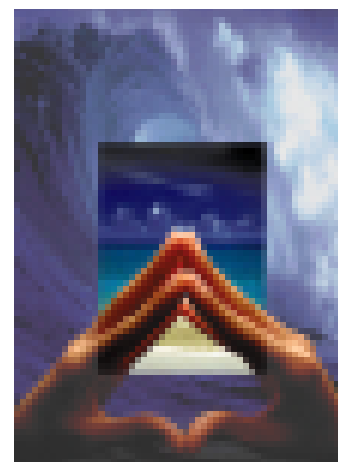
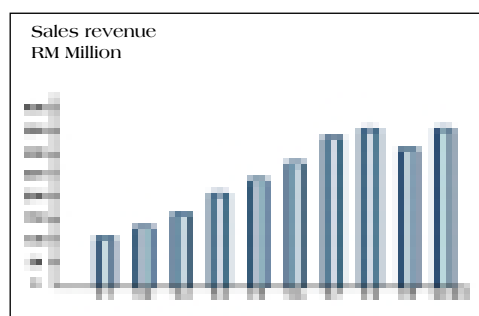


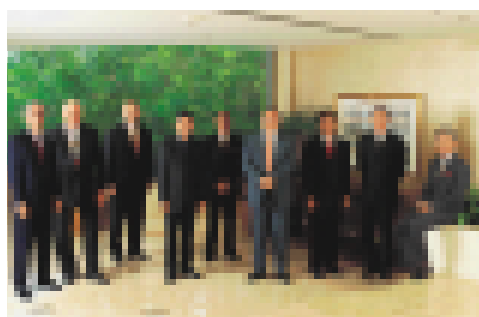
Amway Malaysia – riding the waves of change confidently into the new economy; hand in hand with Amway Distributors and as always, focused on a singleminded vision – that is, to Help People Live Better Lives.



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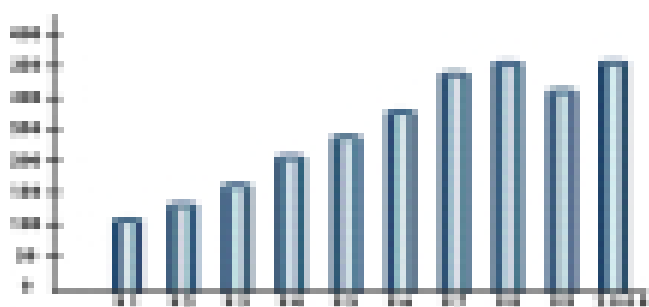
Proxy Form

Five Year Financial Highlights

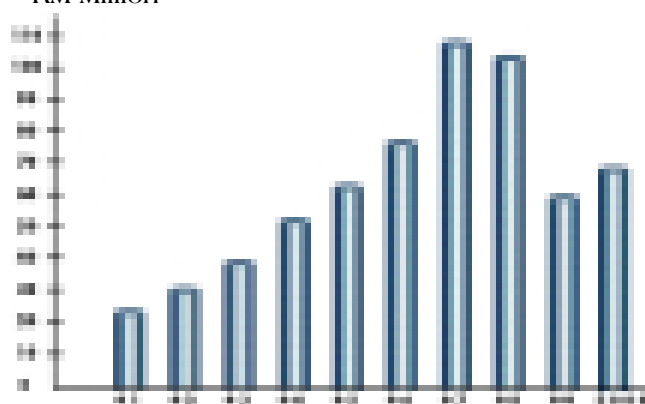
	1996	1997	1998	1999	2000
	RM Million	RM Million	RM Million	RM Million	RM Million
Sales Revenue	281	342	352	315	355
Profit Before Taxation	77	109	103	59	68
Profit After Taxation	53	71	71	58	48
Net Earnings Per Share (Sen)	61.3	71.1	70.9	59.4	48.4
Core Distributor Force (in Thousands)	95	115	123	137	150

Note: During fiscal year 1999, the tax expense provided by the Group was minimal in view of the tax waiver for 1999 pursuant to the Income Tax (Amendment) Act, 1999.

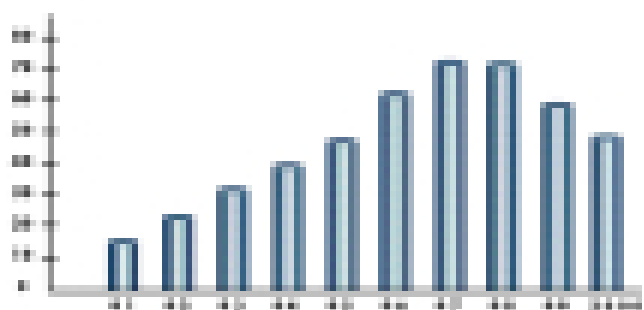
Sales revenue
RM Million



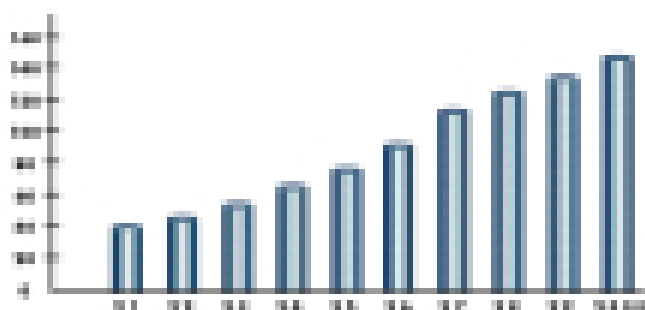
Profit Before Taxation
RM Million



Net Earnings Per Share
(Sen)



Core Distributor Force
(in Thousands)



Overview

We started off the year in good spirits, greatly encouraged by our strong sales turnaround in the second half of fiscal year 1999 and spurred by a strong determination to sustain an upward sales trend, despite a highly competitive business environment where price dumping was the order of the day. Throughout this, we were acutely conscious of the difficult task ahead of us, given that the economy was still relatively soft and consumer sentiment remained cautious. Recognising that strategies put in place the previous year had worked well for us, we endeavoured to bring to further fruition these strategies by mapping out several initiatives along the same lines. Three areas remained key – new product introductions / revisions which expanded sales, aggressive and value-added product promotions which induced demand particularly for high ticket items and very attractive sales incentive programmes which fuelled excitement and enhanced Distributor productivity. However, the year's success must certainly be attributed to the strong field leadership demonstrated by Amway Distributors who remained dedicated and stayed focused on business building.

Of particular significance during the year was the marked improvement in re-qualification

“Despite a very competitive operating environment, sales momentum followed through very nicely from last fiscal year, to close at a new record high for the Group – a notable achievement that points to the resilience of this unique business opportunity and its strong fundamentals.”

rates across the board (Direct Distributor levels and above). The Group's core Distributor force continues to grow at a healthy rate, reaching an all time high in the year under review. These point to the fact that the fundamentals of the business remain sound with no stagnation in the business growth of Amway Distributors, despite the maturity of the Malaysian market.

We are also beginning to see positive results from our unrelenting efforts to grow and expand into the potentially vast Bumiputera market. In this regard, I am pleased to note that the Bumiputera core Distributor force has grown by 40% compared to fiscal year 1999.

To ensure your Company's relevance in the new economy, we extensively explored the potential and benefits of Internet technology during the year and subsequently identified the

appropriate IT model that can best support the business. To this end, a budget of RM5 million has been allocated and will be expended in stages. While recognising the strengths of Internet, your Board believes that the Company must remain focused on person-to-person selling as this personalised “high touch” service remains our core strength. Consequently, the Group's e-commerce facility, targeted for launch in the later part of this new fiscal year has been designed to cleverly combine “high touch” with “high tech”. More details are provided in the Operations Review.

Last but not least, I am pleased to report that your Company was nominated by Asia Money as one of the country's “Top 10 Best Managed Companies” in 1999 – certainly a well-deserved recognition of the Group's management strength and most definitely, another feather in our cap.

Results

Riding on the country's economic recovery, Amway Distributors immersed themselves in business building activities with renewed zest and unmatched determination, resulting in a turnover of RM355.3 million for the year under review, a growth of 13% over the previous financial year. As mentioned, this is a new sales record for the Group, demonstrating not only the strength of the Amway business but also the perseverance and tenacity of Amway Distributor organisations. The main performance drivers were the very effective sales incentive programmes, which successfully reward Distributors for their effort, and the highly successful launch of new products and promotions with sustainable sales. These efforts to a large extent, mitigated the impact of a highly competitive business environment and softer consumer sentiment during the later part of the fiscal year under review.

The Group's operating profit before other income grew by 42% from RM41.7 million to RM59.2 million, as a result of the growth in turnover and improvement in operating margin. Pre-tax profit grew by 15% from RM59.3 million to RM68.4 million. The lower pretax profit growth was a result of the lower interest income due to firstly, a

decrease in surplus funds following various dividends and secondly, a generally low interest rate environment. The Group's after tax profit for the financial year declined by 18% as the one-year tax waiver adversely affected comparison last year.

Business Environment

During the year under review, the Government announced a one-year freeze on the issuance of new direct selling licences. We understand that this move was made to facilitate a review of the Direct Sales Act 1993 and the formulation of a new Anti-Pyramid legislation. Given that the image of legitimate direct selling companies has long suffered in the hands of "get-rich-quick" schemes, the presence of appropriate legislation to address this is certainly viewed as long overdue and lauded by the industry. The need for a revamp in legislation is seen

as even more critical now in view of the prevalence of pyramidal activities on the Internet. During the year, a Direct Selling Advisory Committee with representation from the industry, was set up by the Ministry of Domestic Trade and Consumer Affairs to discuss both legislation. We believe that more will develop from this during the course of next year.

In view of the numerous technical and regulatory challenges faced by the industry with regards to product registration, the Direct Selling Association of Malaysia (DSAM) formed a Technical and Regulatory Committee to facilitate two-way communication between industry members and the authorities. I am pleased to report that a representative from your Company has been nominated to head this Committee, further reinforcing our leadership in the industry.

Outlook

It is important to note that the actions taken by your Company over the past years have very effectively preserved the fundamental strengths of the business and prepared it well to face the challenges as we move further into the 21st century.

Next year marks the Group's 25th year of operations in Malaysia and in conjunction with this, many Distributor incentives, special product launches and promotions have been planned to stimulate sales. This coupled with our impending use of e-commerce to enhance the business capabilities, should put us in good stead to compete effectively in today's fast changing marketplace. Based on economic indicators, the country's economy seems to be on firm footing and on the recovery track. However, consumer sentiment remain cautious and if this trend perpetuates, may lead to reductions in consumer demand affecting our performance in the new fiscal year. Given all these and barring any unusual circumstances, we are cautiously optimistic of the Group's performance in the year ahead.

Appreciation

On behalf of the Board, I wish to place on record our highest appreciation to Mr. Lawrence M. Call, who retired from his position as Director on 28 November 2000 following his retirement as Chief Financial Officer of Amway Corporation. We wish him all the best in his future undertakings. Succeeding him in this position is Mr. Lynn J. Lyall who has been appointed as Director (previously Alternate Director) effective 29 November 2000. The Board wishes him a warm welcome.

As always, this letter will not be complete without registering my heartfelt thanks to all who have contributed to yet another record year – the Amway Distributors, the Management and staff, our business partners and the relevant government authorities. To you, our shareholders, I thank you once again for staying the course with us.

For almost 25 years in Malaysia, we have been guided in all that we do by one single-minded vision and that is to help people live better lives through the Amway business opportunity. We shall not; we must not lose sight of this vision as it has brought us to where we are today. I take this opportunity to urge all parties to build on our winning partnership.

AZMI WAN HAMZAH, TAN SRI
Chairman

Perutusan Pengerusi

Tinjauan

Kami memulakan tahun ini dengan penuh semangat, digalakkan oleh perubahan haluan jualan kami yang kuat pada separuh kedua tahun fiskal 1999, dan didorong oleh keazaman yang kuat untuk mengekalkan aliran jualan menaik, meskipun suasana perniagaan amat kompetitif di mana longgokan harga merupakan amalan biasa. Pada keseluruhannya, kami cukup sedar tentang tugas sukar yang menanti kami, dengan keadaan ekonomi yang masih agak lemah dan sentimen pelanggan yang tetap berhati-hati. Menyedari bahawa strategi yang digunakan pada tahun lalu telah membawa hasil, kami sekali lagi berusaha untuk melaksanakan strategi-strategi ini dengan merancang secara teliti beberapa inisiatif yang sejajar. Tiga bahagian kekal penting – pengenalan produk baru/semakan yang meluaskan jualan, promosi produk yang agresif dan bernilai tambahan yang mencetuskan permintaan terutamanya untuk produk yang mahal dan program insentif jualan yang sangat menarik, lalu menyemarakkan dan meningkatkan produktiviti Pengedar. Namun begitu, kejayaan tahun ini semestinya disebabkan kepimpinan kukuh yang ditunjukkan oleh para Pengedar Amway yang kekal berdedikasi dan terus memfokus pembinaan perniagaan.

“Meskipun suasana operasi sangat kompetitif, momentum jualan berterusan dengan baik sekali dari tahun fiskal yang lalu, untuk ditutup pada rekod baru yang tinggi bagi Kumpulan – suatu pencapaian penting yang menunjuk ke arah keutuhan peluang perniagaan yang unik ini dan asas-asasnya yang kukuh.”

Antara yang sangat menonjol sepanjang tahun ini adalah kemajuan ketara dalam kadar kelayakan semula (Tahap Pengedar Terus dan ke atas). Kumpulan tenaga Pengedar teras terus bertambah pada kadar yang sihat, mencapai tahap yang paling tinggi dalam tahun semakan ini. Ini menunjukkan bahawa asas-asas perniagaan kekal kukuh dengan pertumbuhan perniagaan para Pengedar Amway tidak terban-tut, meskipun dalam pasaran Malaysia yang matang.

Kami juga mula melihat hasil yang positif dari usaha-usaha kami yang gigih untuk berkembang dan meluaskan sayap ke dalam pasaran Bumiputera yang berpotensi. Dalam hal ini, saya gembira untuk menekankan bahawa tenaga Pengedar teras Bumiputera telah bertambah sebanyak 40% berbanding tahun fiskal 1999.

Bagi memastikan perkembangan Kumpulan sejajar dengan perkembangan ekonomi baru, kami meneroka secara meluas potensi dan manfaat teknologi Internet sepanjang tahun ini dan seterusnya mengenalpasti model IT yang paling sesuai untuk memberikan sokongan terbaik kepada perniagaan ini. Sehubungan ini, belanjawan sebanyak RM5 juta telah diperuntukkan untuk dibelanjakan secara berperingkat. Dalam mengiktiraf kekuatan Internet, Pihak Lembaga anda percaya bahawa Syarikat mesti terus menumpukan jualan orang perseorangan kerana khidmat “sentuhan tinggi” peribadi ini kekal sebagai teras kekuatan kami. Seterusnya, kemudahan e-dagang Kumpulan, yang pelancarannya dicadangkan di bahagian akhir tahun fiskal baru ini, telah dihasilkan untuk menggabungkan dengan bijak “sentuhan tinggi” dengan “teknologi tinggi”. Keterangan yang lebih lanjut terdapat dalam Ulasan Operasi.

Akhir sekali dan tidak kurang pentingnya, saya gembira untuk melaporkan bahawa Syarikat anda telah dicalonkan oleh Asia Money sebagai satu daripada "10 Syarikat yang Diuruskan dengan Sangat Baik" dalam tahun 1999 – sudah semestinya suatu pengiktirafan yang sewajarnya terhadap kekuatan pengurusan Kumpulan dan paling pasti, satu lagi pencapaian yang perlu kami banggakan.

Keputusan

Berpandukan pemulihan ekonomi negara, para Pengedar Amway melibatkan diri mereka dalam aktiviti-aktiviti pembinaan perniagaan dengan semangat baru dan keazaman yang tiada taranya, menghasilkan perolehan sebanyak RM355.3 juta untuk tahun semakan, satu pertumbuhan 13% mengatasi tahun kewangan yang lalu. Seperti yang telah dinyatakan, ini adalah rekod jualan yang baru untuk Kumpulan, menunjukkan bukan sahaja kekuatan perniagaan Amway tetapi juga ketabahan dan kesungguhan organisasi Pengedar Amway. Pengemudi prestasi utama adalah program insentif jualan yang sungguh berkesan, yang memberi ganjaran dengan jayanya kepada para Pengedar atas usaha mereka, dan pelancaran produk baru dan promosi yang cukup berjaya dengan jualan yang berlanjutan. Usaha-usaha ini sebahagian besarnya,

mengurangkan kesan persekitaran perniagaan yang sangat kompetitif begitu juga sentimen pelanggan yang lemah sepanjang bahagian akhir tahun fiskal semakan.

Keuntungan operasi Kumpulan sebelum pendapatan lain bertambah sebanyak 42% dari RM41.7 juta kepada RM59.2 juta, akibat pertumbuhan perolehan dan kemajuan dalam margin operasi. Keuntungan sebelum cukai bertambah sebanyak 15% dari RM59.3 juta kepada RM68.4 juta. Pertumbuhan keuntungan sebelum cukai yang lebih rendah adalah hasil daripada faedah pendapatan yang rendah disebabkan pertamanya, susutan dalam lebihan dana berikutan pelbagai dividen dan keduanya, persekitaran kadar faedah yang rendah secara amnya. Keuntungan selepas cukai Kumpulan bagi tahun kewangan merosot sebanyak 18% kerana penepian cukai satu tahun menjejaskan perbandingan tahun lepas dengan teruk.

Persekitaran Perniagaan

Dalam tahun semakan, Kerajaan mengumumkan pembekuan satu tahun ke atas pengeluaran lesen jualan langsung yang baru. Kami faham bahawa langkah ini telah diambil untuk memudahkan kajian semula Akta Jualan Langsung 1993 dan penggubalan undang-undang Antipiramid yang baru. Memandangkan imej syarikat

jualan langsung sudah lama terjejas di tangan pengamal-pengamal skim "cepat kaya", kewujudan penggubalan baru undang-undang yang sesuai untuk menangani masalah ini sudah pasti dinanti-nantikan dan dipuji oleh industri. Keperluan untuk penggubalan undang-undang telah dilihat sebagai lebih kritikal sekarang memandangkan tersebar luasnya aktiviti piramid dalam Internet. Dalam tahun tersebut juga, Jawatankuasa Penasihat Jualan Langsung dengan wakil dari industri, telah ditubuhkan oleh Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna untuk membincangkan kedua-dua penggubalan undang-undang. Kami percaya bahawa banyak lagi perkembangan baru akan muncul berikutan langkah ini di tahun hadapan.

Memandangkan pelbagai cabaran teknikal dan peraturan yang dihadapi oleh industri berhubung dengan pendaftaran produk, Persatuan Jualan Langsung Malaysia (DSAM) membentuk Jawatankuasa Teknikal dan Peraturan untuk memudahkan komunikasi dua hala di antara ahli-ahli industri dan pihak berkuasa. Saya gembira untuk melaporkan bahawa wakil dari Syarikat anda telah dicalonkan untuk mengetuai Jawatankuasa ini lalu memperkuat lagi kepimpinan kami dalam industri ini.

Masa Hadapan

Adalah penting untuk mengambil perhatian bahawa tindakan yang diambil oleh Syarikat anda sepanjang tahun lalu telah memelihara asas kekuatan perniagaan dengan berkesan dan menyediakannya dengan baik untuk menghadapi cabaran menuju abad ke 21.

Tahun hadapan menandakan 25 tahun Kumpulan ini beroperasi di Malaysia dan sempena itu, banyak insentif Pengedar, pelancaran produk istimewa dan promosi telah dirancang untuk merangsang jualan. Kesemua ini disertai dengan penggunaan e-dagang di masa depan, akan meningkatkan keupayaan perniagaan kami dan seterusnya membolehkan kami bersaing secara berkesan dalam pasaran masa kini yang cepat berubah. Berdasarkan penunjuk ekonomi, ekonomi negara kelihatan berdiri teguh dan berada di landasan pemulihan. Namun begitu, sentimen pelanggan kekal berhati-hati dan jika aliran ini berterusan, berkemungkinan menuju kepada pengurangan dalam permintaan pelanggan dan mempengaruhi prestasi kami dalam tahun fiskal yang baru. Mengambil kira semua ini dan menghalang sebarang keadaan luar biasa, kami berhati-hati namun optimis mengenai prestasi Kumpulan di tahun yang akan datang.

Penghargaan

Bagi pihak Lembaga, saya ingin merakamkan setinggi-tinggi penghargaan kami kepada Encik Lawrence M. Call, yang telah bersara dari jawatan sebagai Pengarah pada 28 November 2000 berikutan persaraan beliau sebagai Ketua Pegawai Kewangan di Amway Corporation. Kami mengucapkan selamat maju jaya dalam segala lapangan yang bakal beliau ceburi. Menggantikan tempat beliau adalah Encik Lynn J. Lyall yang telah dilantik sebagai Pengarah (dahulunya Pengarah Ganti) berkuatkuasa 29 November 2000. Pihak Lembaga mengalu-alukan kedatangan beliau.

Seperti biasa, perutusan ini tidak akan lengkap tanpa merakamkan ucapan terima kasih yang tulus ikhlas kepada semua yang telah menyumbang kepada satu lagi tahun rekod – Pengedar Amway, pihak Pengurusan dan kakitangan, rakan kongsi perniagaan kami dan pihak kerajaan yang berkenaan. Kepada anda, para pemegang saham kami, saya berterima kasih sekali lagi kerana masih kekal bersama kami sepanjang masa.

Selama hampir 25 tahun di Malaysia, kami telah dibimbing dalam segala apa yang kami lakukan menerusi satu wawasan yang bertujuan membantu orang ramai menjalani kehidupan yang lebih baik melalui peluang perniagaan Amway. Kami tidak harus lepaskan wawasan ini kerana ia telah membawa kami ke tahap kejayaan kami hari ini. Saya mengambil peluang ini menggesa semua pihak untuk membina perkongsian kami yang cemerlang ini.

AZMI WAN HAMZAH, TAN SRI
Pengerusi

2000 was indeed a year to reckon with as we worked relentlessly to maintain the upward sales momentum and pull the business quickly back on the recovery track. The better operating environment as a result of stabilisation of the economy was not something that we took for granted. Throughout the year, we remained vigilant as the business

and improved support facilities and services. These were all aimed in one way or another to expand sales, induce demand, fuel excitement and enhance Distributor productivity. The success of these growth drivers was consequently reflected in an all time record sales of RM355.3 million for the year under review – a respectable 13% growth over the previous fiscal year.

MARKETING

Product introductions continue to be the Group's key strategy – the year saw a total of 19 new product launches/revisions. In addition, product promotions continue to play a key role in driving sales and excitement in the field with more than 35 promotions taking place throughout the year in both coreline and the Personal Shoppers Catalogue. The promotions were focused mainly on offering customers attractive premiums to further add value to our products. The NUTRILITE* food savers, for instance, sold to overwhelming response and exceeded forecast by close to 140%.

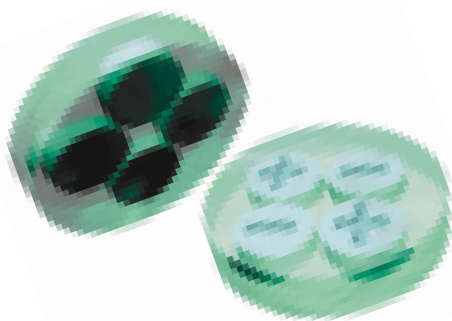
The Personal Care and Nutrition and Wellness lines recorded the highest percentage growth, although every business line was in fact a hive of activity. The

environment was highly competitive and consumer sentiment relatively weak.

Fresh from six good months of sales in the second half of fiscal year 1999, Distributor morale was nevertheless high, as the year began. Taking our cue from this, we lost no time in rededicating all efforts to supporting our greatest single asset, our 150,000 strong Distributor force. The result was an impressive line-up of activities for the year – innovative new product introductions and revisions, aggressive and high impact product promotions with excellent offers, creative sales incentive programmes which gave the much needed push, highly-subsidised Distributor training sessions, exciting Distributor events

New product introductions from Artistry.





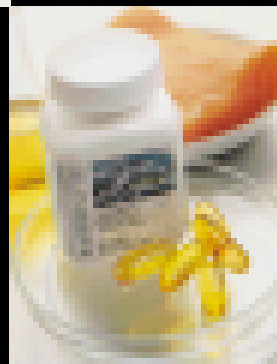
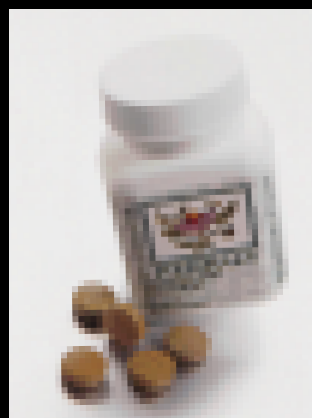
That products must be carefully selected and promotions meticulously crafted to aid in retailing efforts.

Leading the pack in terms of most number of products launched was the ARTISTRY* skin care and cosmetics line, with eight new product launches and four major product revisions. The unique ARTISTRY Pure White System and the revolutionary Time Defiance products were clear favourites and key revenue contributors, jointly accounting for 22% percent of ARTISTRY sales during the year. Also new to the range is the ARTISTRY Body products consisting of the Body

Toning Gel and Body Refining Moisturiser. Complementing the existing line of foundations are the Featherlight Maximum Foundation and Absolute Oil Control Foundation, both specifically suited for Asian skin types and climate. As one of the world's top cosmetic brands, ARTISTRY continues to offer innovative products that are safe and live up to its claims. In efforts to continuously cater to changing market needs, ARTISTRY products take on a new elegant style in the year, characterised by translucent bottles and champagne gold casing. Combining the best of science and beauty, some products from the range feature luxurious formulas supercharged with NUTRILITE's finest essential vitamins and soothing botanicals – a selling point well liked by Amway Distributors.

To aid in retailing, the ARTISTRY Home Party Programme was launched during the year. Under this special reward programme, customers enjoy value buys at home parties conducted by Amway Distributors while the host or hostess of such parties receives an attractive gift. The programme was a run-away success with sales of ARTISTRY products experiencing an increase across the board.

We added seven new products and successfully ran five promotions to support sales of products in Amway's leading and ever popular Nutrition and Wellness range. The revolutionary MAGNA BLOC™ Neuromagnets, a non-invasive method of pain relief, was the highlight of the year. Backed by extensive research, these neuromagnets are currently used by doctors at





Personal Shoppers
catalogue range

the Vanderbilt University Medical Centre. Its launch was supported by the visit of its inventor, Dr. Robert Holcomb in June 2000.

Following last year's successful debut into the herbal product market, we launched a fourth herbal product in the form of NUTRILITE Echinacea with Astragalus, thereby further expanding on this fairly new range. The NUTRILITE Salmon Omega 3 and Chewable Natural C were undoubtedly products, which were much waited by the field as evident in their consistently strong sales performance throughout the year. Perhaps the most notable new introduction is the BEE TREASURES, a range of the highest quality products from the hive including manuka honey, royal jelly and bee pollen. Sourced from a local company with research and development capabilities, these products which complement the core nutrition products, have developed a loyal following among Amway customers. We will likely see consistent sales as we move forward in this area of natural health supplements.

The year started off in a big way for the Personal Care line with the successful launch of six fine fragrances in September 1999. Later in the year, the launch of the COLOUR CREATIONS Permanent Hair Colours, a new range of six organic, natural and trendy hair colorants created another bout of excitement with sales exceeding forecast.

The Personal Shoppers Catalogue, primarily designed as a "door opener" for the business, has grown steadily during the past 10 years and is today a significant revenue earner. A total of 40 products were launched during the year all locally sourced. This business line enjoyed a 10.2% sales increase from last fiscal year, with the Sharp microwave ovens and food products taking leading positions. The success of this programme has allowed us to substantially expand and build on our strategic alliances with reputable brands - significant new business partners for the year being Braun, Indesit, Philips and Haier. Moving forward, we will continue to focus on sourcing a variety of new prod-

ucts to complement the core line products, thereby maximising the power of our product line-up.

Meanwhile, efforts to increase local content in our product offering continue to be Marketing's focus during the year, with several core line products being packed locally such as the NUTRILITE Salmon Omega 3, Echinacea with Astragalus and SA8 Plus* Laundry Compound. In addition, an experienced and dedicated team for this purpose has been put in place and we should see local products playing an increasing role in complementing the coreline products in the future.

Given the weak consumer sentiment especially with regards to high-ticket items, we supported the HomeTech line (the Water Treatment System and the Air Treatment System) with several Easy Payment Plans (EPPs) during the year. With the pick-up in economy we believe this line will continue to do well, particularly so when the new improved AMWAY Water Treatment System (Generation II) is launched in the new fiscal year.



Doug DeVos, Chief Operating Officer of Amway Corporation at the National Leadership Conference in Kuala Lumpur.

Sales

Year 2000 was tremendously satisfying, to say the least – core Distributor force reached a new high of 150,000 and Distributor re-qualification rates showed a marked improvement across the board. The year saw the qualification of a second Crown Ambassador for Malaysia, the highest level of qualification in Amway Distributorship. In

addition, there were many new qualifiers at all levels including two Crowns, two Triple Diamonds, one Double Diamond, two Executive Diamonds and nine new Diamonds. These achievements stand testimony to the fact that the business fundamentals remain sound, with no stagnation in the business of Amway Distributors, despite the maturity of the Malaysian market.

In light of market conditions, we continue to introduce new sales incentive programmes (SIPs) to enhance Distributor productivity. The strategic decision allowing high achievers to bring their children for the Las Vegas Leadership Seminar 2000, worked well as a growth driver, encouraging Distributors to generate more volume to reach the target set. The announcement of an Alaskan Cruise for the Leadership Seminar 2001 sets a positive mood for the new fiscal year.

Due to relentless efforts to develop the potentially vast Bumiputera market, the year saw a significant growth in Bumiputera core Distributor force, up an impressive 40% from last fiscal year. This growth was primarily achieved through

leadership training in the form of Moving Up Seminars and Recognition Rallies.

Meanwhile, it was non-stop pulsating excitement all the way as more than 16,000 Amway Distributors nationwide gather for the annual National Convention at the National Sports Complex, Bukit Jalil on 10 June 2000. Amway Chief Operating Officer, Doug DeVos, exhorted Distributors to continue striving for greater productivity in their business while enthusiastic Diamond Direct Distributor guest speakers gave rousing speeches, inspiring Distributors to set their sights on greater achievements. Consistent with the Convention theme "Helping People Live Better Lives", the Product Expo 2000 held on the same day proudly showcased Amway's full range of quality products, made for better living.

In the area of field support, the Company organised a total of 246 product training workshops across all business lines and supported 138 Distributor events during the year. In addition, 44 Amway Academic Excellence Awards were given out to deserving children of Amway Direct Distributors.



Thumbs up for a great year.



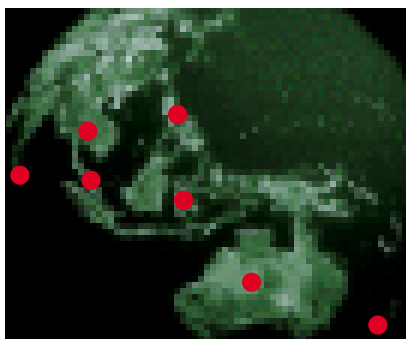
Distributor leaders at the National Leadership Conference 2000.



The versatile QUEEN cookware being demonstrated at the Product Expo 2000.



The AMWAY Air Treatment System puts on a great performance at the Product Expo.



Amway Malaysia – IT Regional Centre for Australasia Region comprising Australia, New Zealand, India, Malaysia, Indonesia, Philippines and Thailand.

Information Services

Information Services Division played a key role during the year to ensure the successful rollover of all Y2K compliant IT infrastructure and software to the new millennium. The error free rollover was the result of one year of thorough preparation and exhaustive systems testing. Continuous monitoring of the Y2K bug was carried out until the first leap year rollover was successfully completed on 29 February 2000.

To ensure your Company's relevance in the new economy, we took time during the year to explore the potential of Internet technology, paying particular attention to and gaining insights from the experiences of other Amway affiliates. Following completion of this comprehensive study in the later part of the fiscal year, an appropriate IT model has been identified for the Company. A budget of RM5 million has been allocated and will be expended in stages. While we recognise that the Internet serves as a powerful tool, we are also mindful that the Amway business strengths lie in its personalised, "high touch" service, made possible by our existing vast distribution network and efficient delivery system. In the so-called "information age" of electronic commerce and wireless communication, most businesses still need nuts-and-bolts, brick-and-mortar and ship-and-rail fundamentals to succeed. At this

juncture, therefore, the Amway IT model and its e-commerce site to be launched in fiscal year 2001, is designed very much with that in mind – combining "high touch" with "high tech" to enhance the direct selling business capabilities of the Company and Amway Distributors. For a start, the site will enable Amway Distributors to conduct on-line business transactions with us, including among others, making orders and accessing business information. In addition, the site will enable Amway customers and the Malaysian public to gain access to information about the Company, its business opportunity and its products, allowing us to achieve greater market penetration among the younger generation. In the middle of fiscal year 2000, Amway Corporation embarked on a regionalisation exercise of information technology services to reduce cost of operations and eliminate duplication of application development efforts. The Company was selected as the IT Regional Centre for the Australasia Region comprising Australia, New Zealand, India, Malaysia, Indonesia, Philippines and Thailand. In addition, Amway Malaysia will act as the telecommunication hub for the South East Asian affiliates comprising the latter four markets, to be operational sometime in the new fiscal year.

Distribution

In the area of Distribution services, our key strategy was to maintain an efficient distribution infrastructure that will enable us to deliver at high speed while keeping distribution expense low. Amway Malaysia remains the affiliate with one of the lowest

distribution expense in the Amway world and this has been consistently achieved every year, without compromising on service levels. With technology advances, particularly the impending move into e-commerce facility for Amway Distributors, we are mindful of the greater demands for faster and improved service and delivery of orders. While we will continue to use technology to improve efficiency and productivity, this will not be done at the expense of losing our personalised service. To this end, our frontline staff continue to play an important balancing role and on-the-job customer service training is provided to ensure we do not lose the human touch which is characteristic of our business.

With the continuous increase in sales volume, it was apparent during the year that attention must be paid to reorganising and consolidating our distribution



Amway Distributors share the meaning of reward and recognition at a sports event organised for the underprivileged.

infrastructure. To realign the scale of our operations with the realities of the marketplace, we took decisive action to relocate two Regional Distribution Centres (RDCs) i.e. from Kuala Trengganu and Tawau to Kuantan and Sandakan respectively. This move allows us to consolidate our

Public Affairs

The year was favourable for the industry in view of the Government's efforts to address weaknesses in the Direct Sales Act 1993 through a review of the Act and the drafting of a new Anti-Pyramid Act. Our representation in the Board of the Direct

tions us as a key private sector contributor to the government's "Smart Partnership" programme under the auspices of the Ministry of National Unity and Social Development. The Amway Friends of the Community (AFC) programme which was set up last fiscal year to garner Distributor support for corporate initiatives in this area, will play a key role moving forward from here. During the year, we presented 10 AFC awards to various Distributor groups who have successfully organised activities at Amway community homes. With more awareness and publicity efforts, we hope more Distributors will come forward to do their part under this programme.



Model home of Rumah Tunas Budi Amway, a commune for the "young-old".

position in East Coast and Sabah, providing impetus for further growth in those regions.

With business growth, there was also a need to move to bigger premises in several areas where we operate. Our RDC in Brunei Darussalam was relocated in August 2000 while in Butterworth, where space congestion of our RDC was most critical, we leased a semi-detached building as an interim measure till a suitable site can be identified. Facing similar congestion challenges in Johor Bahru, the Company entered an agreement in the second half of the year to purchase a detached building sited on a one-acre piece of land at Sri Plentong to house a new RDC. The RDC when operational in December 2000 will allow us to better serve our Distributors in the Southern Region. Similar plans are being made for upgrades of our RDCs in Kota Kinabalu, Kuching and Miri. Capital expenditure of all these efforts will be in the region of RM4 million.

Selling Association of Malaysia (DSAM) ensures that we will be able to play a role in guiding the outcome of legislation with a view to achieve a more favourable operating environment.

The Company's relationship building efforts with key audiences continued during the year, ending off with our annual Mid-Autumn Festival Media Gathering at the Kuala Lumpur Golf and Country Club.

In the area of community service, work on Amway's four units of Tunas Budi Elderly Care homes in Kuala Selangor at a cost of RM400,000, is progressing well and due for completion in November 2000. With this, we have dedicated a total of 10 homes for the underprivileged and well on the way to realising our vision of helping set up the country's first "Caring Community Village". This is a significant and proud achievement for the Company in terms of its commitment to the community and posi-



Amway Distributors serving the children a hearty meal after a fun-filled day of activities.



Spending some time getting to know the elderly.

Board Of Directors

From left to right: Lynn J. Lyall (Company Director) – Alternate to Lawrence M. Call since 22 October 1999, and appointed as a director effective 29 November 2000, Lawrence M. Call (Company Director) – Resigned on 28 November 2000, Craig N. Meurlin (Company Director), Low Han Kee (Managing Director), Tan Sri Dato' Ahmad Farouk bin Haji SM Ishak (Company Director), Tan Sri Azmi Wan Hamzah (Chairman), Choong Lai Huat (Company Director), James B. Payne (Company Director), Tengku Yunus Kamaruddin (Company Director).



Corporate Information

COMPANY SECRETARIES
Lum Chee Yeng (MAICSA
No. 0880217), Tai Yit Chan
(MAICSA No. 7009143).

REGISTERED OFFICE
11th Floor, Wisma Damansara,
Jalan Semantan, Damansara
Heights,
50490 Kuala Lumpur
Tel : 03-255 7188
Fax : 03-255 0988

AUDIT COMMITTEE
Tengku Yunus Kamaruddin
*Chairman, Independent
Non-Executive Director*

Tan Sri Dato' Ahmad Farouk bin
Haji SM Ishak
*Member of the Committee,
Independent
Non-Executive Director*

Lynn J. Lyall
*Member of the Committee,
Non-Executive Director (appointed
on 29 November 2000)*

Lawrence M. Call
*Member of the Committee,
Non-Executive Director (resigned
on 28 November 2000)*

Low Han Kee
*Alternate to Lawrence M. Call
until 28 November 2000;
alternate to Lynn J. Lyall effective
29 November 2000)*
Executive Director



PRINCIPAL BANKERS
Public Bank Berhad
Ground Floor,
No. 1, 3 & 5 Jalan 52/2,
46200 Petaling Jaya,
Selangor Darul Ehsan

Standard Chartered Bank
Malaysia Bhd
30/36 Jalan 52/4,
46200 Petaling Jaya,
Selangor Darul Ehsan

AUDITORS
KPMG
Public Accountants
Wisma KPMG,
Jalan Dungun, Damansara Heights,
50490 Kuala Lumpur

SOLICITORS
Shearn Delamore & Co.
7th Floor, Wisma Hamzah-Kwong Hing,
No. 1 Leboh Ampang,
50100 Kuala Lumpur

Chooi & Company
Penthouse, Bangunan Ming PH-01,
Jalan Bukit Nanas,
50250 Kuala Lumpur

REGISTRARS
M & C Services Sdn. Bhd.
11th Floor,
Wisma Damansara,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur

STOCK EXCHANGE LISTING
The Kuala Lumpur Stock Exchange
Main Board
Stock Code : 6351

OBJECTIVE

The overall objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices and to ensure adequate corporate disclosure to the Kuala Lumpur Stock Exchange.

COMPOSITION

The Committee shall comprise not less than three (3) Directors, with a majority of non-executive Directors. The members of the Audit Committee shall elect a Chairman who is not an executive Director or employee of the Company or any related corporation.

TERMS OF REFERENCE

The functions of the Committee shall be:

- to satisfy themselves with the nature and scope of the external audit;
- to recommend the appointment of the External Auditors;
- to review the quarterly and year end financial statements before submission to the Board;
- to review any related party transactions that may arise within the Company or the Group;
- to discuss problems and reservations arising from the external audit, including the review of the system of internal controls, and any matters the External Auditor may wish to discuss (in the absence of management, where necessary);
- to identify and direct any special projects or investigations deemed necessary.

MEETINGS

The Audit Committee shall meet at least two (2) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any Committee member, the Company's Managing Director, or the External Auditors. A quorum shall consist of a majority of Committee members.

AUTHORITY AND ACCESSIBILITY

The Audit Committee shall have the general authority to do all things necessary to fulfill its responsibilities as vested upon it by virtue of its appointment by the Board of Directors and such other special authority specifically vested by the Board from time to time. It can obtain from all employees any information required and can consult independent experts when and where they consider it necessary to carry out their duties.

REPORTING PROCEDURES

The Company Secretary shall act as the Secretary of the Audit Committee. The Secretary of the Committee shall keep and maintain a proper record of the Minutes of Meetings of the Audit Committee and be responsible for circulating the Minutes to all the Committee members and to the other members of the Board.