contests were also held to engage consumers with the brand. The use of digital media reiterated our desire to penetrate the young market and the high number of on-line hits reflected that the brand could still attract a new generation.

### REMAINING RELEVANT AND BEYOND

As we continue to face tough external challenges, we remain confident that we have the right strategies in place to build on our past successes, and are committed to executing those strategies with speed and agility. Although we expect competitive and economic challenges to continue, we are confident that our market-leading and strong financial position will help us achieve sustainable growth and another year of solid financial performance. We will continue to stay the course of attracting more people to the Business Opportunity and increasing the appeal of our products by making Amway relevant to new segments while retaining the loyalty of the existing ones. Backed by a strong committed staff force of 420 which is still growing, the Group is confident of achieving sustainable growth in the ensuing years.

Due to the continuous uncertainty in the global economic outlook, the Group expects to achieve a single digit growth in sales revenue for the financial year 2012. This outlook is realistic based on current market conditions and currently available information. This target will be reviewed periodically by the Board of Directors and any subsequent changes will be conveyed to the market in accordance with Bursa Malaysia Securities Berhad Main Market Listing Requirements.



Amway continues to stay relevant with the younger segment at the Y Me Expo



In 2011, Amway (Malaysia) Holdings Berhad continued to advance our Corporate Responsibility agenda in the four key areas.

#### THE WORKPLACE

With a growing workforce to support Amway's operations that span the whole of Malaysia, the Group emphasizes on creating an environment that inspires a sense of personal worth, empowers success and rewards contribution. We provide our staff the tools and opportunity to achieve a rewarding career whilst living a balanced life. Close to 5,500 hours were spent on staff training needs during the year in review and continuous on-the-job training is given especially to the ever-increasing number of staff at the shops. Top management continued to emphasize on the need for greater engagement with the staff and regular Conversations between the Managing Director and General Manager took place with staff of all levels during the year in review to elicit feedback and suggestions.

There was a constant stream of outdoor activities organised by both the Human Resources Department and the Sports Committee aimed at encouraging staff to lead healthy lifestyles. In addition to a gymnasium and well-equipped pantries at every floor, Amway Headquarters added a nursing room for employees to underscore its commitment to staff welfare.

#### MARKETPLACE

Ethical conduct underpins the business philosophy of Amway. We have numerous policies that guide the way we behave towards various stakeholders. Under products, we have the Satisfaction Guaranteed Policy and our products are manufactured by business partners who have to comply with all regulatory requirements set by the relevant authorities. As a founding member of the Direct Selling Association of Malaysia (DSAM), Amway is a strong proponent of self-regulation. Guided by our own set of Rules of Conduct to ensure responsible behaviour amongst Amway Distributors, Amway also subscribes to



The Paediatric Ward at Malacca Hospital sporting a more cheerful look after the refurbishment



DSAM's Code of Conduct. Taking our commitment one step further, Amway was one of the first member companies to submit our application for Gold certification under DSAM's Code of Ethics Recognition Programme in December 2011. This Programme is a voluntary Recognition Programme promoting the Code of Conduct and is acknowledged by the World Federation of Direct Selling Associations (of which DSAM is a member of). Going for a Gold certification reflects Amway's affinity for high standards of ethical conduct.

In the areas of corporate governance, the Group has an Investor Relations Policy and a Whistle Blower Policy.

## COMMUNITY

Amway's community thrust is helping children lead better lives through our One By One Campaign for Children. Since 2003, Amway has been running two projects to increase the self-worth of children by giving them the tools to cope with the demands of today's pressure. The first project called the Happy Healthy Minds camps have been running since 2003 and provides a platform for Amway-sponsored psychologists to equip children with the necessary mental and behavioural skills to achieve greater self-esteem and confidence. Two camps were conducted in 2011 which also provided an opportunity for staff to contribute meaningfully to community work. The second project is called the Happy Healthy Wards and is a refurbishment exercise of Paediatric Wards and Children's DayCare Centers at government hospitals to create a more cheerful and welcoming environment for children undergoing treatment. Since the inception of this project in 2006, we have refurbished eleven Paediatric Wards, DayCare Centers and Playrooms at government hospitals. Two of the refurbishments took place at the Sarawak General Hospital in Kuching and the Malacca Hospital in 2011, bringing Amway closer to its target of 12.



The kids section of the ward at Malacca Hospital where young patients can enjoy activities like colouring and reading

## ENVIRONMENT

During the year in review, Amway continued to reduce the impact of our operations on the environment by conserving resources through the responsible use of energy and the elimination of hazards. These were illustrated by the optimising of the air-conditioning levels at Amway Headquarters which in itself had already embraced a green-building design when it was built in 2009 and the removal of the ultra-violet coating on the cover of the Amagram magazine that goes out to 300,000 Amway Distributors monthly.

One of the best demonstrations of our environmental commitment is the story behind our products. For example, Amway's Nutrition and Wellness brand NUTRILITE is sourced from 6,400 acres of organic farmland in the United States, Mexico and Brazil where plants are grown and harvested in accordance with nature, using sustainable methods. Amway's eSpring™ Water Purifier was one of the winners of the 2010 Environmental Stewardship Awards.

At Amway, we recognise the importance of playing our role to ensure that business sustainability is a shared value that is embodied not just for the moment, but consistently.

Amway takes ethical direct selling seriously and this is demonstrated through its application for the WSFDA/DSAM Code of Ethics Recognition Program in 2011



Staff participating in activities organised by the Sports Committee