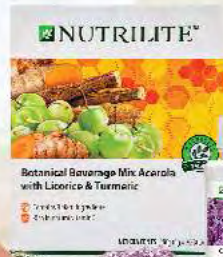


Amway



ANNUAL REPORT
2020

EMBRACING
CHANGE,
CHANNELLING

Strength

EMBRACING CHANGE, CHANNELLING *Strength*



Financial year 2020 saw Amway steadfastly weathering a highly challenging business environment weighed down by the impact of the COVID-19 pandemic and related lockdowns. While our topmost priority was to keep people safe, we also maintained a resolute focus on strengthening our brand and market position, as well as supporting our Amway Business Owners, employees and the communities impacted by the pandemic. At the same time, we continued to make strategic infrastructural investments and leverage innovation to futureproof ourselves. All these efforts, among others, enabled us to turn in a strong top line performance in 2020 and safeguard the overall health and sustainable growth of our business.

This year's Annual Report cover with the tagline 'Embracing Change, Channelling Strength' serves to show how we quickly made the transition to 'new normal' conditions and harnessed the strength of our people, product portfolio, investments and innovation to not just survive, but thrive in an unprecedented time.



WHAT'S INSIDE

26th Annual GENERAL MEETING

Date : 25 May 2021 | **Time :** 9.30 a.m.

Broadcast Venue :

Van Andel & DeVos Training Centre,
Amway (Malaysia) Sdn Bhd,
28, Jalan 223, 46100 Petaling Jaya
Selangor Darul Ehsan



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Mission

Through the partnering of ABOs, Employees and the Founding Families, and the support of quality products and services, we offer everyone the opportunity to achieve their goals via the Amway Sales & Marketing Plan.

Vision

Amway's vision is simple: Amway and ABOs work together each and every day to help people live better and healthier lives. We aim to help people everywhere discover their potential and achieve their goals by offering better products and opportunities for the future, and by sharing generously with the global community.

Values

Amway has six (6) enduring values upon which the business is built. These six (6) Amway Values are a natural development of the Founders' Fundamentals (Freedom, Family, Hope and Reward). These values are the cornerstone to building the Amway business, and to instilling noble values that will help people live better and healthier lives.

PARTNERSHIP

Amway is built on the concept of partnership between our founders. The partnership that exists among the Founding Families, employees, and business owners is our most prized possession. The excellent entrepreneurial spirit of ABOs and the dedication of Amway employees have resulted in Amway Malaysia being in the top-10 market among the over 100 countries and territories where Amway operates. The success is testimony to a truly matured partnership among the ABOs, Management and employees.

PERSONAL WORTH

Amway acknowledges the uniqueness of each individual. Every person is worthy of respect and deserves an equal opportunity to succeed to the fullest extent of their potential. Countless ABOs have achieved success since they started their Amway business. They have found their place in society where their contributions are respected, and they in turn seek to help others in need to improve their personal worth.

ACHIEVEMENT

Amway is in the business of continuous improvement, progress and achievements of individual and group goals. Amway anticipates changes, responds swiftly with well thought through actions and learns from experiences. Creativity and innovation are the pillars that support the achievement of the goals and success of Amway and its ABOs.

INTEGRITY

Integrity is doing what is right, not just whatever "works". Success in Amway is not measured by economic wealth but by the trust, respect and credibility the business and its ABOs earn. Integrity puts the concern of others ahead of one's own interest to ensure equity and fairness, the very basic principles for developing lasting relationships for building business and making friends.

PERSONAL RESPONSIBILITY

Each individual is accountable and responsible for achieving their personal goals. With the principle of helping others to help themselves, Amway maximises the potential of the individual and shared success. Amway also provides the environment and opportunity for ABOs to give back to communities in ways that enhance their self-worth and personal responsibility as good citizens.

FREE ENTERPRISE

Amway advocates freedom and free enterprise. Amway offers equal opportunity to every individual to enjoy the uncommon freedom to build a business of their own, while at the same time build their integrity and personal worth, and maximise their achievements and personal responsibility.

Full Year and Quarterly Performance



SALES REVENUE
RM1,153.5mil



PROFIT BEFORE TAX
RM62.3mil



NET PROFIT
RM46.9mil

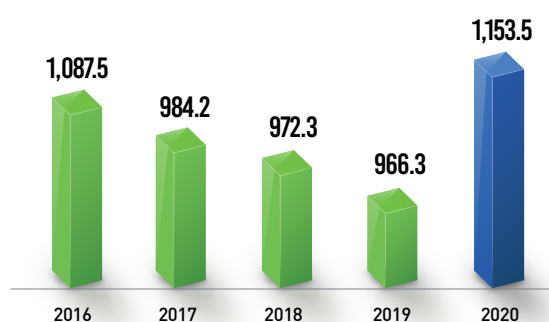
2020	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Full Year
Sales Revenue (RM' Million)	234.6	280.8	322.0	316.1	1,153.5
Profit Before Tax (RM' Million)	13.9	22.2	21.2	5.0	62.3
Net Profit (RM' Million)	10.2	16.8	15.6	4.3	46.9
Net Earnings Per Share (Sen)	6.2	10.2	9.5	2.6	28.5
Net Dividend Per Share (Sen)	5.0	5.0	5.0	12.5	27.5

2019	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Full Year
Sales Revenue (RM' Million)	247.5	230.8	235.1	252.9	966.3
Profit Before Tax (RM' Million)	14.3	24.5	14.3	11.5	64.6
Net Profit (RM' Million)	10.6	18.5	10.6	11.5	51.2
Net Earnings Per Share (Sen)	6.5	11.3	6.4	6.9	31.1
Net Dividend Per Share (Sen)	5.0	5.0	5.0	12.5	27.5

5-Year Financial Highlights

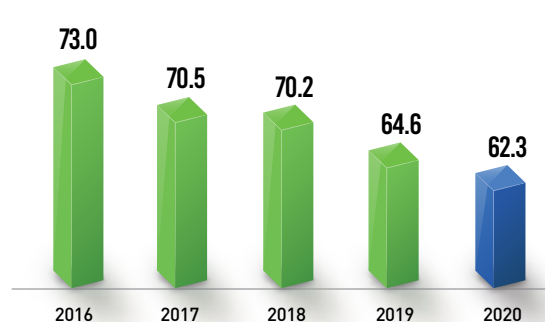
Sales Revenue

(RM' Million)



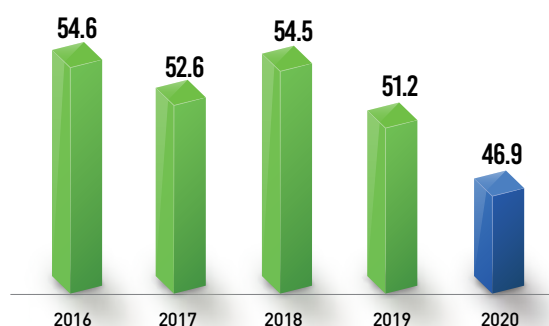
Profit Before Tax

(RM' Million)



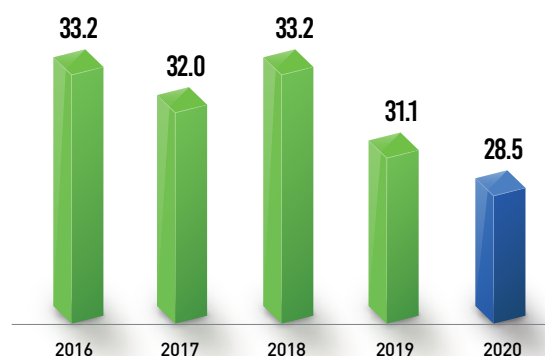
Net Profit

(RM' Million)



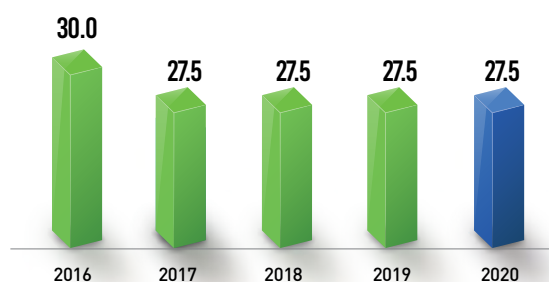
Net Earnings Per Share

(Sen)



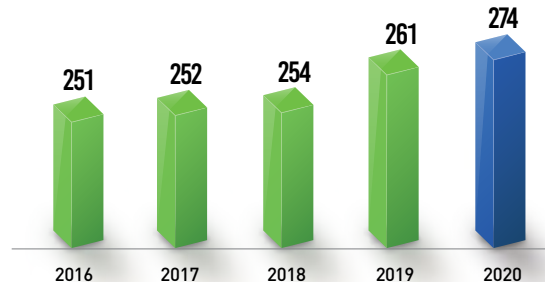
Net Dividend Per Share

(Sen)



Core ABO Force

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Chairperson's Statement

Dear Valued Shareholders,

It is my pleasure to present the Annual Report and audited financial statements of Amway (Malaysia) Holdings Berhad ("Amway" or "the Company") for the financial year ended 31 December 2020 ("FY2020"). I am especially proud to present this year's report on the performance of Amway and its subsidiaries (collectively known as "the Group") as it reflects the resilience of our people, their ability to innovate, and their dedication to working together as one to overcome a multitude of unique challenges in an unprecedented time.

EMBRACING CHANGE, CHANNELLING STRENGTH

Amway began the year under review with cautious optimism. As a company, we were aiming to match the performance of the previous year given the forecast of a tough fiscal year due to overall economic challenges. We kick started the first quarter of FY2020 with the opening of a brand-new shop and several new product launches.

In March, the world faced an epic crisis in the wake of the global COVID-19 pandemic, forcing many nations, including Malaysia, to implement quarantine measures to try and flatten the curve of infection. We quickly switched gears and moved all our activities i.e., product orders, training sessions, meetings and other activities online. We also arranged for our staff to work from home in line with the Government's first Movement Control Order ("MCO") and the related standard operating procedures ("SOPs") that have now become part and parcel of the new normal.

**TAN SRI FAIZAH
BINTI MOHD TAHIR**
Chairperson and
Senior Independent
Non-Executive Director

Under the movement and retail restrictions, Malaysians turned to online eCommerce services for groceries, food delivery, and everyday supplies. The Malaysian eCommerce industry came under tremendous strain as related companies, particularly last-mile delivery players, were not prepared to deal with the sudden influx in demand. These initial setbacks were eventually overcome and today the eCommerce industry is running a lot more effectively and efficiently.

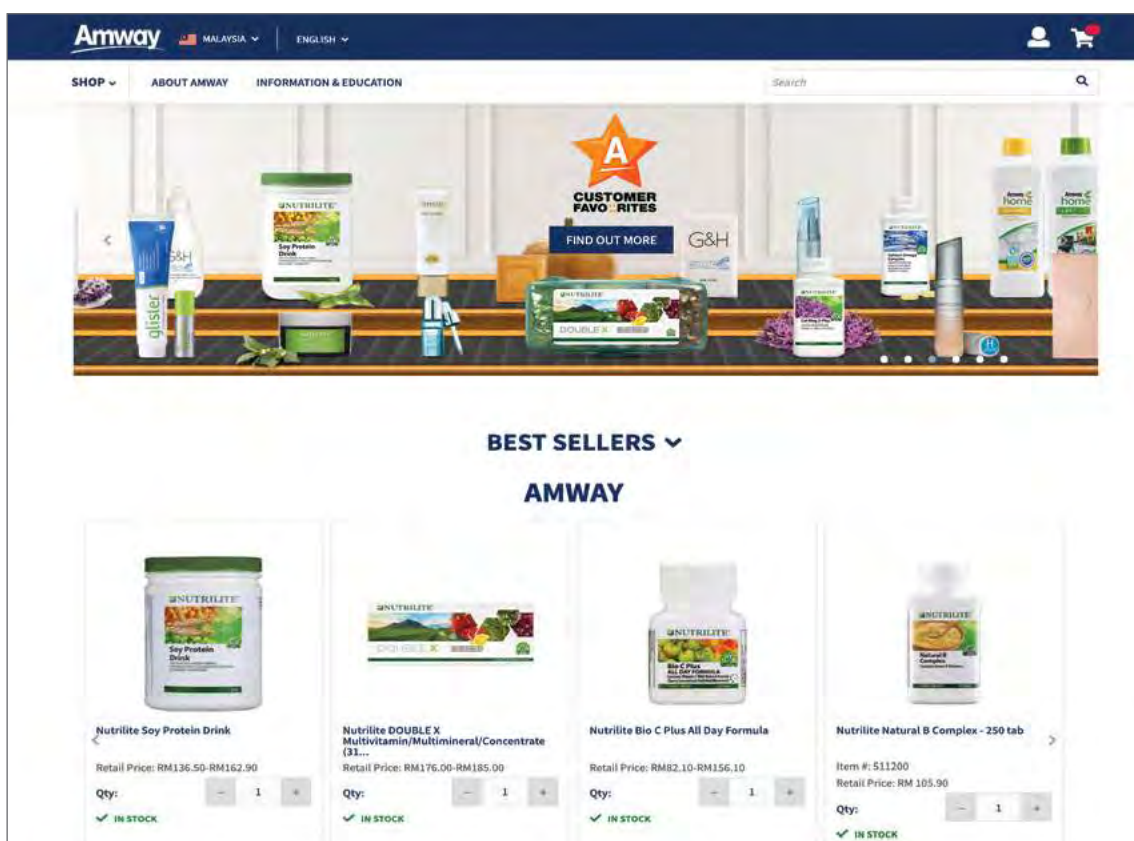
From Amway's perspective, the MCO required us to pivot towards 100% online sales (in comparison to having only 30% online sales before the MCO). We also experienced initial setbacks as our warehouse systems, resources, suppliers and last-mile delivery partners tried to cope with the surge in orders. Through hard work, we made improvements and were able to provide next-day delivery for Klang Valley orders and three-day delivery for outstation addresses. As the MCO restrictions were loosened and our retail shops were allowed to resume operations, we invested in upgrading our omnichannel logistics infrastructure in preparation for future growth in online sales.

As the pandemic intensified, businesses the world over were completely disrupted. Amway's business model too was dramatically affected, specifically our modus operandi of organising physical face-to-face meetings and large-scale events. On top of this, the face-to-face selling and customer servicing activities of our Amway Business Owners ("ABOs") were curtailed. With these activities no longer possible nor permissible, we had to think of alternative ways of supporting our ABOs.



In response to this predicament as well as to ensure our business and our ABOs kept their heads above water, we came up with numerous initiatives. These initiatives ranged from paying monthly bonuses out early, lowering the signup fee, lowering the delivery fee, helping ABOs shift their businesses to online and virtual meetings, extending credit facilities and lowering sales qualification requirements.

The finer details of these measures that enabled us to sail smoothly through 2020's rough waters are spelt out in the Management Discussion and Analysis ("MD&A") and Sustainability Statement sections within this Annual Report. Even as we moved quickly to roll out these initiatives to our ABOs, they too were quick to adopt them. All in all, our efforts garnered remarkably positive results and brought about an unprecedented influx of new ABO signups.



Chairperson's Statement (Cont'd)

The pandemic allowed us to stress-test our Business Continuity Plan and to strengthen it. All in all, we have been able to fast-forward processes that we had originally planned to gradually roll out over five years and bring them to life within five months.

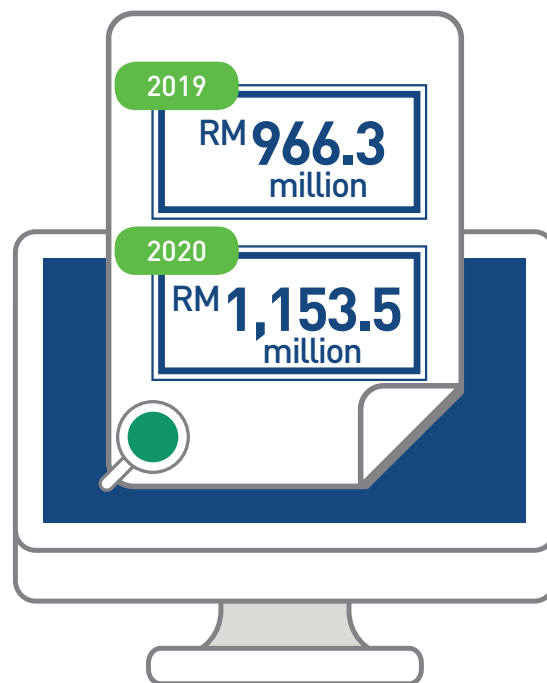
I am pleased to announce that despite the chaos of 2020, Amway steadfastly delivered value in excess of RM1.0 billion, turning in sales revenue amounting to RM1,153.5 million. This marks a 19.4% increase from the RM966.3 million achieved in FY2019.

Sales Revenue



The increase in revenue was largely attributable to the high demand for immunity boosting-related health supplements, air treatment systems, household cleaning sanitisers and catalogue products (kitchen and household appliances) during the pandemic and the associated stay-at-home lifestyle.

Sales Revenue



While our revenue increased significantly in FY2020, our profit before tax ("PBT") at RM62.3 million was lower in comparison to the RM64.6 million garnered in FY2019. This was mainly due to the necessary investments made to strengthen our infrastructure for better eCommerce and digital experiences; higher costs related to ABO incentives; and higher import costs as a result of an unfavourable foreign exchange rate. These were partially cushioned by higher sales and a one-off gain from the disposal of properties during the year.

The infrastructure investments that Amway has made over the last few years have proven fruitful. They served as the platform to support our growth in FY2020 and we intend to continue leveraging on this moving forward. As part of efforts to expand the business, we will continue to further strengthen digital infrastructure investments. We also remain committed to enhancing our sales and marketing programmes via an incentive-linked growth strategy which is aimed at helping our ABOs attract a community of loyal and engaged customers. Through these initiatives, the Company is looking to drive long-term and sustainable value creation to better serve our stakeholders and the communities around us.

For more comprehensive insights into the Group's operational and financial performance, kindly refer to the MD&A section within this Annual Report.

UPHOLDING RESPONSIBLE CORPORATE PRACTICES

Good Governance

Amway's performance has always been underpinned by our adherence to responsible corporate practices. Our commitment to upholding strong standards of corporate governance stems from our belief that good governance is essential for a healthy and sustainable business. Understanding and applying the elements of good governance, as well as robust risk management and internal control measures to our business, help us ensure the delivery of sustainable and long-term business growth. These elements are also doing much to reinforce investor

confidence, protect Amway's reputation, and ensure continued shareholder value creation.

Our board governance policies are guided by the spirit and intended outcomes of the enhanced Malaysian Code on Corporate Governance ("MCCG"). We remain steadfast in our efforts to ensure good governance policies flow down from the Board in a coherent manner and are effectively cascaded down across the rest of the organisation.

UPHOLDING RESPONSIBLE CORPORATE PRACTICES (CONT'D)

Good Governance (Cont'd)

Back in 2019, we set out to strengthen our Board succession plan, intending to fully comply with MCGG guidelines. Today, our Board of Directors reflects a stronger diversity in terms of gender, background, and skillsets, among other things. This is especially evident in the current number of women Directors on the Board which stands at three (representing 38% of the Board), which exceeds both Amway's Boardroom Diversity Policy of having at least one woman Director and the MCGG's requirement of having at least 30% women Directors for Large Companies (although Amway does not fall under the MCGG's category of Large Companies i.e., companies with a market capitalisation of RM2 billion). This move is in support of Amway's ongoing commitment to ensuring sustainability at the Board level as well as championing a high level of female engagement at the highest decision-making echelons within the Group.

For FY2020, there were no major movements on the Board as compared to the previous year. There was, however, one movement within Amway's Remuneration Committee ("RC"). Following the resignation of Dato' Abdullah Thalith Bin Md Thani as a RC Member on 26 February 2020, Datin Seri Azreen Binti Abu Noh, an Independent Non-Executive Director, stepped in as a member of the RC.

In May 2020, Amway rolled out its Group-wide Anti-Bribery and Corruption ("ABAC") Policy in conjunction with the introduction of the new Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009. Relating to the liability of commercial organisations for corruption offenses, Section 17A of the MACC Act 2009 came into effect on 1 June 2020.

Robust Risk Management

Amway's robust risk management system continues to ensure the security of our business operations through the identification and elimination of potential threats. Historically, our two biggest areas of risk have been foreign exchange ("forex") fluctuations and the unauthorised selling of products.

Amway substantially reduced the exposure to forex fluctuations in the second half of FY2020 following the adoption of the Limited Risk Distributor ("LRD") transfer pricing model in July 2020. By leveraging on the LRD model, Amway benchmarks its target operating margins against similar third parties and negotiates the prices of the products imported from Amway headquarters in the USA to reflect an arm's length result. Before this, imported products were purchased based on a fixed exchange rate negotiated and agreed upon annually with Amway headquarters to minimise exposure to forex fluctuations.

“Amway remains committed to upholding high standards of transparency and employing ethical practices across our daily operations and activities. We accomplish this by rolling out robust internal management and control measures that help to streamline our efforts so that integrity and efficiency work hand in hand.”

Amway takes a zero-tolerance approach to all forms of bribery and corruption and the Group is committed to complying with all laws and regulations. Amway's ABAC Policy is guided by the Guidelines on Adequate Procedures which have been issued by the Prime Minister's Department. Our ABAC Policy sets out the Group's position on bribery and corruption and provides principles, guidelines, and requirements on relevant matters. This policy applies to the Board of Directors, employees of the Group, and business associates including external parties who perform work or services for or on behalf of the Group. We have taken the necessary steps to communicate and create awareness of the Group's ABAC Policy to all our employees, ABOs, and vendors, garnering their commitment to comply with the Policy.

At the same time, we are doubling our efforts to mitigate the unauthorised selling of our products at reduced prices on third party websites. Given the Malaysian public's increasing reliance on eCommerce for their everyday necessities, there is a need to mitigate this risk more than ever. Left unchecked, this risk will not only diminish our ABOs' efforts but will also negatively affect Amway's value proposition of product originality, quality and service.

We continue to improve our product traceability mechanisms by using invisible tracking markings on our product packaging. At the same time, we have commenced legal action against unauthorised sellers and errant eCommerce platforms whilst raising awareness on the subject of unauthorised selling through training sessions.

Chairperson's Statement (Cont'd)

All of Amway's risk management initiatives are aimed at ensuring the sustainability of our businesses. In guiding our ABOs to build stronger, more profitable businesses, we are

guided by the Amway Rules of Conduct. These rules empower our ABOs by inculcating the principles of equality, fairness, and honesty in their pursuit of sustainable value creation.

Upholding the Agenda of Sustainability

Amway is committed to serving the Group through the delivery of long-term value to our stakeholders via a consistent and sustainable performance. Our efforts are guided by the United Nations' Sustainable Development Goals or SDGs which involve incorporating responsible environmental and social considerations into the scope of our businesses. With this in mind, we endeavour to undertake holistic value creation that helps shape economies, businesses, and communities, even as we continue to strengthen our position as a key industry player.

Our sustainability efforts are not limited to the width and breadth of Amway's operations. We continuously seek ways to positively impact the community at large using our products and resources to make a tangible impact on communities, especially during these trying times. To this end, FY2020 saw Amway working closely with Malaysia's Ministry of Health ("MOH") to ensure purified air was made available to

front-liners and patients. This initiative involved us donating a total of 341 of Amway's Atmosphere Air Purifiers valued at over RM1.9 million to MOH-selected Government hospitals nationwide and the Social Welfare Department's (Jabatan Kebajikan Masyarakat) shelters.

We also partnered with our ABOs in a donation drive to provide test kits to front-liners and patients at the University of Malaya Medical Centre, as well as provided food baskets consisting of necessities and our Nutrilite immunity-boosting supplements to the most impacted communities.

For more details of the Group's overall sustainability endeavours in FY2020, please refer to our Sustainability Statement which provides an account of our sustainability-related highlights, achievements, and the overall positive impact we created for the environment and community at large.

OUTLOOK AND PROSPECTS

Notwithstanding the economic upheaval associated with the COVID-19 pandemic due to restricted movement control orders, rising unemployment, the weakening Ringgit, and weakened consumer sentiment, Amway is cautiously optimistic that the Group will deliver revenue growth in 2021. To support our ABOs and ensure long-term growth, we will continue to strategically and prudently invest in specific areas including ABO-centric incentive programmes, product launches and promotions, as well as our digital platform and related infrastructure.

We place great emphasis on observing market trends and responding appropriately. With the health and wellness retail sector currently on the uptrend, we are looking to leverage our health products such as immunity boosting-related supplements, weight management products, and ABO-led healthy living communities to grow our business.

Amway remains committed to delivering a resilient performance as the Group heads towards its 50th anniversary in 2026. The pandemic has not deterred us but has spurred us on and provided us with a clearer direction for where we need to go.

Business in the traditional sense has changed forever. In line with the new norm, Amway too is introducing a new normal for the way our ABOs will operate. This includes organising meetings on completely virtual platforms as opposed to our traditional face-to-face meetings. Our ABOs too have adapted

swiftly and beautifully to the changes that we began to implement in FY2020. Taking that as a sign of their trust and confidence in us, Amway can confidently look forward to making good advances forward.





IN APPRECIATION

On behalf of Amway's Board of Directors, I would like to offer my heartfelt gratitude to the various parties who have made it possible for our Company to not just survive but thrive during this time of great adversity and uncertainty.

On a national level, our heartfelt gratitude goes out to the many front-line health care providers and Government officials for their sacrifices, leadership, and tireless efforts during this time of crisis. Also, we would like to express our utmost appreciation to our valued shareholders who stood by us and continued to trust us amidst the uncertainties of FY2020.

To our ABO Family, our deepest gratitude and admiration goes out to you. Your entrepreneurial spirit, unrelenting efforts, and your united front helped us to turn crisis into opportunity. We certainly look forward to both supporting you and advancing together with you in the coming year. To the many suppliers and service partners who continue to collaborate with us, your support and determination have helped us advance and we are truly grateful.

We would also like to thank Amway's version of the front-liners – our employees who staffed our shops and made sure deliveries happened among countless other things – your bravery continues to inspire us all. Your commitment to excellence and resilience amidst the crisis is truly commendable. To our Senior Management, a big thank you for safely navigating us through the pandemic with your strategic management, precise direction, and responsible stewardship.

I would also like to express my gratitude to my colleagues on the Board for their astute guidance and insightful leadership throughout the year in review. The diversity of leadership styles, fresh perspectives, backgrounds, skills, and experiences of our Directors have proven especially advantageous during this time of crisis.

Amway's success during the year in review is a result of the united efforts of everyone involved. While there is still much uncertainty ahead, we resolve to tackle all challenges and capitalise on all opportunities that the new year and new decade may bring. Thank you and stay safe.

TAN SRI FAIZAH BINTI MOHD TAHIR

Chairperson and Senior Independent
Non-Executive Director

Management Discussion and Analysis



Financial year 2020 ("FY2020") will be remembered as the year in which the world underwent an unprecedented disruption as the COVID-19 pandemic took its toll on populations and economies alike. Amway and its subsidiaries ("the Group") responded to the volatile economic and health conditions by leveraging on prior infrastructural investments, relevant product offerings and innovative new measures to deliver a strong top line performance. These measures, together with balanced investment, did much to support Amway Business Owners ("ABOs") and help Malaysia in its fight against the pandemic.

NAVIGATING THROUGH THE TURBULENT TIMES

In 2020, global growth contracted by 4.3%¹ due to the disruption of trade caused by the pandemic and the implementation of restricted movement orders the world over. Global unemployment increased by 33 million in 2020, with the unemployment rate rising by 1.1 percentage points to 6.5%².

On the domestic front, Malaysia's overall gross domestic product ("GDP") shrank by 5.6% in 2020, the biggest contraction since the 1998 Asian Financial Crisis. By the year's end, the nation's unemployment rate stood at 4.8% after surpassing 5% in the middle of the year, its highest rate in three decades³.

Although the world economy seemed to be slowing down, direct selling activities, in contrast, began to rise. As of September 2020, Malaysia's direct selling industry had garnered sales amounting to RM17.8 billion, surpassing the RM17 billion recorded in 2019⁴.

At the onset of the pandemic, the Malaysian Government imposed the Movement Control Order ("MCO") and stringent standard operating procedures ("SOPs"). These tough but

necessary measures, while helping to stem the initial tide of the pandemic, forced people and businesses to adapt swiftly to the new normal for their everyday life and livelihood. Amidst all this, the Ministry of Domestic Trade and Consumer Affairs ("MDTCA") recognised the Malaysian Direct Selling industry, and Amway, as "essential service providers" given our health and wellness, household sanitising, air and water purifier as well as home care products.

Throughout the upheaval of 2020, Amway moved quickly to mitigate the impact of the pandemic and the ensuing lockdowns. By following through on proven strategies, tapping innovative new ones, and maintaining a resolute focus on being nimble and adaptable, we were able to remain resilient and deliver a steadfast performance.

The Group initiated a host of innovative measures to help ABOs and employees adapt quickly to the new norm and embrace all things digital. As a result of these initiatives, ABOs signed up an unprecedented 300,000+ new people and increased the size of their businesses, all of which contributed significantly to Amway's strong revenue growth.

¹ Extracted from the World Bank's Global Economic Prospects 2021 Report, January 2021 (pg. 3) – refer <https://www.worldbank.org/en/publication/global-economic-prospects>.

² Extracted from the International Labour Organization's ILO Monitor: COVID-19 and the world of work [7th edition] Updated estimates and analysis as at 25 January 2021 (pg. 2) – refer https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS_767028/lang--en/index.htm.

³ Extracted from an article dated 11 February 2021 in [straittimes.com](https://www.straittimes.com/business/economy/malaysia-gdp-shrinks-faster-than-expected-in-q4-on-tighter-covid-19-curbs#) titled "Malaysia's GDP shrinks 5.6% in 2020, worst performance since 1998" – refer <https://www.straittimes.com/business/economy/malaysia-gdp-shrinks-faster-than-expected-in-q4-on-tighter-covid-19-curbs#>

⁴ Extracted from an article dated 13 December 2020 in [focusmalaysia.my](https://www.focusmalaysia.my/top/direct-selling-industry-to-revive-the-malaysias-domestic-economic-growth/) titled "Direct selling industry to revive Malaysia's domestic economic growth" – refer <https://www.focusmalaysia.my/top/direct-selling-industry-to-revive-the-malaysias-domestic-economic-growth/>

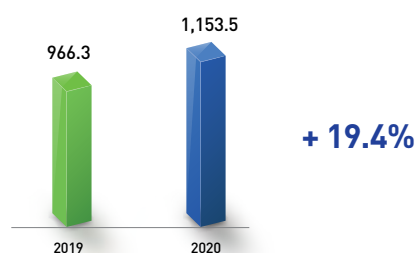
At the onset of the MCO lockdown on 18 March 2020, the Group followed Government SOP orders to close all shops, sanitise all premises, implement 100% online sales, and impose Work-from-Home protocols with the exception of critical team members supporting eCommerce operations. Following the relaxed Conditional MCO and SOP guidelines issued in May 2020, shops were reopened. Notwithstanding this, online sales continued to maintain a strong momentum as ABOs and consumers accepted the convenience of placing digital orders and contactless delivery.

“Amway’s sales revenue for FY2020 was in excess of RM1.1 billion which is a record. We turned in RM1,153.5 million, an increase of 19.4% as compared to RM966.3 million garnered in FY2019.”

SALES REVENUE

Amway’s sales revenue for FY2020 was in excess of RM1.1 billion which is a record. We turned in RM1,153.5 million, an increase of 19.4% as compared to RM966.3 million garnered in FY2019. This positive outcome was attributable to the surge in demand for immunity boosting-related health supplements, air treatment systems, home appliances, and catalogue products that began at the onset of the MCO. The year’s results were also propelled by the favourable response towards the attractive ABO-centric initiatives and marketing promotions.

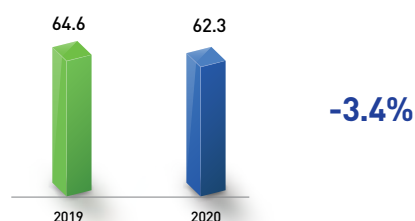
Sales Revenue (RM' Million)



EARNINGS

Despite the year’s double-digit revenue growth, the Group’s Profit Before Tax (“PBT”) decreased by 3.4% to RM62.3 million in FY2020 from RM64.6 million previously. This was mainly attributable to the necessary investments made to strengthen our infrastructure for enhanced eCommerce and digital experiences; higher cost for ABO incentives as well as pandemic support measures; and higher import costs as a result of an unfavourable foreign exchange rate – all of which were partially cushioned by higher sales and a one-off gain from the disposal of two properties during the year.

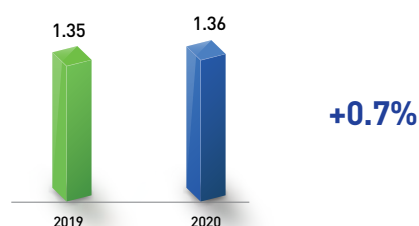
Profit Before Tax (RM' Million)



DIVIDENDS

Amway remains committed to safeguarding shareholders’ interests and creating sustainable value. As per the Group’s dividend policy, Amway is committed to distributing a gross dividend of not less than 80% of the Group’s annual net earnings attributable to the equity holders of the Company. This is of course ultimately dependent on the Company’s level of cash and retained earnings, business operations, financial performance, prospects, capital expenditure, and current and expected obligations.

Net Assets Per Share (RM)



Management Discussion and Analysis (Cont'd)

Over the course of the financial year in review, Amway paid out three single tier interim dividends of 5.0 sen net per share amounting to RM24.7 million in respect of FY2020. Subsequently, on 24 February 2021, a fourth single tier interim dividend of 5.0 sen net per share and a special single tier interim of 7.5 sen net per share amounting to RM20.5 million in respect of FY2020 were declared. Shareholders' entitlement to the fourth single tier interim dividend and the special single tier interim dividend was determined based on the shareholders registered in the

record of depositors as of 12 March 2021, and the corresponding payment was made on 26 March 2021.

Altogether in respect of FY2020, Amway made a total dividend payout of 27.5 sen net per share, amounting to a total of RM45.2 million. This represents a payout ratio of 96% of net earnings for FY2020 which is higher than the 88% payout ratio in FY2019. This sizeable payout ratio underscores the Group's commitment to delivering sustainable value to shareholders even amidst challenging times.

FINANCIAL POSITION AND LIQUIDITY

Amway continues to maintain a healthy balance sheet and a robust cash position. This ensures that the Group has the resources to sustain business operations over the long-term as well as the capabilities to fund future capital expenditure and growth initiatives when opportunities arise.

As of 31 December 2020, the Group's net assets stood at RM1.36 per share as compared to net assets per share of RM1.35 at

the end of FY2019. Meanwhile, the Group's current assets exceeded current liabilities by RM116.1 million at the end of FY2020 as opposed to RM131.1 million at the end of FY2019. At the end of FY2020, the Group's cash and bank balances stood at RM173.7 million against RM183.4 million at the end of FY2019. The Group also had zero borrowings at the end of FY2020 similar to its position as at the end of FY2019.

CAPITAL EXPENDITURE REQUIREMENTS, CAPITAL STRUCTURE AND CAPITAL RESOURCES



In FY2020, the Group made capital expenditure ("capex") investments amounting to RM20.2 million comprising mainly of investments in ABO experience-related infrastructure to ensure Amway maintained its competitiveness in the market.

These capex investments included a new eCommerce platform together with enhanced backend systems to improve the ABO shopping experience, warehouse infrastructure, a video recording studio, and office upgrades. These investments will pave the way for Amway's future success as our ABOs and team-members quickly learn to embrace online social communities and social commerce as the new normal.

In 2020, the Group upgraded its warehouse infrastructure by installing a new and more advanced fulfilment "pick-pack" conveyor system (conveyor belts, carton sealers and other essential equipment). In addition to capital equipment, Amway made other operational improvements, thereby enabling a 98% success rate in terms of 24-hour processing and 1-day to 3-day delivery, depending on proximity to the Amway Headquarters facility ("HQ") in Petaling Jaya. With new equipment and a strengthened fulfilment capability, Amway is now well positioned to support a RM1.5 billion to RM2 billion business via online contactless delivery.

The Group also carried out the construction of a video recording studio to support virtual training events/rallies, as well as planned upgrade of office space at the Amway HQ in Petaling Jaya. The renovated office space will provide a more comfortable working space for employees as well as support future growth in sales volume when Malaysia's MCO and SOP guidelines allow for a return to work at the office.

KEEPING PEOPLE SAFE AND SECURE: AMWAY'S COVID-19 COMMITMENT

While facing the surge in consumer demand, the safety and well-being of employees, ABOs, and customers remained a top priority. To ensure that people remained safe, Amway implemented a host of measures.

March 2020 saw the Group responding swiftly to the COVID-19 pandemic outbreak by activating Amway's Crisis Response Plan. This plan serves to:

- Protect the safety and well-being of employees, ABOs and customers;
- Ensure business continuity; and
- Initiate proactive measures to support ABOs and the community during this unprecedented time.

Amway also worked closely with our diverse stakeholders, namely the authorities, regulators, communities, health care officials, and investors throughout this period to constantly

update everyone on the status of the Group's business continuity plans.

While all shop and office operations were halted at the onset of the MCO in March 2020, the Group subsequently resumed shop and office operations in May 2020 with 50% of personnel on-site and 50% working from home as part of risk mitigation protocols.

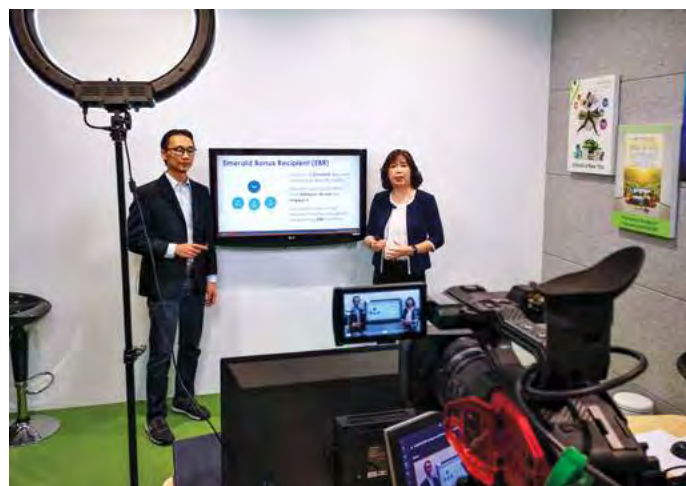
Given the resurgence of positive COVID-19 cases and the various quarantine phases that have been enforced, Amway employees (excluding contactless delivery and shop team-members) continue to work from home.

The finer details of the COVID-19 mitigation measures adopted by the Group to keep people safe can be found in the Sustainability Statement on pages 29 to 32 of this Annual Report.

SUPPORTING AMWAY BUSINESS OWNERS ("ABOs")

For our ABOs, the pandemic's impact on the general population and economy (particularly by way of rising unemployment), coupled with the Government's response in terms of restrictions on movement, gatherings, events, as well as national and global logistical infrastructure, impacted their livelihoods in an unimaginable and catastrophic manner.

In light of this existential threat, Amway swiftly rolled out numerous measures to equip and support our ABOs amidst a highly challenging period. Given the MCO and SOP restrictions on travel and physical gatherings, there was an urgent need to shift from face-to-face meetings to virtual engagements. As such, the Group provided financial and technical assistance to help ABOs shift from operating physical centres to online centres via the Zoom or Microsoft Teams platform.



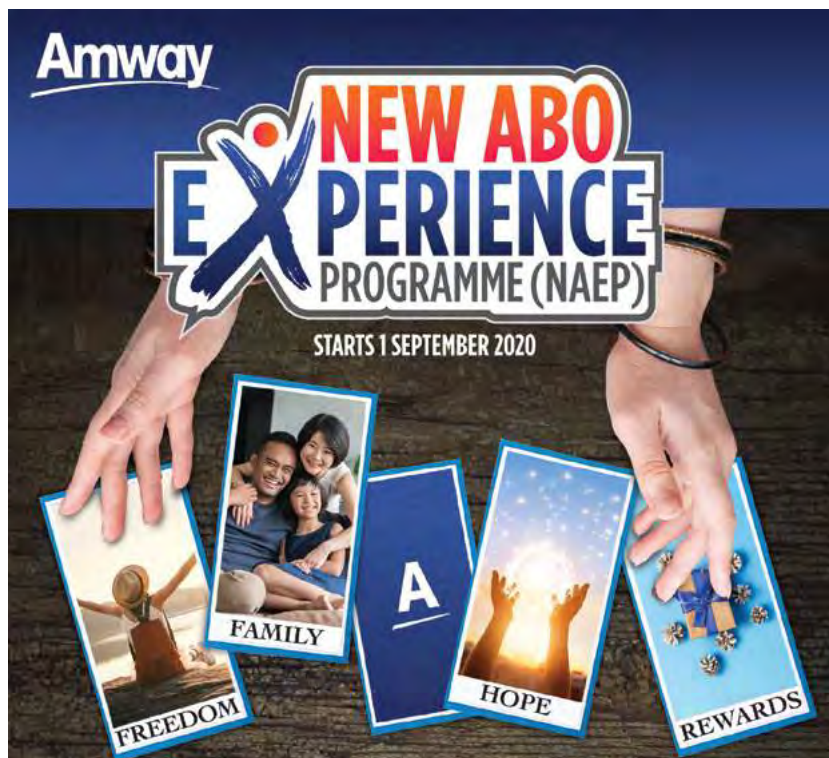
In addition, Amway conducted over 100 online meetings, product rallies, training workshops, recognition events, and virtual leadership conferences which were attended by over 100,000 ABOs during the live stream broadcast and subsequent viewable-on-demand recordings.

These swift and decisive support measures not only helped ABOs survive but thrive during the turbulent and uncertain pandemic situation. Moving forward, the Group will continue to explore and implement various initiatives through which Amway can continue to offer some form of stability and reassurance to team-members, ABO partners, and the local community.

The finer details of the COVID-19 mitigation measures adopted by the Group to support ABOs are spelt out in the Sustainability Statement on pages 29 to 32.

Management Discussion and Analysis (Cont'd)

HONOURING THE PAST, STRENGTHENING FOUNDATIONS FOR THE FUTURE



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

Since its inception as one of Malaysia's first direct selling companies, Amway has grown to become a recognised household name and one of the industry's leading players. From a single storefront with a handful of employees and products, Amway now boasts more than 20 stores nationwide which retail over 450 high-quality consumer goods ranging from health supplements and energy products to skincare, personal care, and durables.

ADAPTING TO CHANGE, UNLOCKING POTENTIAL

While no one can predict the future, we have a glimpse of what tomorrow may look like via the disruptive new megatrends that are emerging on the back of technological innovation, demographic shifts, the spread of globalisation, and now, the global pandemic. Venturing forth into this new normal, the Group is prepared to capitalise on these emerging megatrends to help ABOs build social commerce-powered health and wellness communities.

With more than four decades to our name, Amway's fundamentals remain strong and the business continues to grow in a sustainable manner. Staying true to the fundamentals of our brand, namely "Freedom, Family, Hope, and Reward", the Group continues to provide the best opportunity and platform for ABOs to build their own impassioned community of engaged customers.

Over the last few years, the Group has been proactively future-proofing the Amway business by making investments in the right infrastructure, systems, partners, and people. With Amway's 50th anniversary on the horizon, the Group endeavours to deliver strong and sustainable value while remaining adaptable to emerging megatrends and the evolving needs of ABOs and consumers.

In our 2019 Annual Report, we took a look at how two megatrends, namely the Rise of the Super Consumer and the Healthy Living megatrends, were influencing our tomorrow. We also highlighted what we were doing to make the most of these influential forces. This year, we once again pinpoint the megatrends that are shaping our future (particularly those given impetus by the impact of the COVID-19 pandemic) and feature the relevant strategies that we are adopting to help us take advantage of these forces of change.

MEGATREND #1: BRICKS AND CLICKS⁵

Connected to the Rise of the Super Consumer, this megatrend focuses on how technology takes consumer empowerment to a whole new level. Super consumers want their brand experiences to be cohesive and elegant across all touchpoints. They expect to be delighted across all physical and digital realms, as well as diverse channels and devices in a seamless manner. Technology is a means to help and not hinder their desire to get what they want, where and when they want it.

While digitalisation in the retail industry is by no means new, the events of 2020 have accelerated the deployment of technology in the retail business from being an optional nicety to becoming necessary for survival. Experts continue to predict that the retail industry will undergo massive changes as disruption continues to impact the industry.

With consumers progressively seeking enhanced retail experiences, both physical and digital retailers will have to constantly evolve in order to place more emphasis on experience and engagement rather than relying on the traditional selling-points of a product.

Today, tools such as digital assistants and purchase automation are becoming increasingly popular as retailers explore new ways to engage their customers and to drive growth. Last year, as numerous countries experienced lockdowns, many brands had to rapidly scale up their digital operations by adding more delivery slots, entering new markets, and in some cases, introducing new eCommerce capabilities in a matter of days.

Over the years, the Group has invested in our digital infrastructure and eCommerce initiatives as part of Amway's goal to ensure the longevity of our business. In FY2020, Amway's digitalisation and eCommerce efforts revolved mainly around the launch of our new website (www.amway.my) and order management system built upon the Hybris Core software.

Launched in November 2020, the new website offers our ABOs and customers a practical and efficient user interface and processes so that they can capitalise on eCommerce in an enhanced and convenient manner. Besides enabling easy navigation and easy ordering, the new Amway website also incorporates these features:

- **The new Amway Loyalty Programme ("ALP")**
 - allow ABOs to easily replenish their products and enable easy access to the ALP's six-month product subscription status;
- **A singular Amway ID**
 - allows users to sign-in to the website and all Amway's other platforms;
- **Enhanced Landing Page**
 - enables easy management of account related activities (e.g., point qualification, delivery address book, and payment);
- **Email Invitation Links**
 - incorporates ABOs' pre-filled sponsor information for more convenient prospect registration;
- **Bonus Statements**
 - now easily accessible via the account login page;
- **eCoupons**
 - simplifies users' ability to manage and track coupons;
- **Group Renewals**
 - uplines can perform group renewals for their respective downlines (upon consent from downlines); and
- **"Jump to"**
 - enables users to navigate quickly between website pages.

In addition to the Hybris Core Enterprise Omnichannel and product content management software, the year saw the Group launching other digital tools to support ABOs and their customers across other touchpoints in their journey with Amway. These included:

- **AmwayNow** - Amway's new digital magazine features award-winning lifestyle products, ranging from nutrition and wellness, beauty and personal care, as well as home care and great value products. The launch marked the completion of Amway's transition from print to digital format.
- **eLearning and StudioABO** - mobile tools designed to help ABOs develop their skills via online courses from the safety of their homes, while also keeping our community informed about new business developments and products.
- **Amway Hall of Fame App** - the inspiring Hall of Fame app honours the outstanding accomplishments of Amway's top Leaders and new achievers (Platinum and Above levels).



⁵ Adapted from Frost and Sullivan's insights on Mega Trends – refer <https://ww2.frost.com/research/visionary-innovation/mega-trends/bricks-and-clicks-omnichannel-retail/>

Management Discussion and Analysis (Cont'd)

MEGATREND #2: HEALTHY LIVING⁶

Health is fast emerging as the new wealth amidst the pressures brought on by technological disruption, globalisation, demographic shifts, and more recently, the pandemic. The Healthy Living megatrend comes on the back of a rise in consumers who are actively pursuing healthier lifestyles.

Within the health and wellness sector, the preventive medicine segment has come to the forefront over the past few years on the back of increasing health awareness and an ageing global population. The onset of the pandemic had only served to further emphasise the importance of health. With the public's attention

primarily focused on health and wellness, particularly immunity-boosting supplements, many industries have jumped onto the bandwagon, resulting in an explosion of health-related products in the market.

As the healthcare industry continues to incorporate technological innovation into its offerings, it is only a matter of time before the application of precision medicines will be incorporated into mainstream clinical workflows. The adoption of Smart Healthcare and new targeted therapies will eventually usher in the true age of preventive care.

As a firm believer in the adage that "prevention is better than cure", Amway has firmly rooted its position as a trusted provider of quality goods in the health and wellness arena. Our extensive portfolio of consumer goods, ranging from health supplements to home care products, consists of high-quality products that have been extensively researched and developed in more than 100 laboratories across the globe.

In line with our vision statement of 'Helping People Live Better and Healthier Lives', Amway continues to expand its Nutrition and Wellness category offering ABOs more options to achieve a healthy and well-balanced lifestyle. To this end, FY2020 saw us introducing the following products:



- **Nutrilite Mixed Collagen Peptide Drink** - contains marine collagen oligopeptide and soybean peptide to support the growth of healthy skin, hair, and nails. In addition, the sugar-free drink also contains natural chrysanthemum extract, which is known to have high antioxidant properties.
- **ARTISTRY SIGNATURE SELECT Body Collection** - a series of five body care products formulated to address different skincare concerns all over the body. Helps to combat ageing by protecting the skin from free radicals and reduces the first signs of ageing skin.
- **PURSUE Hand Sanitizer** - in line with the high demand for hygiene-related products, PURSUE Hand Sanitizer eliminates 99.9% of germs on the skin's surface while its Aloe essence formulation hydrates the skin, leaving hands soft and smooth.
- **GLISTER Multi-Action White Tea Toothpaste** - this new variant deeply cleans and protects teeth from bacteria and early dental decay with its antioxidant-rich formula.

⁶ Adapted from Frost and Sullivan's insights on Mega Trends – refer <https://ww2.frost.com/research/visionary-innovation/mega-trends/health-wellness-and-wellbeing/>

As Amway works to capitalise on the Healthy Living megatrend, product innovation, personalisation, natural ingredients, superfoods, food/beverage alternatives, and influencers will be the key themes to ensure the specific needs and wants of our diverse range of consumers are taken care of, particularly amidst uncertain economic conditions.

MEGATREND #3: CONNECTED MIDDLE CLASS CONSUMERS⁷

Over the past ten years or so, middle-class households have not seen a significant increase in their spending power since the 2008-2009 global financial crisis. This has resulted in a trend where connected middle-class consumers are carefully looking to achieve maximum value with their limited resources.

To this end, retailers that deliver value without compromising quality are more sought after by super consumers. According to an article by Forbes, discount retailers within the grocery channel and variety stores in the mixed retailer channel are rapidly growing and have been predicted to outpace total retailing sales growth through to 2023.

Catering to the lifestyle needs of ABOs and their customers, Amway is committed to delivering maximum value without compromising on the quality of our goods and services. Given the challenges faced by the Malaysian population and local businesses last year, Amway rolled out several programmes that enabled our ABOs to enjoy the benefits of our high-quality products with added value perks and educational resources.

2 March - 30 April 2020

YOLO
You Only Live Once
Amway Edition
Spend & Win Contest

Win one of these once-in-a-lifetime experiences worth **RM90,000** (SGD/BR\$30,000) each!

1st Luxury Private Yacht Cruise*

2nd Dream Home Makeover*

3rd Luxury Getaway
(Presidential Suite + Four Dining + Limousine)*

*Visuals are for illustration purpose only.

HOW TO WIN

EVERY
AP RM50/SG\$20/BR\$20
spent on any Amway or Personal Shoppers Catalogue products (excluding promotion/premiumed in a single receipt qualifies you for 1 (ONE) contest entry form.

FILL UP
the original contest entry form with your details and drop it into the contest box at any Amway Shop for your chance to win.

That's not all! There are also over **1,000 monthly prizes** up for grabs.

Spend more to increase your chances of winning!

Scan me for the Terms & Conditions

In FY2020, we implemented the following initiatives:

- **Customer Favourites eCatalogue**
- showcasing the unique benefits of top-selling products to help ABOs explain the value propositions of these products to their consumers;
- **Amway Loyalty Programme**
- allows ABOs and customers to purchase their favourite product(s) on a six-month subscription basis with loyalty rewards;
- **New Sign-Up 2.0 Programme**
- accords new sign-ups eCoupons to get them to start trying products. From March-August 2020, the Group also lowered the ABO sign-up fee from RM90 to RM30 to accord more people the opportunity to join Amway and use our award-winning products;
- **You Only Live Once "YOLO" competition**
- a spend-and-win contest with attractive prizes offering once-in-a-lifetime experiences; and
- **The DuitNow & Win Cash Campaign**
- a joint contest with Standard Chartered Bank to reward users leveraging on the DuitNow service to send money and make payments instantaneously.

As we venture forth towards our 50th anniversary, the Group is well-positioned to capitalise on these emerging megatrends to strengthen our position, particularly amidst uncertain economic conditions. Be it through digital transformation initiatives, healthy lifestyles and wellness products for our ABOs and customers, or proving value to connected consumers, Amway is committed to implementing initiatives that generate tangible and sustainable value.

⁷ Adapted from an article in Forbes.com titled "Four Megatrends Reshaping The Global Retailing Industry" – refer <https://www.forbes.com/sites/michelleggrant/2019/01/24/four-megatrends-reshaping-the-global-retailing-industry/?sh=28470c3f8c3a>

Management Discussion and Analysis (Cont'd)

FOCUSED ON DELIVERING CONSISTENT VALUE



The Group's commitment to delivering consistent high-value products to consumers is reflected in the various awards and accolades garnered year after year. For the year under review, Nutrilite received a Gold Award in the vitamin/health supplement category by Reader's Digest Trusted Brand Awards, marking five consecutive years of receiving this prestigious award. In addition, Amway's eSpring Water Treatment System was bestowed the Reader's Digest Trusted Brand Gold Award in the water purifier category in Malaysia and the Asian region for the 15th consecutive year respectively.

UPHOLDING OUR COMMUNITY OF ENTREPRENEURS

Building Trust and Partnerships with ABOs

Being a people-centric business, Amway places a strong emphasis on the values of community and stewardship. Through the decades, we have worked hard to inculcate these values into our community of entrepreneurs by actively engaging with them via various events and forums. These engagement activities serve the dual purpose of helping ensure that our ABOs are updated, inspired, and connected while facilitating healthy two-way communication between Management and our ABO Leaders. These platforms are also opportune occasions to identify and tackle challenges as well as to foster trusting relationships.

In 2020, ABO engagement activities continued to be a focal point of our operations despite the lockdown. With quarantine measures in place, we looked to virtual platforms to drive engagement with our ABOs. To ensure smooth and high-quality communications, we invested in setting up a recording studio for online broadcasts. As a result, we were able to successfully conduct over 100 virtual training sessions, workshops, and rallies on multiple online platforms, enabling more than 100,000 attendees to safely participate.

The extraordinary circumstances of the year necessitated the need to hold all major events on virtual platforms. These included our first-ever Virtual National Leadership Conference 2020, featuring an interactive virtual foyer allowing participants to explore Amway's latest offerings and digital solutions. We also went on to hold other large scale virtual meetings and events which included the following:

- Virtual Platinum and Diamond Meetings;
- A Virtual Recognition Event for New Leader Qualifications; as well as
- A Virtual Annual Shareholder Meeting and Board Meeting(s).

For more details on some of Amway's events in 2020, please turn to our Event Highlights section.

Proactive Support of Our ABOs

Amway's support of our ABOs in 2020 was not limited to virtual events and online training sessions. Amidst the COVID-19 pandemic, the Group implemented several practical measures to ensure our ABOs were equipped and encouraged to continue building resilient businesses during these challenging times.

Amway's ever-growing Core ABO Force ("CAF") underscores the success of our business model and initiatives. In 2020, our New Sign-Up Programme 2.0 resulted in an influx of new members with Amway registering 300,000+ signups and activations. There was an uptrend in CAF members from every ethnicity and background over all segments including the Bumiputera, Chinese, Indian, Under 35 and Over 35 segments. We also continued to enjoy a healthy annual renewal rate.

Rewarding Enterprising ABOs

Amway Business Owner recognition tiers are conferred based on leadership capacity and responsibilities with the respective levels. Ranging from Platinum to Founders Crown Ambassador, these roles reflect progress from leading ABO groups to overseeing large organisations that consist of thousands of ABOs. Regardless of rank, the Group is committed to support each Leader to reach their maximum potential as successful business owners.

This goal is translated via continued investments in business and technology infrastructure, enhancements in brand development activities, modernisation of our eCommerce store and new product innovation, to name a few. Furthermore, the Group employs an incentive system designed to reward ABOs for their execution of strong, sustainable and structured businesses.

Entrepreneurial Environment

Entrepreneurship has always been a central part of Amway's foundation. By sharing our business expertise, products, and digital solutions, we inspire and hone the talent of impassioned communities of people looking to live better and healthier lives. By starting a small business of their choice, these entrepreneurs can ease the financial constraints of their families during this unprecedented crisis.

According to the 2020 Amway Global Entrepreneurship Report "AGER", which surveyed 1,000 Malaysians:

- 82% of the respondents expressed interest to own their own business;
- 77% would not drop their dream of founding and owning a business, even if others stood in their way;
- 79% would leverage their own social network when starting their own business; while
- Only 67% expressed that they have the necessary skills and only 55% believe they possess the necessary resources to start a business.

Strengthening Our Team

The Group's dedicated team of employees form a strong network upon which our ABOs and the Company rely upon for support. Taking this into account, we are committed to ensuring our employees receive competitive benefits and equal opportunities for career advancement and personal/professional development.

This positive reception to entrepreneurship bodes well for our business. To this end, Amway will continue to do all that we can to help our ABOs along on their entrepreneurial journey and to equip them where necessary so that they can build successful sustainable businesses.



To ensure that our employees' personal development remained a priority, we organised sessions titled "Leading the Founders' Growth Mindset" for our people managers and coaches. As a corporation and a community leader, Amway continues to invest in strengthening the infrastructural pillars that support our human capital efforts. From our digitalisation efforts to our safety and wellness initiatives, Amway aspires to create a holistic, safe, and rewarding work environment for all.

PROTECTING AMWAY'S INTERESTS

Amway understands the integral role that risk management plays in our pursuit of sustainable value creation. To this end, the Group remains vigilant and is constantly working to anticipate and mitigate potential threats to operations, performance, financial condition, and liquidity. Our risk management efforts have been translated into standard operating procedures and processes guided by robust internal controls and clearly defined limits of authority.

Over the years, the Group has narrowed the two biggest risks to our business down to the potential monetary loss via foreign exchange fluctuations and the unauthorised selling of products online.

Management Discussion and Analysis (Cont'd)

Foreign Exchange Risk

The Group sources a significant portion of its products from Amway HQ in the United States of America. While this arrangement ensures that the Group procures quality products, the volatility between the US Dollar and the Malaysian Ringgit creates cost pressure from unfavourable foreign exchange ("forex") fluctuations. The volatile forex movements have also impacted foreign-denominated support charges and overseas leadership seminars costs. To mitigate this, the Group typically adopts a fixed exchange rate (which is negotiated

and agreed upon yearly) with Amway HQ to reduce our risk exposure to currency movements.

In July 2020, the Group adopted the Limited Risk Distributor ("LRD") transfer pricing model whereby Amway benchmarks our operating margins against similarly situated third parties and negotiates the price of products with Amway HQ to reflect an arms-length result.

Unauthorised Selling of Products Online

In FY2020, we elevated efforts to mitigate the risk from the unauthorised sale of our products on third party websites at reduced prices. If left unchecked, this threat not only undermines our ABOs' efforts, it also negatively affects Amway's value proposition of product originality, quality, and service.

The year saw us intensifying our engagement efforts with the administrators of eCommerce platforms and the relevant authorities to fight these illegal activities by removing unauthorised products from their platforms. The Group continues to work closely with legal firms on legal actions to be taken against both unauthorised sellers and eCommerce platforms that persist in infringing Amway's trademarks and copyrights.

We have taken measures to elevate training and awareness on the subject through continuous reminders to our ABOs and customers. Through emphasising the Amway Rules of Conduct, we aim to drive home the message that in applying the principles of equality, fairness, and honesty, our ABOs stand a better chance of building profitable and sustainable businesses. We continue to educate the consumer about the risks of purchasing through unauthorised sellers and eCommerce platforms due to the issue of not being able to verify the authenticity of the product and lack of satisfactory guarantees.

We also actively use tracking technology to identify and impose sanctions on the individuals/parties that are engaged in these illegal activities.

LOOKING AHEAD



Today, the advent of COVID-19 vaccines is bringing a new hope to many. At the time of writing, the biggest vaccination campaign in history is underway with well over 320 million doses having been administered across more than 120 countries⁸. Malaysia too began administering vaccination to its front-liners in late February 2021 and plans to immunise over 80% of the population in phases within a year.

Amidst these developments, the global health and wellness industry is expected to hit some USD6.5 billion by 2026 and grow at a compound annual growth rate of 4.8% from 2019 to 2026⁹. Similarly, the eCommerce sector is projected to rise at a rapid rate. In June 2020, the Malaysia Digital Economy Corporation or MDEC projected that eCommerce contributions would rise to as high as RM170 billion in 2020 – this is a stellar 20% year-on-year growth¹⁰.

⁸ Update extracted from <https://www.bloomberg.com/graphics/covid-vaccine-tracker-global-distribution/>

⁹ Extracted from an article dated 10 November 2020 on [globenewswire.com](https://www.globenewswire.com/news-release/2020/11/10/2123853/0/en/Global-Health-and-Wellness-Industry-Expected-to-Observe-Significant-Growth-and-Hit-6-543-4-Million-by-2026-Exclusive-Report-110-Pages-by-Research-Dive.html) titled "Global health and wellness industry expected to observe significant growth and hit \$6,543.4 million by 2026 – Exclusive report by Research Dive" – refer <https://www.globenewswire.com/news-release/2020/11/10/2123853/0/en/Global-Health-and-Wellness-Industry-Expected-to-Observe-Significant-Growth-and-Hit-6-543-4-Million-by-2026-Exclusive-Report-110-Pages-by-Research-Dive.html>

¹⁰ Extracted from an article dated 12 June 2020 by MDEC titled "MDEC expects 20% e-commerce growth contribution to digital economy this year" – refer <https://mdec.my/news/mdec-expects-20-e-commerce-growth-contribution-to-digital-economy-this-year/#:~:text=In%20a%20statement%2C%20it%20said,as%20RM170%20billion%20for%202020>

7 Days Hebat Mama Starter Kit

Give your queens the gift of health with the Nutrilite HEBAT Mama pack.

BODYKEY MEAL REPLACEMENT SHAKE
Receive one-third of your nutritional needs to preserve lean muscles and satisfy cravings.

MIXED FIBER POWDER
Triple soluble fibre and prebiotic blend with chicory root extract, digestive-resistant methylcellulose and partially hydrolysed guar gum to relieve constipation, normalise bowel movements and tackle weight problems.

MIXED PROBIOTIC WITH CHICORY ROOT EXTRACT
Contains 6.3 billion colony-forming units (CFUs) and 5 hero probiotic strains that arrive alive and stick to your gut to enable good gut health. Also has prebiotic fibre for good bacteria growth.

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The world as we know it and how businesses operate have changed forever in the wake of the COVID-19 pandemic and other disruptive forces. As diverse nations and peoples grapple with how best to understand and embrace the new normal, Amway has chosen to embrace and capitalise on these forces of change to help us make better strategic choices, shape markets to our advantage, and create a brighter future. If anything, the pandemic has helped streamline our goals and accorded the Group a more focused outlook for the future centred on (i) a healthy lifestyle, (ii) eCommerce, and (iii) the Super Consumers.

Amway has been fortunate enough to be considered an essential services provider under the MCO as our health and wellness products are considered essential products. Moving forward, we will strengthen our position by marrying our emphasis on a strong and healthy lifestyle with our digital ambitions. We will continue to improve the efficiency of our offerings and operations, particularly on the digital front.

To this end, we will be upscaling our digital initiatives to accommodate increased sales, increased customer acquisition, and improved ABO/customer experiences. This will see us making further enhancements to our new website and digital presence in 2021 to support the new Amway Privileged Customers and early ABO sales incentive programmes. These initiatives aim to reward customers and incentivise ABOs to build sustainable and rewarding businesses. On top of this, a host of new product launches and promotions will be

unveiled over the course of the year. At the same time, we will strengthen our Customer Relationship Management platform, as well as modernise our final mile delivery experience, automated chatbot customer service agent, and other communication channels.

In view of the COVID-19 outbreak and as part of our mitigation measures, the Group held its first fully virtual 25th Annual General Meeting (“AGM”) on 23 June 2020. The AGM was conducted entirely through live streaming from the broadcast venue. Moving forward into the new normal, we anticipate that we will continue to leverage on technology to facilitate remote shareholders’ participation and voting in absentia at general meetings, among other things.

We continue to operate in a highly challenging business environment weighed down by the impact of the COVID-19 pandemic. However, given our strong brand positioning, expanding ABO force, market position and infrastructural investments, we are confident that we will remain resilient. We believe that Amway’s strong fundamentals, our tested and proven business model and brand equity, our ongoing investments to make the most of emerging megatrends, as well as the enduring and sustainable partnerships that we enjoy with our enterprising ABOs, will all work together to underpin our long-term sustainable growth and the overall health of both the Group and our ABOs.

Moving forward, as we approach our 50th anniversary, we will endeavour to maintain our growth momentum. However, in view of the many initiatives we will be implementing and the many investments we will be making, we expect some pressure to be exerted on the Group’s operating margins in 2021. We will of course work to offset this through prudent management of our other expenses. All in all, in view of uncertain economic conditions and expected pressure on our operating margins, Amway remains cautiously optimistic of turning in revenue growth in FY2021.



Sustainability Statement

The year under review saw Amway (Malaysia) Holdings Berhad ("Amway" or "the Group") resiliently weathering a highly challenging business environment weighed down by the impact of the COVID-19 pandemic and related lockdowns. While our topmost priority was to keep people safe, we also maintained a resolute focus on strengthening our brand and market position, supported our Amway Business Owners ("ABOs"), employees and impacted communities as they adapted to the new normal, as well as continued to make strategic infrastructural investments. These efforts, among others, enabled us to turn in a resilient performance in financial year 2020 ("FY2020") and safeguard the overall health and sustainable growth of our business.



Today, as a key Health and Wellness company in the nation's direct selling industry with more than four decades to its name, Amway's fundamentals remain strong and our business continues to grow in a sustainable manner. As we go about our daily business of helping shape economies, society and businesses through our host of offerings, we recognise the need to continue creating long-term shared value for our stakeholders and to secure our future. As such, we remain committed to upholding responsible management and sustainable development on the Economic, Environmental and Social or EES fronts.

The agenda of Sustainability remains a key consideration in Amway's overall business strategy and is further amplified through our 6 enduring Amway Values. Established by our Founders, the following 6 Amway Values form the framework upon which we have formed our business models and strategies; **Personal Worth, Partnership, Integrity, Achievement, Personal Responsibility and Free Enterprise**.



**Personal
Worth**



Partnership



Integrity



Achievement



**Personal
Responsibility**



**Free
Enterprise**

The Group's agenda of Sustainability is also supported by our EES framework and is aligned with 7 of the 17 United Nations' Sustainable Development Goals ("SDGs") that are relevant to our business. The SDGs are a collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all" by 2030. These 7 SDGs help us to align our sustainability efforts with the global targets set by the United Nations.

Our commitment to upholding the agenda of Sustainability is evident in every aspect of our operations and is carried into our partnerships with our employees, our ABOs and local communities. Through strengthening our stakeholder engagement activities and consolidating our resources and common synergies, we aim to further embed sustainable practices into our operations, organisational culture and overall ecosystem. By embedding sustainable progress throughout Amway and its subsidiaries ("the Group"), we are providing the momentum for the Group to strengthen its performance and operational efficiencies as well as capacity for long-term value creation.

SCOPE AND BOUNDARY

Our Sustainability Statement ("Statement") for FY2020 serves as a formal account of our sustainability strategies and action plans, as well as the year's sustainability achievements and the overall positive impact we have created for our business, the environment and society at large. This year, we have expanded the scope of this Statement to touch upon the COVID-19 response measures and how these are helping us to safeguard the sustainability of our business, particularly amidst trying times.

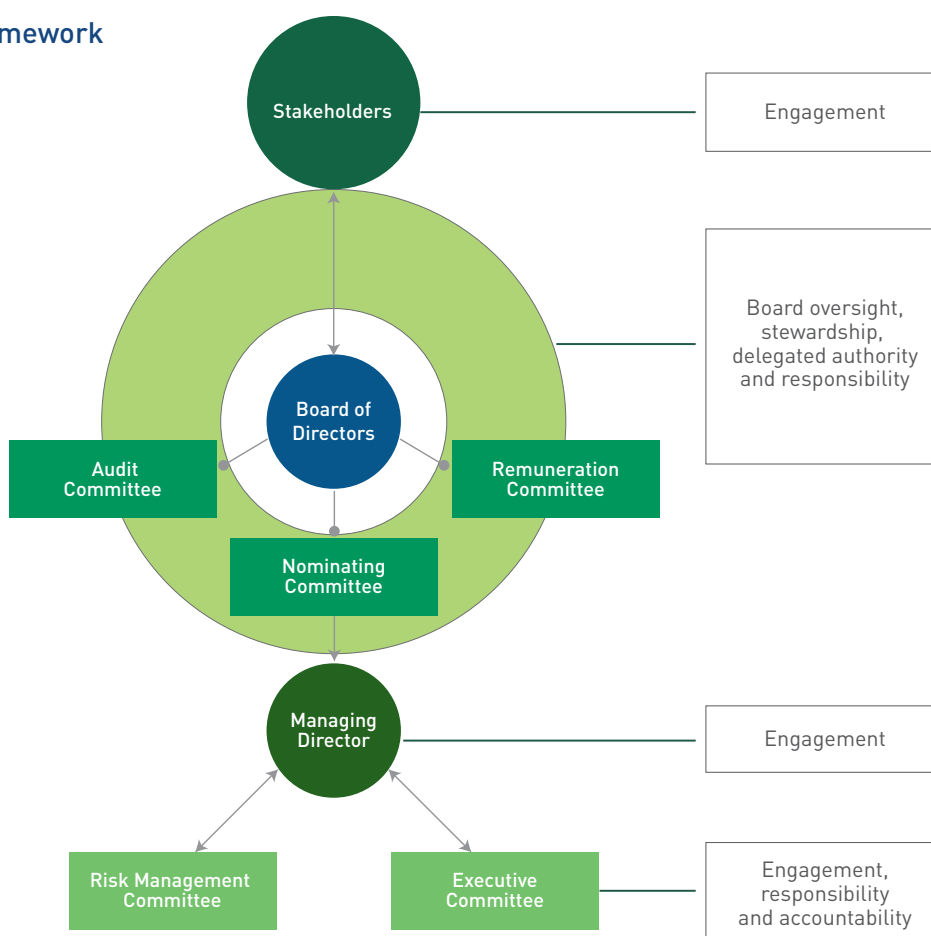
The scope and boundary of this Statement is aligned with the Annual Report to cover the breadth of Amway Malaysia's operations with the exclusion of third-party contractors, suppliers and vendors. It covers the period 1 January to 31 December 2020 and is undertaken on an annual basis. The data presented in this Statement is the result of internal and external data collection methods which include, but are not limited to, internal surveys, workshops and other methods.

SUSTAINABILITY LEADERSHIP AND GOVERNANCE

Amway's sustainability leadership and governance reside at the highest echelons of the Group, namely with our Board of Directors and Senior Management. Our leadership recognises that a strong sustainability strategy is fundamental to the Group's success as it has material impact on our business strategy and business performance as well as our ability to create value for the long-term. As such, our leadership remains deeply committed to reinforcing our business framework with sustainable practices and initiatives.

Our leadership also acknowledges that matters such as ABO satisfaction, staff retention, talent development and product sustainability are integral to how the Amway brand is perceived among stakeholders. As such, these matters together with good governance remain a priority on the Board's sustainability agenda. Amway's leadership is deeply committed to ensuring that business activities throughout the width and breadth of our organisation are conducted in an ethical and transparent manner as well as are free from any acts of bribery and corruption. To this end, May 2020 saw Amway establishing a Group-wide Anti-Bribery and Corruption Policy.

Governance Framework



Sustainability Statement (Cont'd)

STAKEHOLDER ENGAGEMENT



Stakeholders are defined as individuals or interest groups who are impacted or influenced by our business activities and/or presence and vice versa. Amway's stakeholders, consisting our ABOs and employees, the investing community, regulators as well as members of the communities that we operate in, continue to be valuable resources that help us gauge what is most material or most important on the EES fronts. We welcome and value the feedback and concerns of our stakeholders as our EES efforts, to some extent, are guided by their perceptive and invaluable insights. Our stakeholders in essence, are moderators who help us bring a focus and balance to our operations.

As a conscientious corporate citizen, we strive to ensure that we remain an inclusive organisation that is perceptive to the needs of its stakeholders by actively engaging with them through a range of platforms. In FY2020, we continued to focus our effort on strengthening stakeholder engagement by tapping a wide range of communication channels and mediums. At the onset of the COVID-19 pandemic, we were forced to halt all our face-to-face platforms and made the move towards virtual platforms. All these interactions, which helped us garner solid insights into what is most material to the Group and our diverse stakeholders, continue to be leveraged on to help us finetune our overall sustainability approach.



AMWAY BUSINESS OWNERS ("ABOs")

Engagement Approach

- Marketing and promotions
- Leader Growth Solutions Team
- Customer Careline
- Social media
- Events, forums/seminars, roadshows and rallies, Amway Diamond Advisory Council ["ADAC"]

Focus Areas

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



EMPLOYEES

Engagement Approach

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

Focus Areas

1. Health and safety/well-being (especially COVID-19 related issues)
2. Career development and goals
3. Job satisfaction
4. Work-life balance
5. Service culture
6. Business objectives alignment



SHAREHOLDERS, INVESTORS & ANALYSTS

Engagement Approach

- Annual report*
- Annual General Meeting ["AGM"]**
- Financial reports
- Analyst briefing
- Media releases
- Investor relations page on our website

Focus Areas

1. Short and long-term business goals and performance



GOVERNMENT & REGULATORS

Engagement Approach

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

Focus Areas

1. Regulatory and legal compliance



COMMUNITY & GENERAL PUBLIC

Engagement Approach

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

Focus Areas

1. Community investment, development and impact



MEDIA

Engagement Approach

- Social media engagement
- Media monitoring

Focus Areas

1. Continuous and meaningful communication

* Amway's Annual Report 2019 that was issued in 2020, was the first time we issued a full electronic version.

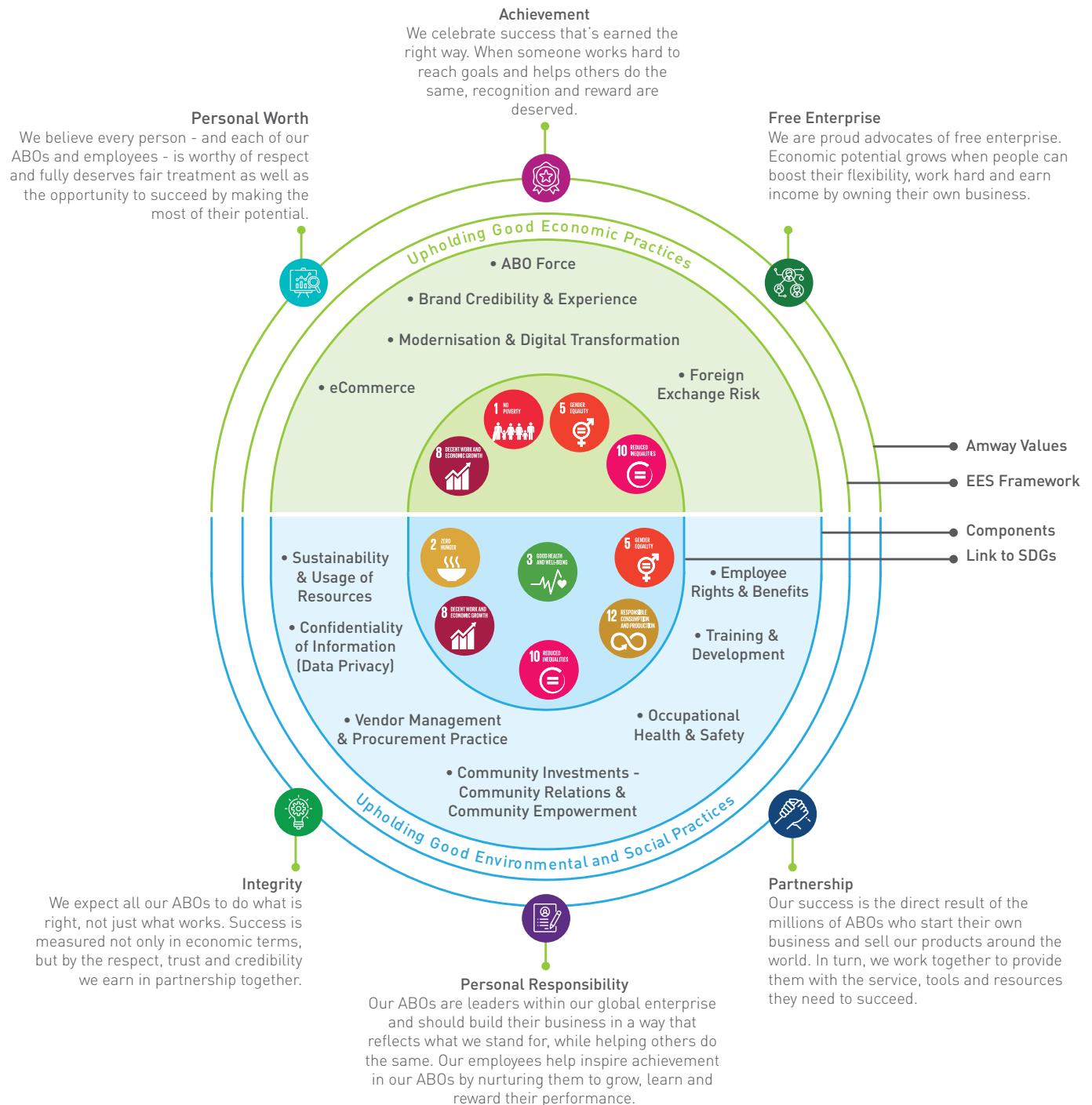
** The 25th AGM was the first time we held a fully virtual AGM.

MATERIALITY MATTERS

The matters that are most material or most important to the Group are the topics, aspects and disclosures that are most impactful on the Group's value creation process and the 6 Amway Values. Our materiality topics are based on our understanding of the economic environment and business climate and this is complemented by the data and insights that we have garnered from our stakeholders. These topics serve as a strategic line by which we measure the way we conduct our business, ensuring that our efforts remain aligned with what is most beneficial for our stakeholders and the Group's interests over the short to long-term.

Sustainability Statement (Cont'd)

A summary of how the Group has integrated our materiality matters with our Amway values and the 7 SDGs is illustrated in the chart below:



KEEPING PEOPLE SAFE: AMWAY'S RESPONSE TO THE COVID-19 PANDEMIC

In early 2020, the world encountered the COVID-19 pandemic and the global economy was disrupted. Amway responded quickly to the impending outbreak with our own crisis mitigation strategies. While facing a surge in consumer demand for our products, the safety and well-being of our employees, ABOs and customers remained a top priority.

March 2020 saw the Group prioritising the safety and well-being of those under the Group's care by activating the Amway's Crisis Response Plan which serves to:

- Protect the safety and well-being of employees, ABOs and customers;
- Ensure business continuity; and
- Initiate proactive measures to support ABOs and the community during this unprecedented time.

Throughout the crisis, we looked to Amway's Crisis Response Plan to guide us on the EES fronts operations to ensure that we continued to deliver value to our stakeholders. We also continued to strengthen our sustainability infrastructure and reinforce our value creation model to mitigate the impact of the crisis.

To ensure that people remained safe amidst the COVID-19 pandemic, Amway brought a host of measures into play in FY2020 with many of these still in place at the time of writing.

Safeguarding Amway Employees

On the employee front, the following actions were initiated at the onset of the Movement Control Order ("MCO"), and many will still be in place until widespread vaccinations are administered to the general population and herd immunisation has been achieved:

- Deep sanitising of all our facilities;
- Thermal scans for all onsite personnel and permitted visitors;
- Mandatory use of masks and hand sanitisers;
- Guest visitation declarations and usage of the MySejahtera contact tracing app;
- COVID-19 medical guidelines for staff;
- Essential employees supporting contactless home delivery activities working in staggered shifts with a one-hour break to sanitise all work zones;
- All other team members placed under Work-from-Home protocols;
- Restriction of all overseas business travel to/from Malaysia; and
- Restriction of all physical meetings, events and rallies.

The Group's employee-based pandemic mitigation efforts included the virtual DoctorOnCall initiative, Employee COVID-19 Care Pack and continuous updates on the COVID-19 pandemic.

Due to the rising numbers of positive COVID-19 cases and the various quarantine measures, all Amway employees (excluding contactless delivery and shop team-members) continue to work from home at the time of writing.

Sustainability Statement (Cont'd)

In FY2020, Amway implemented strict standard operating procedures ("SOPs") in compliance with the guidelines issued by the Ministry of Health ("MOH"). Amway's Health and Safety Obligations at the Workplace mandate, which outlines 14 measures to mitigate the spread of COVID-19 among workplace colleagues, has been updated regularly in line with the latest quarantine measures and SOPs.


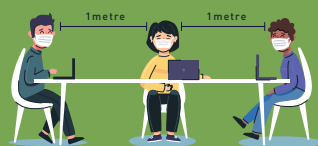


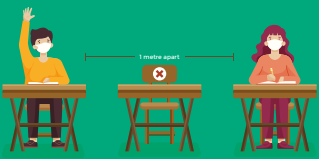





Amway has several SOPs and guidelines that outline the measures to be undertaken in the event any team-members or those close to them contract or are exposed to the virus. The following is a sample of the Amway Guidelines for Exposure workflow:

Guidelines for Exposure

	SCENARIO	ACTIONS
1	You have been tested positive for COVID-19 (as confirmed by the MOH)	<ul style="list-style-type: none"> You will be treated and quarantined Amway's premise will be immediately disinfected/undergo deep sanitising Contact tracing will be conducted by the MOH All close contacts will be quarantined and to follow medical advice from the MOH The MOH will provide guidelines on office closures, if necessary Amway will activate its Business Continuity Plan
2	A member living in the same household has been tested positive for COVID-19 (as confirmed by the MOH)	<ul style="list-style-type: none"> You will be treated and quarantined Amway's premise will be immediately disinfected/undergo deep sanitising Contact tracing will be conducted by the MOH All close contacts will be quarantined and to follow medical advice from the MOH Amway will activate its Business Continuity Plan
3	You or a member living in the same household have been in close contact with the pending/confirmed COVID-19 case in the last 14 days (e.g. you have been within a distance of approximately 6ft/1.8m for a prolonged period of time; close contact can occur while caring for, visiting, etc.)	<ul style="list-style-type: none"> Seek medical advice and testing for COVID-19 Self-quarantine for 14 days Monitor your health closely Amway's premise will be immediately disinfected/undergo deep sanitising Contact tracing will be conducted by the MOH
4	You or a member living in the same household have been in the proximity of a pending/confirmed COVID-19 case in the last 14 days (e.g. your daughter's friend was in contact with a pending/confirmed case)	<ul style="list-style-type: none"> Monitor your health closely for the next 14 days Seek medical advice if you feel unwell If the individual tested positive for COVID-19, and you have been in proximity in the last 14 days, the scenario will be considered as scenario 3

Health & Safety Obligation at the Workplace

Measures to mitigate the spread of COVID-19 among co-workers

 <p>Employees to work on SHIFTS: Work From Home & Work From Office.</p>	 <p>Employee must sit at least 1 metre apart in the pantry or opt to eat at own workstations.</p>	 <p>Employees must wear masks during face-to-face meetings. Avoid close conversations in enclosed spaces.</p>
 <p>Mandatory temperature screening for anyone entering the premises.</p>	 <p>Hand sanitisers are provided throughout the building.</p>	 <p>Regular sanitisation will be conducted at all common areas.</p>
 <p>Employees are to sit 1 metre apart from each other.</p>	 <p>Employees should frequently sanitise their laptops, mobile phones and desks. Do not share your chair.</p>	 <p>Employees should fold and tie their mask neatly before discarding.</p>
 <p>Employees should put on their mask* at all times when in the office. 1 (ONE) mask will be provided per employee. 2 (TWO) masks will be provided for those taking public transportation.</p> <p>*Employees may wear their own face mask or use the face mask provided.</p>	 <p>No visitors are allowed to enter the office premises, except for contactless food delivery.</p>	 <p>Employees are to avoid shaking hands and are encouraged to maintain social distancing.</p>
	 <p>Practise social distancing inside the elevator. Stand within the marked boxes. Employees are encouraged to use the staircase.</p>	 <p>Avoid carpooling. If this is unavoidable, carpooling is limited to 2 pax per car. Avoid public transportation if possible.</p>

Supporting Amway Business Owners

Given the pandemic's negative impact on the economy resulting in rising unemployment rates and a drastic drop in people's incomes, our ABOs had to come to terms with the fact that they might lose their customers. Moreover, the restrictions on movement, gatherings and events greatly challenged the face-to-face and up-close manner in which our ABOs traditionally ran their businesses.

In light of these developments, Amway swiftly rolled out numerous measures to equip and support our ABOs. In compliance with the SOPs under the MCO, Amway shifted all gatherings, training sessions and events online. In terms of ABO engagement, FY2020 saw the Group take all our engagement activities online. These include Recognition Rallies, the Virtual National Leadership Conference, Platinum Forums and Diamond Meetings, among other activities. We also conducted all training sessions, workshops and rallies virtually.

Sustainability Statement (Cont'd)

Supporting Amway Business Owners (Cont'd)

We also provided 24-hour technical assistance to help our ABOs ease into the new normal via a digitally enabled business model. Amway will continue to utilise online platforms for the majority of ABO engagements in the foreseeable future to ensure the safety of our ABOs.

As part of our efforts to extend practical support to ABOs, we rolled out a total of 15 incentives. From lowering the delivery fee to extending credit assistance and lowering sales qualification requirements, our initiatives saw our ABOs grow their businesses in spite of the economic challenges. These initiatives were an addition to the usual incentive programmes and engagement activities that Amway organises for its ABOs.

These efforts went a long way in helping our ABOs get through the height of the crisis in FY2020.

15 Initiatives To Support Our ABOs

1. Lowered the minimum order value for free home delivery
2. 24-hour warehouse operations
3. Early bonus payments were made in FY2020
4. Reduced the ABO sign-up fee
5. Subsidised ABO Centre online meeting annual subscriptions
6. Extended Amway Call Centre hours
7. Online technical support
8. Conducted eLearning & live training
9. Point Value ("PV") uplift for Nutrition and Wellness products
10. Launched a booster programme in conjunction with our leadership seminars
11. Moratorium on monthly payment plans
12. Lowered the award month qualification
13. Increased the month end auto top-up limit
14. Provided credit assistance to Leaders
15. PY2020 Non Cash Award (NCA) Events Cancellation & Payment



Reaching Out to the Community

Amway's community-based response to the pandemic saw the Group donating various essential items in support of those fighting the disease on the frontlines. We also reached out to impacted families within the community that had their livelihoods affected by the quarantine measures.



Our community-based support saw us undertaking the following:

- **Donation of Atmosphere Air Purifier ("AAP")**

A total of 341 units of AAP (at a retail value of over RM1.9 million) were donated to the following Government hospitals and agencies:

- 270 units of AAP worth RM1.6 million were donated to the MOH and distributed to the Emergency and Trauma Units of public hospitals all over Peninsular Malaysia, Labuan, Sabah and Sarawak;
- 71 units were distributed to shelters under the Social Welfare Department ("JKM") nationwide.

- **Donation to purchase Personal Protective Equipment ("PPE")**

The Group in collaboration with ABOs donated more than RM213,000 for the MOH to purchase PPE which included nitrile gloves, jumpsuits, plastic aprons, face shields, caps, isolation gowns and boot covers.

- **The "Let's Fight COVID-19 Together" donation campaign**

The Group organised the "Let's Fight COVID-19 Together" donation campaign which encouraged ABOs and employees to donate towards the purchase of COVID-19 test kits. Each cash donation from an ABO was matched with a donation from the Group. The campaign raised more than RM326,000 to support the purchase of over 6,500 reverse transcription polymerase chain reaction or RT-PCR COVID-19 test kits for the University of Malaya Medical Centre.

- **Food baskets for impacted families**

The Group contributed 200 food baskets filled with food items and products from Amway's vitamins and dietary supplements brand Nutrilite to JKM. Valued at RM68,500, these items went a long way in supporting JKM's efforts to uplift impacted families in Sabah and the Klang Valley. These immunity boosting supplements contain phytonutrients, which played a key role in filling the nutritional gaps in the diets of the families in need whose well-being may have been exacerbated by the health crisis.

Shareholder Engagement in the New Normal

As part of our COVID-19 mitigation measures to keep shareholders safe while engaging with them in the new normal, we organised our first fully virtual AGM. Held on 23 June 2020, Amway's 25th AGM was conducted entirely via live streaming from the broadcast venue at Tricor Business Centre. Only the Board Chairperson, Audit Committee Chairman, Managing Director, Chief Financial Officer and Company Secretary were physically present at the broadcast venue in strict compliance with social distancing measures. All other Board members, auditors, advisors and shareholders participated virtually. There was encouraging response from shareholders with all shareholders present voting online using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd.

Our AGM was conducted in full compliance with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia and Practice Note 12.3 of the Malaysian Code on Corporate Governance which called for listed companies to leverage on technology to facilitate both remote shareholders' participation at general meetings and voting in absentia.

Sustainability Statement (Cont'd)

UPHOLDING GOOD ECONOMIC PRACTICES

Amway's Economic Practices are founded on our vision of empowering individuals to reach their full potential by equipping them and providing them with the opportunities to achieve their goals. This idea has resulted in millions of individuals globally realising better and more fulfilling lives for themselves and their families.

Exercising the combined power of education and opportunity, we continue to nurture and equip entrepreneurs with skills that will help them to establish and drive viable and sustainable businesses. The Group has put measures in place to ensure that our ABOs have access to business and learning tools that are available on both online and offline platforms.

Amway's efforts to uphold good Economic Practices are aligned with 4 of the 17 SDGs, namely Goal 1: End poverty in all its forms; Goal 5: Gender equality and women's empowerment; Goal 8: Decent work and economic growth; and Goal 10: Reduced inequalities.

Our ABO Force

During the year in review, we ramped up our efforts to support the growth and advancement of our ABOs even as circumstances and lifestyles around us rapidly changed. With the pandemic disrupting business as usual, the 15 aforementioned initiatives that were implemented assisted our ABOs financially and logistically while keeping their morale high during this crucial time.

All these efforts paid off handsomely in FY2020 as we saw our ABO force grow in unprecedented numbers. While this growth can be partly attributed to our decision to lower the sign-up fee and launch programmes to encourage new member activation, it is evident that it was the proactive actions by the ABOs themselves that drove this growth. Inspired and motivated, they went on to inspire others too by presenting the opportunities that are possible with the Amway business model.

As a result of our combined efforts, over 307,300 new ABOs joined Amway in FY2020. New applications grew to 149% in FY2020 in comparison to new applications of 123,500 in FY2019, with over 87% coming from online registration. Our Core ABO Force increased by 5.1% to over 274,100 ABOs from 260,900 ABOs in FY2019. Meanwhile the number of ABOs and Leaders across all segments increased.

Moving forward, Amway Malaysia will continue to explore various avenues by which we can add more value to our ABOs' businesses and help them acquire and retain a community of engaged customers. This will lead to more successful ABOs' with sustainable and profitable businesses, and hence better retention. On top of this, we will continue to develop a strong and motivated force that carries out the Amway Founders' Fundamentals of Freedom, Family, Hope and Reward in their own communities, especially during these uncertain times.

Brand Credibility & Experience

Integrity is one of Amway's core values and it underlines all of Amway's marketplace practices. Every member of the Amway Group, including our ABOs, are expected to conduct business in a manner that reflects our values and strengthens our position as an ethical and credible brand. As brand credibility is integral to the growth and sustainability of our business, we are committed to upholding trustworthy marketplace practices that build respect and trust.

The Group is also dedicated to ensuring that our products are of the highest quality. To this end, we continue to carry out strict monitoring measures that comply with guidelines set by leading international regulatory boards. Furthermore, all our products are a result of extensive research and development by renowned scientists. We also strive to ensure that our materials and ingredients are sourced ethically and that we employ best practices in our sourcing and manufacturing processes.

As an added assurance of our quality-control measures, our product sales are subject to the Amway Satisfaction Guarantee which allows buyers to use a product for a stipulated period of time. If dissatisfied with the quality of their item, the buyer can return their product within that window of time.

As Amway works to capitalise on the Healthy Living megatrend, we will focus on the following themes to ensure that the specific needs and wants of our diverse range of consumers are taken care of: Prevention, Product Innovation, Personalisation, Natural ingredients, Superfoods and Food/Beverage alternatives.

In June 2020, Nutrilite™ kicked off its 'TRACEABILITY' brand campaign with an internal launch that catered specifically to the ABOs. The campaign was extended to the public in December through digital ads on platforms such as YouTube, Facebook and Google network ads and is set to run throughout 2021.

Go behind the label and follow our outrageously detailed **9-step Traceability process** that brings you the purest, safest and most effective Nutrilite supplements.

CHOOSE THE BOTANICAL

1,300 plant nutrient-fingerprinted botanicals in our functional target library lead us to the best ingredients and ingredient combinations.

SEED SELECTION

MILLIONS of seeds planted each year, and not just any will do! We test our seeds for things like organic nature, purity and germination rate.

3

CHOOSE THE FARMS

Our nearly **6,000** acres of organic farmland is only the start. If we can't grow it ourselves, we find the best partner farms.

HARVEST

We move plants within as little as **20** minutes from field to on-site dryers to ensure the highest nutrient levels.

GROW

Every botanical has a **BIRTH CERTIFICATE**, and each is grown **99%** weed-free, with no chemical pesticides.

MANUFACTURING

We conduct **500,000** quality checks on our ingredients each year.

EXTRACTION

Skin, seeds, roots, leaves...we concentrate or dry the parts of the plant that give us the highest level of nutrients.

PACKAGING

Shake, squeeze, twist, x-ray. We test our packages more than **30,000** times each year.

YOU

Our traceability process begins and ends with you.



Information above is reflective of Nutrilite™ owned farms.

Sustainability Statement (Cont'd)

The brand campaign is aimed at strengthening Nutrilite's unique marketing positioning as the only global vitamin and dietary supplement brand to grow, harvest and organically process plants on their own certified organic farms.

Exploring the details that go into the production of our products, the campaign takes viewers to the source of where our ingredients are grown and tracks the testing and manufacturing process to the point where it reaches our consumers. Through this brand campaign, Nutrilite aims to increase our consumers' trust through proving the purity, safety and effectiveness of our products.

As part of the Amway Brand Experience of our Southern Flagship Store, the Amway Ponderosa Shop, was officially opened in January 2020. As a retail experience centre, the shop focuses on providing immersive experience such as shopping, dining, learning and socialising in a singular, well-designed location. Technological highlights include interactive product displays, online order kiosks and a touchscreen TV featuring the Amway Central Malaysia app for the latest news and promotions.

In terms of ABO support, the multifaceted retail space offers analysis and consultation rooms for beauty or nutritional assessments, a fully equipped kitchen for cooking demonstrations and the largest training room among all Amway Shops with a capacity of 150 seats, among others. It also boasts the largest PhytoCafé to date, with a live streaming corner for co-working, socialising and experience sharing.



Recognised for Innovation in Design

In 2020, the Amway Ponderosa Shop received the following awards in recognition of its innovative integration of aesthetics, functionality, convenience and technology within a single space:

- The Iron Award under the Spatial category in the A' Design Awards, an international design award based in Italy. The A' Design Award and Competition is the world's largest, most prestigious and influential design accolade, and recognises the highest achievement in design.
- The Bronze Award at the International Design Awards or IDA event in the category of Interior Design - Retail, Shops, Departmental Stores, Malls.



Modernisation & Digital Transformation

The Group's digitalisation efforts are leading the way in our future-proofing initiatives as we continue to strengthen our competitive advantage by leveraging on innovation and new technologies. In doing so, we are strengthening awareness of the Amway brand as well as bolstering our service delivery efforts and the customer experience. Through digitalisation, we are smoothening out processes for our ABOs and ensuring they are equipped with the right tools to help them reach their targets and goals.

For the finer details of our digitalisation initiatives, please refer to the Management Discussion and Analysis section of this Annual Report.

eCommerce

Back in June 2020, the Malaysia Digital Economy Corporation projected that eCommerce contributions would touch a high of RM170 billion in 2020 – this is a remarkable 20% year-on-year growth. Statistics have shown that eCommerce growth in Malaysia is primarily driven by a growing number of digitally savvy members of the middle-class who are looking for great deals and access to international brands. Among the various factors driving this growth, it was found that increased consumer comfort with digital payments and the enhanced campaigns of popular brands on social media have contributed to the rise in digital consumers. Furthermore, the MCO restrictions of 2020 have meant that more people engaged with online platforms and mobile applications for necessities such as purchasing groceries and paying their bills.

Before the COVID-19 pandemic, Amway achieved 30% online sales. With the advent of the MCO, however, we were quickly pressured into shifting our focus to an online business environment. Even though our eCommerce functions could incorporate this shift, our entire exchange-to-exchange or E2E experience, including factors like delivery and customer care, were not entirely ready for the sudden heavy influx of traffic that we received. In line with the Group's long-term growth plans, Amway launched a new eCommerce website that offers a more intuitive user interface and experience that enables a smoother shopping experience and facilitates enhanced information tracking. We also made additional upgrades to our ADA chatbot and increased our Customer Careline team's human resources to respond to online shopping related enquiries. Furthermore, we increased our delivery capacity in order to respond to the increase in online orders.

The Group will continue to explore processes and practices that will help us grow the efficiency in our eCommerce offerings even as we work to achieve our goal of having a good part of our sales from online platforms.



Risk Mitigation

Risk management is essential to our pursuit of sustainable value creation and to this end we continue to focus our efforts on mitigating the two biggest risks to our business – potential monetary loss via foreign exchange fluctuations and the unauthorised selling of our products online.

For the finer details of Amway's risks and mitigation strategies, please go to the Management Discussion and Analysis section of this Annual Report.

Sustainability Statement (Cont'd)

UPHOLDING GOOD ENVIRONMENTAL AND SOCIAL PRACTICES

Being a responsible and conscientious corporate citizen, we recognise that we must be a good steward of all that we are entrusted with. As such, Amway's focus on creating sustainable value is not just limited to our business efforts, rather, our mission to 'help people live better lives' includes creating sustainable opportunities for our communities and conserving the environment.

We see our duty as extending beyond simply creating or marketing products, to improving the well-being of people around the world and preserving the environment for today's and tomorrow's generations. Our products, values and culture underscore these commitments. We are dedicated to making continuous improvements in all that we produce as well as reducing waste and upholding sustainable operations that have little or no impact on the environment. In respect of the environment, Amway subscribes to sustainable practices and methods that help us to reduce waste and conserve energy.

Today, we are also fulfilling our overall mission of helping people live better lives by helping people, particularly our ABOs and employees, achieve their full potential. We measure and reward people on their ability to collaborate and support others. We offer our employees competitive family-friendly benefits and go out of our way to inculcate a forward-thinking, people-oriented culture. In all that we do, we continue to stir up incredible passion among our people to truly help others live better lives.

As we set our sights on upholding good Environmental and Social Practices, we have aligned our efforts with 6 of the United Nations' SDGs. These encompass Goal 2: Zero hunger; Goal 3: Good health and well-being; Goal 5: Gender equality and women's empowerment; Goal 8: Decent work and economic growth; Goal 10: Reduced inequalities; and Goal 12: Responsible consumption and production. Through our efforts, we aspire to inculcate a passionate drive towards fulfilling these goals in every individual who represents our brand.

Sustainability & Usage of Resources

Amway takes every effort to mitigate wastage and generate savings throughout our operations. Our initiatives are part of our effort to steward our resources well while mitigating any negative impact our operations may have on the environment.

Paper Usage

In September 2020, as part of our effort to reduce our paper usage, we launched our new digital magazine, *AmwayNow*. With the July-August 2020 edition of *Achieve* and *Amagram* being the final printed version of the magazine, the launch marks the full transition of our magazine from paper to a digital platform. This initiative concluded the end of magazine paper usage of over 1 million copies for both magazines at 28 pages per edition.

Further to this, for the first time ever, we issued our 2019 Annual Report in electronic format in 2020 which again helped us reduce paper usage. Copies of the Annual Report were only provided to shareholders who requested for it.

The year also saw us continuing to digitise our processes even as we sought to reduce paper usage within our operations.

Power usage

In line with Amway's efforts to reduce power consumption, we reduced our electricity usage to 1,789,297 kWh, a reduction of 594,681 kWh, at both our Office Block and Warehouse Block in FY2020 in comparison to 2,383,978 kWh in FY2019. The decrease in power consumption was mainly due to the implementation of COVID-19 SOPs where most

employees had to work from home from the onset of the March MCO. The previous year's savings were the result of less energy consumed due to the installation of energy efficient lightbulbs and motion sensors.

To support online order processing and packaging, the Warehouse Block continued to operate during the MCO and subsequent Conditional MCO phases, while the Office Block remained closed throughout most of 2020. Even when our employees did return to the Office Block for specific matters, the staff were isolated to one specific floor with seating arrangements more than one metre apart per SOP safety protocols.

Recycling

Our 2020 recycling efforts saw us recycle a total of 107 metric tonnes of cartons, plastic, shrink wrap, paper, metal and other items with a recyclable value amounting to RM31,292 (FY2019: 102 metric tonnes valued at RM39,548) while reducing the unnecessary wastage of resources. We will continue to explore further means by which we can mitigate our environmental footprint while better stewarding our resources.



Attributed cost savings RM31,292

Our recycling effort saw us recycle a total of 107 metric tonnes of cartons, plastic, shrink wrap, paper, metal and other items.

Confidentiality of Information (Data Privacy)

The security and privacy of our ABOs and customers are matters of paramount importance to the Group. We are committed to rolling out measures to ensure that all personal data that we process and store remains secure. We have also put procedures in place to certify that all consumer data for marketing and other purposes is released only after the consent of our ABOs and consumers have been procured. Amway upholds the Personal Data Protection Act ("PDPA") 2010 through ensuring that all data collected is limited to information that is required by our Vendor Management & Procurement Practices and is solely for the Group's own use. This includes demographic data and other related information, i.e., income levels, spending and consumption patterns.

As part of the Global Code of Conduct Training, Amway regularly organises privacy policy training sessions. All Group employees are required to complete the training sessions which cover topics such as Confidential Information Policy and Information Security among other related privacy policy training. The Group has also implemented the appropriate technical and organisational procedures to ensure that our processes remain in strict compliance with the law.

Vendor Management and Procurement Practices

As part of our strategic measures to build long-term partnerships with key suppliers, we continue to identify key suppliers and enrol them into our rigorous supplier management programme, namely the Key Suppliers programme. This programme involves the regular, rigorous review of the key performance index of these suppliers and serves as a platform providing insights into supplier trends and growth in the Supply Space. This initiative aims to ensure the continuous growth of our partnerships with key suppliers which will help optimise their contributions and ensure a steady supply to Amway as well as reduce the cost of doing business. In FY2020, we continued to focus on identifying the right suppliers to partner with while finetuning the programme.

Throughout the financial year, Amway employees took part in the Code of Business Conduct training programme that has been designed to inculcate a standard of professionalism and accountability into our dealings with our suppliers and partners. Supported by our Amway Senior Leadership and Board of Directors, the programme is part of the Group's efforts to ensure that responsibility and integrity are demonstrated in every aspect of our business dealings.

New Anti-Bribery and Corruption ("ABAC") Policy

Amway is committed to conducting business in an honest and ethical manner, as well as complying with all applicable laws and regulations. During the year in review, Amway established a Group-wide ABAC Policy in line with the Guidelines on Adequate Procedures following the introduction of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into force on 1 June 2020.

The ABAC Policy sets out the Group's zero-tolerance approach to bribery and corruption and provides principles, guidelines and requirements on relevant matters. All members of the Board of Directors, employees of the Group and Business Associates, including external parties who perform work or services for or on behalf of the Group, are required to uphold the policy. All compliance controls related to the policy and reports to the Audit Committee will be carried out and monitored by the Group's Risk Management Committee.

"Amway established a Group-wide Anti-Bribery and Corruption ("ABAC") Policy in line with the Guidelines on Adequate Procedures following the introduction of Section 17A of the Malaysian Anti-Corruption Commission Act 2009."

In conjunction with our implementation of the new Policy, Amway has taken the necessary steps to communicate and create awareness on the Group's ABAC Policy to all our employees, ABOs and vendors, and to seek their commitment to comply with the Policy.

Sustainability Statement (Cont'd)

Employee Rights and Benefits

Equal Opportunity Employment & Work Environment

Even as we aim to provide opportunities to the community at large, we believe that those same values should begin in our workplace. As such, we endeavour to create a secure working environment that celebrates talent as well as every facet of diversity. We remain non-discriminatory in our recruitment as well as remuneration processes, choosing to prioritise merit and initiative as the basis by which one is rewarded.

Our policies regarding the recruitment and retainment of talent also revolve around our goal of catering to a diverse demographic of consumers (i.e., beyond any specific age group, race or income level). In doing so, we ensure business growth as we cater to the various ethnic and cultural groups in Malaysia.

To date, Amway has 317 employees, out of which female staff comprise 59% of the workforce. Our commitment to our talent-related policies can be seen in the composition of our workforce:

Executive								
Age Range	Below 30		Between 31-40		Between 41-50		Between 51-60	
Gender	F	M	F	M	F	M	F	M
Malay	3	2	7	5	2	4	1	0
Chinese	17	7	30	19	21	10	6	2
Indian	2	1	2	2	2	1	0	0
Others	0	0	0	1	1	1	0	0

Non-Executive								
Age Range	Below 30		Between 31-40		Between 41-50		Between 51-60	
Gender	F	M	F	M	F	M	F	M
Malay	22	8	17	20	12	13	4	3
Chinese	4	3	8	5	5	2	2	2
Indian	2	4	3	1	3	3	5	4
Others	3	2	3	2	1	1	0	1

All Amway employees are entitled to certain benefits as part of our incentives programme. These include purchasing Amway products such as health supplements, household goods and products from our cosmetics and skin care range for personal consumption and well-being.

We also offer a higher EPF contribution which exceeds the statutory rate so as to support our employees' journey towards a comfortable retirement.

Creating Opportunities for the Physically Challenged and Those with Disabilities

The Group's policy of non-discrimination is further reflected in our treatment of our ABOs and other stakeholders as well as in our employment of persons with disabilities wherever possible. The Group currently has one permanent staff member with physical challenges working in the retail sector of our Supply Chain Division. As we grow as an organisation, we hope to be recognised as an employer of choice for people from all walks of life.

Good Work-Life Balance

Here at Amway, we endeavour to provide a holistic work experience that supports the overall well-being of our employees. Some of the wellness initiatives that we have rolled out within the Company in the past include weekly yoga classes and an in-house gym at our Petaling Jaya Headquarters. We also strongly encourage our staff to pursue a healthy work-life balance and to lead fulfilling lives outside of the workplace.

As expected, many of our recreational activities over 2020 had to be curtailed because of stringent COVID-19 restrictions which included strict social distancing SOPs. As such, our Human Resources team turned their efforts to supporting employees working from home. The details of these support activities, including the Work From Home package accorded to our employees, are spelt out in the section dedicated to the Group's COVID-19 initiatives.

In a move towards comprehensive wellness, we have organised flexible work arrangements that allow our staff to achieve their goals and objectives within a schedule that is suited to their needs. Employees are also given the opportunity to take on new roles and new locations within the company.

Training & Development

The training and development of our workforce is an important aspect of our strategy for building a more sustainable and efficient business. The Group has adopted a 'top-down' approach which focuses a significant amount of our training efforts on strengthening the capabilities of our managers to enable them to effectively lead and inspire our teams under them. These training sessions are aimed at increasing the resilience and preparedness of our teams, equipping them to steadfastly facilitate transformational change while remaining agile in their response to ever-changing market conditions.

In 2020, we focused our efforts on evolving and strengthening our culture through the Founders' Growth Mindset competency model which aligns with our mission to 'help people live better lives'. Our new competency model paints a clear picture on what our teams should expect from one another and how they are to exhibit certain principles and habits in their interactions with others. Our teams are to look to three overarching principles to help guide them, namely Lead with Heart, Live to Serve and Love to Learn. Each of these three principles in turn is broken down into three habits each as per the following diagram:

Founders' Growth Mindset: Create an Inclusive Environment



While we are placing an emphasis on a cultural evolution, our Values and Founders' Fundamentals remain intact as these set the foundation for the Amway business. In line with the rollout of the new competency model, we conducted a Leading the Founders' Growth Mindset and Coaching workshop for our managers in order for them to cascade the cultural evolution down to their teams.

The Group's knowledge-sharing sessions typically cover mandatory training on the various standards and policies that are part of our Corporate Governance framework. These sessions include the Global Code of Conduct Training which comprises three modules i.e., Global Compliance Training, Harassment Prevention Training and Information Security Training. Similarly, every year the Group requires all our employees to read through and sign-off on the Amway Malaysia Code of Ethics and ABAC Policy as acknowledgement that they have understood all that it entails. Information on the Amway's Whistleblower Policy, our Procurement Code of Conduct and other standards and policies are also made available to our employees.

Due to having to adapt to the new normal, the Group conducted the bulk of FY2020's training sessions online with the aid of digital tools such as video conferencing platforms. These online sessions included our Fire Prevention training. All in all, the year saw Amway investing close to RM602,000 into our training and development programmes which spanned over 2,600 hours.

Sustainability Statement (Cont'd)

Occupational Health & Safety

Amway is committed to upholding high standards of health and safety that are aligned with the national Occupational Health & Safety ("OSH") requirements. The Group's Health, Safety and Environmental ("HSE") and OSH initiatives are part of our effort to create a dynamic and safe working place where our employees can be assured of their safety and security. To this end, the Group has organised a HSE unit that comprises committee members from every department in our operations. Committee members are trained in Basic Occupational First Aid, Cardiopulmonary Resuscitation ("CPR") and Automated External Defibrillator ("AED") under the supervision of a HSE officer.

In light of the COVID-19 pandemic, we heightened our crisis management procedures to ensure the safety and wellbeing of our workforce and stakeholders. All procedures and measures have been issued in compliance with the guidelines issued by the MOH and the World Health Organisation. The Group's health and safety initiatives in response to this crisis have been highlighted in detail in the section dedicated to the Group's COVID-19 initiatives.

Community Investments – Community Relations and Community Empowerment



Developing and strengthening communities remains an integral aspect of Amway's Corporate Social Responsibility ("CSR") efforts and is in line with our aim to create lasting positive impact on the communities that we operate in.

During the year in review, we continued to promote our Power of 5 campaign in a bid to help malnourished children get proper nutrition through Nutrilite Little Bits for one year. With donations starting at RM520, the campaign raised more than RM66,800 in support of 128 children. Additionally, all donors got to leave their Power of 5 HANDPRINT on an exclusive slot on Amway's Power of 5: Wall of Honour located at the Product Pavilion.

The campaign is part of the Power of 5 Leadership Circle which is an exclusive partnership opportunity between Amway's Founders Council members and Amway Corporation to help fight childhood malnutrition around the world. Leadership members are asked to promote the Power of 5 at one of their events throughout the year.



At the start of the pandemic, Amway Global reacted quickly to produce the PURSUE Hand Sanitizer in record time to support the global demand for hand sanitisers. It was distributed to hospitals around the United States to help combat the spread of the virus. The product also made its way to Malaysia and was made available to Malaysians in September 2020.

In FY2020, the Group directed most of its CSR efforts towards helping in the fight against the COVID-19 pandemic. For more details on these initiatives, please refer to the section titled: "Keeping People Safe: Amway's Response to the COVID-19 Pandemic" in this Sustainability Statement.

MOVING FORWARD

As Amway moves forward, we are committed to embedding the agenda of sustainability into our operations and business strategies in greater measure. The various stakeholders that are responsible for the Group's sustainability agenda will continue to plan, implement and review sustainability measures to ensure that the Group's sustainability agenda aligns with its business strategies and that it delivers a sustainable performance on the EES fronts. Even as we adapt to the new normal, the Group looks forward to exploring new business opportunities and developing strategies that will help to propel us forward as we navigate an emerging new landscape. As we venture forth, we will work hard to balance out our economic performance with responsible environmental and social considerations for the long-term so that Amway, together with our diverse stakeholders, can both grow and deliver value in a sustainable manner.



2020 Awards and Accolades



Reader's Digest - 16th Consecutive Year



2020 - GOLD AWARD FOR MALAYSIA UNDER VITAMINS HEALTH SUPPLEMENTS CATEGORY

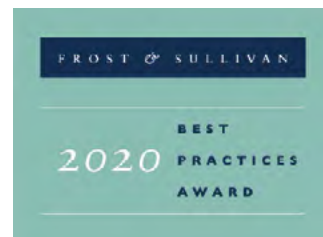


Reader's Digest - 15th Consecutive Year

Frost & Sullivan - 11th Consecutive Year



2020 - GOLD AWARD FOR MALAYSIA & ASIA UNDER WATER PURIFIER CATEGORY



ASIA PACIFIC HOME WATER TREATMENT COMPANY OF THE YEAR



TOP EMPLOYER 2020 FOR MALAYSIA & ASIA PACIFIC

4th Consecutive Year

Amway Ponderosa Shop



The A' Design Awards



International Design Awards



IRON AWARD UNDER THE SPATIAL CATEGORY



BRONZE AWARD IN THE CATEGORY OF INTERIOR DESIGN - RETAILS, SHOPS, DEPARTMENTAL STORES, MALLS

2020 Event Highlights



Amway & Its ABOs Donated RM326,940 Towards “Let’s Fight COVID-19 Together” Donation Campaign

In April 2020, Amway Malaysia launched a donation drive to collect funds to increase the availability of COVID-19 screening, especially for the needy. Held from 15 April to 30 May, the donation drive encouraged Amway Business Owners (“ABOs”) to contribute a minimum amount of just RM5. Our ABOs showed just how generous they are by donating a total of RM163,470 with Amway Malaysia matching the amount for a total donation amount of RM326,940. The funds enabled Amway Malaysia to support the purchase of over 6,500 pieces of COVID-19 test kits (more specifically, reverse transcription-polymerase chain reaction (RT-PCR) COVID-19 test kits) for the University of Malaya Medical Centre (“UMMC”). The first batch of donations, valued at RM156,000, was presented on 4 May 2020, while the second batch of donations, valued at RM170,940, was handed over on 18 June 2020. Both events were graced by Mike Duong, Managing Director of Amway Malaysia, Singapore & Brunei, and Prof Dr Tunku Kamarul Zaman Tunku Zainol Abidin, Director of UMMC.

2020 Event Highlights (Cont'd)

HEBAT Famili e-Rally

Held on 11 July 2020, the HEBAT Famili e-Rally was aimed at ABOs and the general public who want to provide nutritional solutions for their families with the HEBAT Family Bundle. Besides speaking on heart health and obesity, keynote speaker Dato Dr Mohd Hamzah Kamarulzaman, Consultant Cardiovascular and Thoracic Surgeon at Thomson Hospital Kota Damansara, also stated that healthy living should be inculcated from young as this leads to healthy adults, happy homes and a harmonious family. Viewers also gained resourceful health and lifestyle tips while learning ways to grow the Amway business with Nutrilite. The event saw expert speakers Diamond Dr Mohd Hilna Mohd Baijuri, Diamond Rohani Ismail, Founders Platinum Dr Azlinda Ashari and Platinum Luqman Hakim Jamin share their knowledge with the participants. The rally was streamed live to over 2,900 viewers on Nutrilite Malaysia's Facebook page.



Go Behind the Label

Banking on Nutrilite's three pillars - Pure, Safe & Effective, a virtual rally was held on 4 September 2020 explaining why Nutrilite practices step-by-step botanical traceability and how it affects one's health. Illustrating our brand's emphasis on traceability, the rally began with a message from the Nutrilite Health Institute President and son of the brand's founder Dr Sam Rehnberg. The event continued with the expert speaker from the Nutrilite Quality Assurance department at Buena Park, California, Quality Engineering Manager Sam Kilgore. The eRally also witnessed key marketing and brand updates from Amway Malaysia's Head of Marketing Joanne Chong and Nutrition Category Manager Joyce Tan.



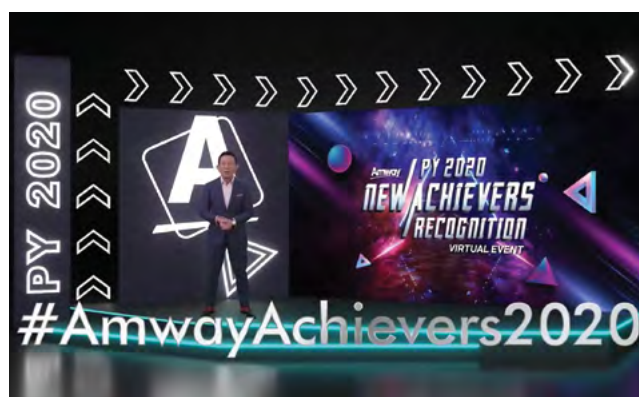
Amway's First Virtual National Leadership Conference 2020

Thousands of Amway Leaders gathered in front of their screens to attend the first ever virtual National Leadership Conference 2020. The event started with an interactive experience at the virtual foyer to explore Amway's latest offerings and digital solutions. Doug DeVos, Co Chairman and Board of Director of Amway Corporation, introduced this year's theme, "Forward Together" in a mesmerising thematic video blast, while Steve Van Andel, Co Chairman, Board of Director of Amway Corporation, congratulated the leaders on their dedication, commitment and resilience. Mike Duong, Managing Director of Amway Malaysia, Singapore and Brunei, took to the floor to give the opening address, followed by keynote addresses by Milind Pant, CEO of Amway Global, and Gan Chee Eng, Regional President of Asia and Chairman of Amway China. The evening continued with insightful updates from Joanne Chong, Head of Marketing, and Leong Kok Fong, Chief Sales & ABO Experience Officer. The event rounded up with the main highlight of the event, i.e. the destination for the 2021 Amway Leadership Seminar Alaska Cruise.



PY2020 New Achievers Recognition Virtual Event Celebration

Amway held its inaugural PY2020 New Achievers Recognition Virtual Event on 12 December 2020, to acknowledge the effort and achievements of PY2020 Achievers and their new qualifications. Achieving a chart topping 4,400 combined views on YouTube and Facebook, the audience's response to the event was indeed overwhelming with close to 1,000 postings on its specially curated Social Wall, which was filled with congratulatory messages and encouraging words for the achievers. The event kicked off with a welcome keynote address from Mike Duong, Managing Director of Amway Malaysia, Singapore & Brunei, followed by an uplifting speech from Gan Chee Eng, Regional President of Amway Asia and Chairman of Amway China. Besides celebrating pin achievers from Silver Producer all the way up to Founders Emerald, Amway also celebrated the achievers of the Nutrilite Loyalty Programme (NLP) – Recognition For Your Achievement campaign and those who qualified for the 2020 Amway Leadership Seminar Sydney for the very first time. The event wrapped up with a speech by Milind Pant, Chief Executive Officer of Amway Global.

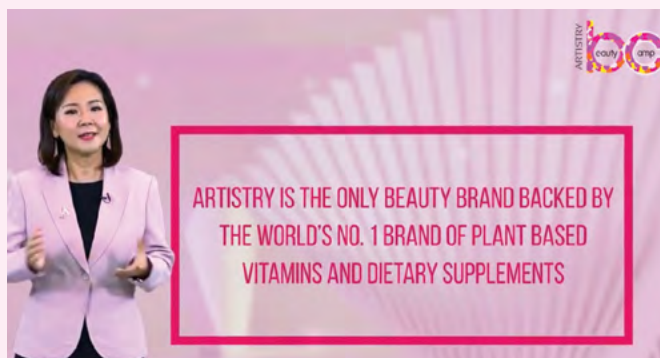


2020 Event Highlights (Cont'd)

ARTISTRY Beauty Community Leader Workshop

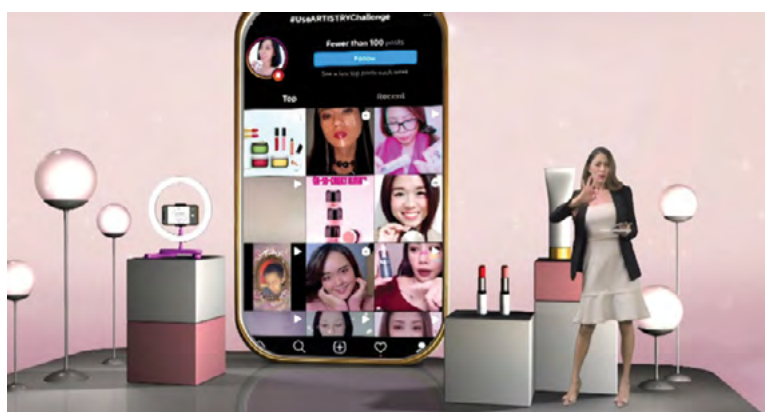
Held from 22-24 June, the ARTISTRY Beauty Community Leader Workshop for Platinums and Above Leaders taught viewers how to start, grow or sustain their own beauty community by leveraging on social media. ARTISTRY STUDIO Global Passionista Andrea DeVos got the ball rolling, revealing the importance of using beauty to express herself as well as her love of connecting with so many around the world through her passion for beauty. Head of Marketing Joanne Chong then took to the screen to update the latest global trends, such as the rise of women in direct selling, the steady growth of the beauty industry as well as the changing demands and expectations of consumers. Social media expert and digital marketing trainer Wan Yuee Low, delved into the crucial

knowledge and skills required to grow one's business through social media marketing. Executive Diamond Quintina Leung from Hong Kong joined as a guest speaker, to share her take on community building and community engagement, from choosing and training your team to boosting online beauty marketing and even product bundling. Finally, Chong unveiled ARTISTRY's plans to strengthen the company's beauty business via social media. She also announced three upcoming launches to look forward to: the much-loved Dermasonic's relaunch as a permanent item, SIGNATURE SELECT Body's introduction of personalised body care into the brand's luxurious range and ARTISTRY STUDIO's new makeup collection - Shanghai Edition.



ARTISTRY Beauty Community Passionista Workshop

Thousands of viewers tuned in to the ARTISTRY Beauty Community Passionista Workshop which was held on June 27. Emcee Nadia Heng, former Miss World Malaysia, TV host and actress, livened up the virtual stage with her energy and reintroduced Andrea DeVos with her inspiring words. Diamond Francisca Lo of Hong Kong shared her success story on rising to the challenge of using COVID-19 as an opportunity to reconnect with women and addressing changing needs during times of crisis. Diamond Meimy Boontiwa of Thailand revealed her secret of achieving success at the young age of 26 from how to grow your business with social media by sharing one's natural personality online, to knowing what to focus on in terms of content, keywords, hashtags and even timing of posts. Digital marketing consultant and trainer Zevin Goay shared her wisdom on how to build personal branding and increase social media outreach. All in all, the Beauty Community Workshops were a hit, leaving beauty lovers wanting more.



XS Fans Flock the Fiery Fiesta

On 28 June 2020, @xs_msb held the XS Fiery Fiesta on Instagram Live to ring in the launch of their newest energy drink flavour - Pink Grapefruit Fiery Blaze. Dressed in her favourite shades of pink, Category Manager Joyce Tan took viewers through the wonders of the XS Pink Grapefruit Fiery Blaze. Not only armed with a flashy name and brand new can design, the energy drink comes with the added boost of green coffee bean extract. That's caffeine and chlorogenic acid together, which is best known for its fat-burning properties. With over 1,000 people tuning in, slick beats and great bass accompanied the XS Fiery Fiesta, which was held at the all new FitFactory by XS, another one of XS' newest projects. Built early this year, the FitFactory by XS, which calls Amway HQ in Petaling Jaya home, is one of the newest and coolest workout spaces available to ABOs looking to break a sweat.



Beauty Begins from Within

To spread awareness on the importance of collagen and how it makes you glow on the outside and feel better on the inside, a Nutrilite Mixed Collagen Peptide Drink rally took place virtually on 22 August 2020. Titled 'Beauty Begins from Within', the rally kicked off with Joanne Chong, Head of Marketing, explaining the need for a collagen peptide drink. She also illustrated how banking in on supplements that combine both health and beauty can help revolutionise your Amway business. Keynote speaker, Dr Clark Chen, shared on the benefits of collagen peptide and how it helps protect your skin and nourish your body. Dr Clark Chen is a Nutrition Investigation Scientist from Amway China's R&D Centre. Following his presentation, the 2,000 viewer-strong rally also saw five ABOs share their product testimonials after using it for a specific period.



Corporate Information

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Kuan Hui Fang (MIA 16876)

SSM PC No. 202008001235

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Standard Chartered Bank Malaysia

Berhad

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Fax : 03-7946 2399

E-mail : ir@amway.com

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www.amway.my

STOCK EXCHANGE LISTING

Main Market

Bursa Malaysia Securities Berhad

Stock Code : 6351

Stock Name : AMWAY

Directors' Profiles



TAN SRI FAIZAH BINTI MOHD TAHIR

Chairperson and Senior Independent
Non-Executive Director

Nationality : Malaysian

Age : 70

Gender : Female

Tan Sri Faizah Binti Mohd Tahir (Tan Sri Faizah) was appointed a Director of Amway (Malaysia) Holdings Berhad ("AMHB") on 8 May 2014. She is the Chairperson and Senior Independent Non-Executive Director of AMHB. Tan Sri Faizah is also a member of both the Audit Committee and Remuneration Committee.

She graduated with a Bachelor of Economics (Honours) from Universiti of Malaya and obtained a Master of Arts (Development Economics) from Williams College, the United States of America.

She joined the Economic Planning Unit ("EPU"), Prime Minister's Department in 1973 and served in the Agriculture, Distribution and Human Resource Sections in various capacities. Her last position at the EPU was as its Director, Trade and Industry Section before she was appointed as the Secretary-General of the Ministry of Women, Family and Community Development, a position which she held from 2001 until her retirement in 2009.

Tan Sri Faizah is the Chairman of OrphanCare Foundation and Yayasan Sejahtera, and also sits on the Board of

Temasek Foundation International (formerly known as Temasek Foundation), Singapore.

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

Tan Sri Faizah is not a shareholder of the Company. She does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offence within the past five years, nor has she had any public sanction or penalty imposed upon her by the relevant regulatory bodies during the financial year.

Tan Sri Faizah attended all four Board meetings held during the financial year ended 31 December 2020.

Directors' Profiles (Cont'd)



MICHAEL JONATHAN DUONG
Managing Director

Nationality : American
Age : 47
Gender : Male

Michael Jonathan Duong (Mr. Mike Duong) was appointed a Director of Amway (Malaysia) Holdings Berhad ("AMHB") on 1 January 2017. He was also appointed a Director of both Amway (Malaysia) Sdn. Bhd. ("AMSB") and Amway (B) Sdn. Bhd. ("ABSB") on 1 January 2017. On 1 May 2018, he went on to helm AMHB, AMSB, ABSB and Amway (Singapore) Pte. Ltd. as Managing Director.

He began his career with Amway holding the positions of Director of Internal Audit, Director of Amway Business Services Asia Pacific, and Director of Strategy & Planning Asia Pacific between 2008 and 2015. Prior to his employment with Amway, Mr. Mike Duong worked with Boeing from 1997 to 2008. His last post with Boeing was as its Senior Manager of Global Financial Services.

He graduated with a Bachelor of Science – Mechanical Engineering from Boston University College of Engineering, Boston, MA.

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

Mr. Mike Duong is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offence within the past five years, nor has he had any public sanction or penalty imposed upon him by the relevant regulatory bodies during the financial year.

Mr. Mike Duong attended all four Board meetings held during the financial year ended 31 December 2020.



LOW HAN KEE

Non-Independent Non-Executive Director

Nationality : Malaysian

Age : 61

Gender : Male

Low Han Kee (Mr. Low) was appointed a Director of Amway (Malaysia) Holdings Berhad ("AMHB") and Amway (Malaysia) Sdn. Bhd. ("AMSB") on 6 June 1996 and 16 October 1995 respectively.

He joined AMSB in 1990 as the Divisional Manager of the Finance & Administration Division and was promoted to General Manager in 1993 before being appointed as the Managing Director in 1998, a position which he retired from on 31 January 2016. He also served as Managing Director of AMHB from 1998 until his retirement on 31 January 2016. He was also a Director of Amway (B) Sdn. Bhd.

He qualified as a Certified Public Accountant in 1984 whilst serving in Ernst & Whinney (now known as Ernst & Young PLT), an international accounting firm. He brings to the table more than 30 years of financial expertise, having held senior finance positions in companies listed on Bursa Malaysia Securities Berhad ("Bursa Securities"), including Mulpha International Trading Corporation Berhad, a group involved in trading, construction and engineering, where he last held

the position of Group Chief Accountant, from 1985 to 1990 before leaving to join AMSB.

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

Save as disclosed, Mr. Low does not hold any directorships in other public companies and listed issuers.

Mr. Low is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offence within the past five years, nor has he had any public sanction or penalty imposed upon him by the relevant regulatory bodies during the financial year.

Mr. Low attended all four Board meetings held during the financial year ended 31 December 2020.

Directors' Profiles (Cont'd)



SCOTT RUSSELL BALFOUR

Non-Independent Non-Executive Director

Nationality : American

Age : 59

Gender : Male

Scott Russell Balfour (Mr. Scott Balfour) was appointed a Director of Amway (Malaysia) Holdings Berhad on 15 January 2004. He is the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nominating 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 the Vice President and Deputy General Counsel, International Legal and Business Conduct and Rules - Asia and Greater China of Alticor Inc. He coordinates and oversees Alticor's diverse legal issues for all of Alticor's Asian affiliates, including those in Australia, China, Korea, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, Thailand and Vietnam. Mr. Scott Balfour also leads several legal and business conduct and rules teams in the markets that are responsible for ensuring compliance with diverse laws, including direct selling and fair trade laws as well as compliance with Amway's Code of Conduct for the benefit of more than three million Amway Business Owners.

Prior to joining Alticor in 1998, he spent eight years as a Senior Foreign Legal Consultant for the law firm of Kim & Chang in Seoul, South Korea. His clients included Amway, Citibank, Pepsico, Morgan Stanley, Nike, McDonald's, 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.

Mr. Scott Balfour does not hold any directorships in other public companies and listed issuers.

Mr. Scott Balfour is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offence within the past five years, nor has he had any public sanction or penalty imposed upon him by the relevant regulatory bodies during the financial year.

Mr. Scott Balfour attended all four Board meetings held during the financial year ended 31 December 2020.



**DATO' ABDULLAH THALITH
BIN MD THANI**
Independent Non-Executive Director

Nationality : Malaysian
Age : 66
Gender : Male

Dato' Abdullah Thalith Bin Md Thani (Dato' Abdullah) was appointed a Director of Amway (Malaysia) Holdings Berhad on 15 May 2015. He is the Chairman of the Nominating Committee and also a member of the Audit Committee. Dato' Abdullah was also a member of the Remuneration Committee from 15 May 2015 until his resignation from the same on 26 February 2020.

He graduated with a Bachelor of Surveying (Property Management) from Universiti Teknologi Malaysia in 1978 and obtained a Master of Science (Business Studies) from the University of Salford in 1993.

Dato' Abdullah started his career as a Valuation Officer in the Valuation and Property Services Department, Ministry of Finance, in 1978. His career in the Ministry saw him serve in various capacities including as District Valuer, State Director, Director of National Institute of Valuation, Director of National Property Information Centre ("NAPIC"), Deputy Director General and subsequently the Director General of the Department in 2006. He retired from public service in 2012.

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

Save as disclosed, Dato' Abdullah does not hold any directorships in other public companies and listed issuers.

Dato' Abdullah is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offence within the past five years, nor has he had any public sanction or penalty imposed upon him by the relevant regulatory bodies during the financial year.

Dato' Abdullah attended all four Board meetings held during the financial year ended 31 December 2020.

Directors' Profiles (Cont'd)



ABD MALIK BIN A RAHMAN
Independent Non-Executive Director

Nationality : Malaysian
Age : 72
Gender : Male

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

He is a Chartered Accountant member of the Malaysian Institute of Accountants ("MIA"), a Fellow of the Association of Chartered Certified Accountants (UK) ("ACCA"), and a member of the Malaysian Institute of Certified Public Accountants ("MICPA"). En. Abd Malik is also a member of the Malaysian Institute of Management ("MIM") and a Fellow of the Institute of Corporate Directors Malaysia ("ICDM").

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

En. Abd Malik is currently a Board member of Mah Sing Group Berhad.

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

En. Abd Malik 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 not been convicted of any offence within the past five years, nor has he had any public sanction or penalty imposed upon him by the relevant regulatory bodies during the financial year.

En. Abd Malik attended all four Board meetings held during the financial year ended 31 December 2020.



DATIN SERI AZREEN BINTI ABU NOH
Independent Non-Executive Director

Nationality : Malaysian
Age : 51
Gender : Female

Datin Seri Azreen Binti Abu Noh (Datin Seri Azreen) was appointed a Director of Amway (Malaysia) Holdings Berhad on 26 February 2019. She is a member of the Audit Committee and was subsequently appointed a member of the Remuneration Committee on 26 February 2020.

She graduated with a Bachelor Degree of Law ("LLB") from Universiti Kebangsaan Malaysia and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1996. Her exposure in legal areas includes litigation and arbitration, particularly on the corporate, commercial and conveyancing fronts.

She is also the Managing Director of Deluxe Merchant Sdn. Bhd. and has accumulated vast entrepreneurial experience in the food and beverage business.

In addition, Datin Seri Azreen is also an advocate for empowering children with learning disabilities including dyslexia. In 2017, Datin Seri Azreen received the "Personaliti Industri dan Usahawan Malaysia" award from NiagaTimes for her immense contribution to the food and beverage sector.

In September 2020, Datin Seri Azreen conceptualised and created DMmart C-Store in Melaka which has been acknowledged by the State Government of Melaka as one of the state's 12 potential new domestic tourist attractions.

Datin Seri Azreen is currently a Board member of Ta Win Holdings Berhad and Asia Poly Holdings Berhad.

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

Datin Seri Azreen is not a shareholder of the Company. She does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offence within the past five years, nor has she had any public sanction or penalty imposed upon her by the relevant regulatory bodies during the financial year.

Datin Seri Azreen attended all four Board meetings held during the financial year ended 31 December 2020.

Directors' Profiles (Cont'd)

AIDA BINTI MD DAUD

Non-Independent Non-Executive Director

Nationality : Malaysian

Age : 60

Gender : Female



Aida Binti Md Daud (Pn. Aida) was appointed a Director of Amway (Malaysia) Holdings Berhad on 21 August 2019.

She obtained a Bachelor of Science in Business Administration (Finance and Law) from the University of Portland and later gained a Master of Business Administration (Finance) from the University of Strathclyde.

Pn. Aida joined Permodalan Nasional Berhad ("PNB") in 1981 and began her career as an Analyst in company analysis and corporate finance. She has over 30 years of experience in research, company and industry analysis as well as human capital management and talent development, including 22 years of experience in management. Her last position at PNB prior to her departure at the end of February 2021 was as Group Head for PNB's Human Capital Division.

She joined the Financial Securities Institute of Australasia ("FINSIA") as an affiliate member in 1998 and became a Senior Associate member in 2005. She has also been a certified member of the Financial Planning Association of Malaysia since 2003 and was a member of its Board of Governors from 2007 to 2019.

Presently, Pn. Aida is a Board member of Fraser & Neave Holdings Berhad.

Save as disclosed, Pn. Aida does not hold any directorships in other public companies and listed issuers.

Pn. Aida 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 not been convicted of any offence within the past five years, nor has she had any public sanction or penalty imposed upon her by the relevant regulatory bodies during the financial year.

Pn. Aida attended all four Board meetings held during the financial year ended 31 December 2020.

Key Management Profiles

NG AI LEE

Chief Financial Officer

Nationality : Malaysian
Gender : Female
Age : 49

Ms. Ng Ai Lee was appointed as Amway Malaysia's Head of Finance in June 2014, and assumed her present position as Chief Financial Officer ("CFO") in May 2017. As CFO, Ms. Ng is responsible for all financial-related matters of the Group including financials, tax, treasury and risk management operations. She brings over 22 years of finance-related experience to the table having worked in similar capacities with various large and multinational companies in Malaysia and Singapore. These include companies involved in audit, pharmaceuticals, trading and manufacturing activities. Ms. Ng holds a Bachelor of Accounting from the University of Malaya. She is also a member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA").

LEONG KOK FONG

Chief Sales & ABO Experience Officer

Nationality : Malaysian
Gender : Male
Age : 47

Mr. Leong Kok Fong joined Amway Malaysia as its Head of Marketing in December 2013, and was appointed as Chief Sales & ABO Experience Officer in May 2020 upon the departure of the previous Head of Sales, Ms. Kok Lay Cheng, to take on a new role in Singapore. Leading the Sales Division, his team is collectively responsible for various Amway Business Owner ("ABO") matters, including modernising the ABO experience and its various touchpoints. Mr. Leong graduated from the University of Malaya with a major in Business Administration. He has many years of related industry experience having helmed marketing and communication positions previously with well-established large international retail and FMCG companies.

WONG CHOOM YEE

Head of Human Resources

Nationality : Malaysian
Gender : Female
Age : 51

Ms. Wong Choom Yee joined Amway Malaysia as its Head of Human Resources in February 2017. She is in charge of implementing Amway's human resource strategies which include talent management and development, retention, facilities as well as other matters related to human capital which support the Group's overall strategic objectives. Ms. Wong brings with her more than 20 years of experience, having helmed the full spectrum of human resource functions leading organisations in the cement, power and telecommunications industries. She holds professional qualifications from the Institute of Chartered Secretaries and Administrators ("ICSA") and a Diploma in Human Resources Management from the Malaysian Institute of Human Resource Management.

CHONG SEW PENG

Head of Marketing

Nationality : Malaysian
Gender : Female
Age : 46

Ms. Chong Sew Peng was appointed Amway Malaysia's Head of Marketing in June 2020 in place of Mr. Leong Kok Fong who went on to take up the position of Chief Sales & ABO Experience Officer. She joined Amway in 1999 and has vast experience in both regional and local marketing. Ms. Chong oversees Amway Malaysia's brand/category strategy development, portfolio strategy and commercial innovations portfolios and manages the overall day-to-day marketing and communication operations for Malaysia and Brunei. She also supports long-term strategic business development in the areas of both marketing and digital communication. She is a graduate of the University of Central Arkansas with a major in Business Administration (Marketing).

MOHAMAD ZAIHAN BIN

MOHAMED ARIFFIN

Head of Corporate & Government Affairs

Nationality: Malaysian
Gender: Male
Age: 46

En. Mohamad Zaihan joined Amway Malaysia as its Head of Corporate & Government Affairs in December 2016. Leading this Division, he is the key liaison, coordinator and spokesperson on issues regarding Government affairs and the company's contribution towards the Direct Selling industry. En. Mohamad Zaihan graduated from RMIT University with a major in Media Studies. He has many years of related industry experience from his time working in the advertising industry and with financial institutions, Government Linked Companies and multinational organisations. At the time of writing, En. Mohamad Zaihan is representing Amway and the Direct Selling industry as a member of the Board of Directors for the Direct Selling Association of Malaysia ("DSAM").

Amway Malaysia's Senior Management do not hold any directorships in any public companies or listed issuers. None of the Senior Management mentioned above are shareholders of the Company. They do not have any familial ties with any Director and/or major shareholder of the Company nor any conflicts of interest with the Company. They have not been convicted of any offence in the past five years, nor have they had any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year.

Corporate Governance Overview Statement

The Board of Directors ("Board") is committed to maintaining a high standard of corporate governance throughout Amway (Malaysia) Holdings Berhad ("Amway" or "the Company") and its subsidiaries (collectively "the Group") as part of its strategic approach towards ensuring the sustainability of the Group's business and operations while safeguarding stakeholders' interests and enhancing shareholders' value.

For the financial year ended 31 December 2020 ("FY2020"), the Board continued to provide oversight on corporate governance and, by working together with Senior Management, further refined its corporate governance practices to ensure closer alignment with the Malaysian Code on Corporate Governance ("MCCG").

This Corporate Governance Overview Statement ("CG Overview Statement") is intended to provide an overview on how the Group achieved the following in FY2020:

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

Comprehensive details of Amway's overall approach and specific practices pertaining to corporate governance are disclosed in the Company's FY2020 Corporate Governance Report ("CG Report"). The CG Report provides a detailed account of how Amway has applied or departed from (and has adopted an alternative approach) in relation to the individual practices set out by the MCCG.

The CG Report is published at the same time as Amway's Annual Report 2020 and can be accessed via www.amway.my.

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

In FY2020, Amway complied with 30 out of the total 31 recommended practices for non-Large Companies under the MCCG with the exception of the following:

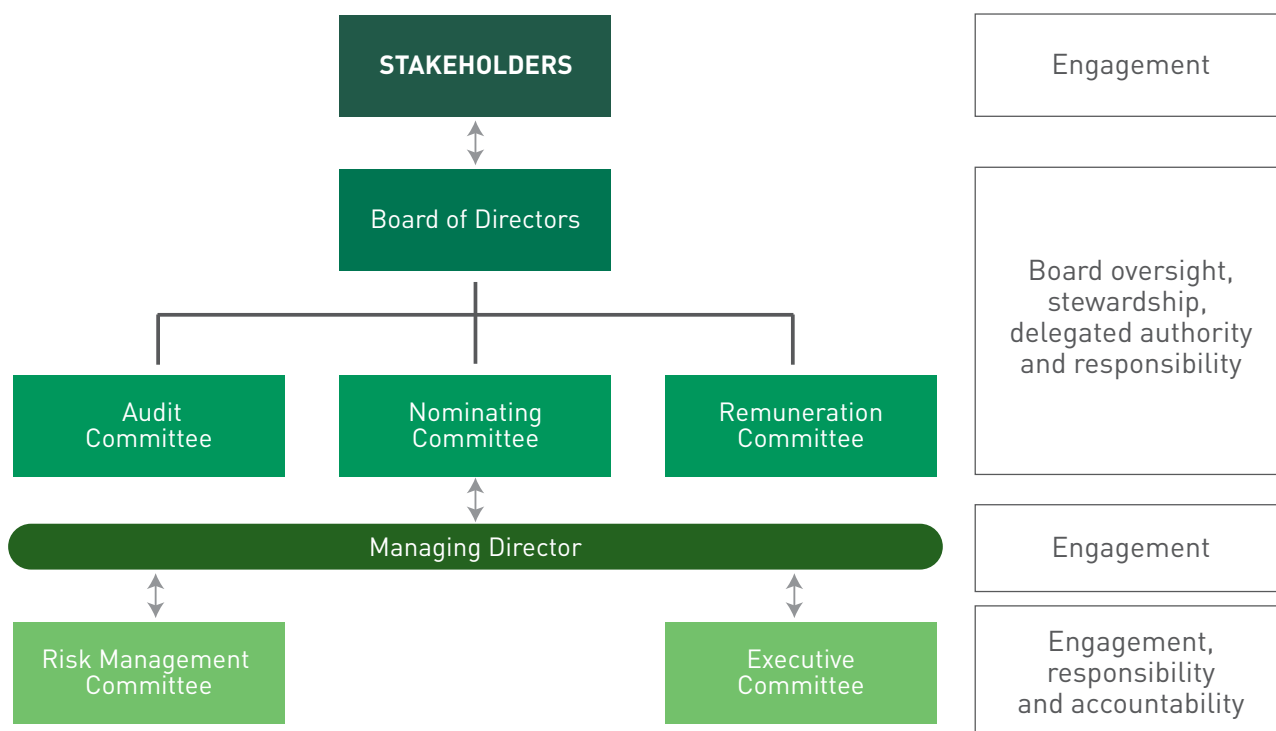
PRACTICE	DESCRIPTION
Practice 7.2	The Board discloses on a named basis the top five Senior Management's remuneration components including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

GOVERNANCE FRAMEWORK



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

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

- Reviewing and adopting a strategic plan for the Group to ensure an appropriate balance between long-term growth and short-term business targets as well as to safeguard shareholders' value and interests;
- Reviewing the Group's operating budget proposed by Senior Management;
- Reviewing the Group's unaudited quarterly financial results and annual audited financial statements;
- Evaluating the adequacy and effectiveness of the system of internal control and risk management processes as well as mitigating measures to address financial, operational, business and corruption risks;
- Ensuring that the Board has capable and qualified members with diverse backgrounds and skills as well as ensuring the establishment of appropriate roles for the Board and Board Committees;
- Ensuring a collaborative and constructive relationship between the Board and Senior Management;
- Overseeing the development and implementation of an investor relations programme for the Group; and
- Reviewing and determining the remuneration of the Board, Managing Director ("MD") and Senior Management to ensure that the compensation offered is competitive and aligned with the Group's Remuneration Packages.

Corporate Governance Overview Statement (Cont'd)

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

- Board Charter;
- Boardroom Diversity Policy;
- Code of Ethics, Whistleblower Policy, and Anti-Bribery and Corruption Policy;
- Investor Relations Policy; and
- Enterprise Risk Management Policy and Internal Audit Charter.

The Board regularly reviews its governance framework in response to developments in the regulatory space as well as per the Group's evolving requirements. It also is cognisant of the key role it plays while discharging its fiduciary and leadership duties.

BOARD CHARTER

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

The Board Charter is available at www.amway.my.

ROLES AND RESPONSIBILITIES OF KEY POSITIONS

Chairperson

- Provides leadership for the Board to ensure it executes its responsibilities effectively;
- Helms the Board towards ensuring good corporate governance within the Group;
- Represents the Board to shareholders;
- Maintains regular contact with the MD;
- Facilitates healthy discussion and deliberation at Board meetings and ensures all Board members participate actively;
- Sets the Board agenda and ensures Board members receive all required information in a timely manner prior to meetings; and
- Manages the interface between the Board and Management.

Independent Directors

- Safeguard the interests of shareholders and bring an independent, non-biased perspective on matters discussed by the Board;
- Specifically look into matters of corporate governance within the Group while providing an independent perspective of the proposals and plans put forward by the MD; and
- Monitor the areas of discussion, notably on those where potential conflicts of interest situations may arise.

Non-Executive Directors

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

Managing Director

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

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

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

These include strategic issues and planning, performance reviews, capital expenditure, authority levels, risk management, the appointment of external auditors, announcements to Bursa Securities, and approval of the financial statements as well as the adequacy and integrity of internal controls and risk management, of both the Company and the Group.

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

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

SEPARATION OF ROLES BETWEEN THE BOARD AND SENIOR MANAGEMENT

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

The MD together with Senior Management oversee day-to-day management of the Group which include financial, business and operational matters within the prescribed limits of authority and in accordance with the Group's standard operating procedures.

Their role encompasses developing operational strategies and setting key performance indicators ("KPIs") to realise the approved business plan for the year. In executing their roles, Senior Management is supported by the rest of the management personnel and staff.

The Board however, retains the ultimate responsibility for decision making and is responsible for the oversight and stewardship of the Group.

BOARD MEETINGS AND ACCESS TO INFORMATION AND ADVICE

The agenda and Board papers are circulated to the Board members at least five (5) business days prior to Board and Board Committee meetings. This is to allow sufficient time for the Board to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making. The minutes of the previous Board meeting are circulated to all Directors for their perusal prior to confirming these minutes at the commencement of the following Board meeting.

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

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs. The Board is provided with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or other means upon specific request, for more informed decision making and effective discharge of the Board's responsibilities.

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

The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows to the Board and Board Committees, and between the Non-Executive Directors and Management. Directors have unrestricted access to the advice and services of both the Company Secretaries.

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

Corporate Governance Overview Statement (Cont'd)

BOARD ACTIVITIES AND TASKS IN FY2020

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

FOCUS AREA	ACTIVITIES AND ACCOMPLISHMENTS
Financial and Operations	<ul style="list-style-type: none"> • Deliberated on and approved capital expenditures; • Deliberated on and approved the Group's budget and forecasts; • Reviewed principal business risks and ensured the implementation of mitigating measures and internal controls; • Deliberated on and approved unaudited quarterly financial results and annual audited financial statements; and • Reviewed internal audit findings and management responses.
Strategic Plans and Sustainability	<ul style="list-style-type: none"> • Reviewed business strategies and operating plans; • Oversaw the conduct of the Group's business; • Assessed and monitored the impact of COVID-19 on the Group's business operations, together with the measures and initiatives undertaken to safeguard the health of employees and Amway Business Owners ("ABOs") as well as to support ABO businesses and communities; and • Reviewed the succession planning and remuneration of the Board and Senior Management.
Corporate Governance	<ul style="list-style-type: none"> • Reviewed the Group's corporate governance framework to better align with the Listing Requirements of Bursa Securities and the MCGG; • Reviewed Board effectiveness; • Reviewed the term of office and performance of the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"); and • Reviewed and approved a Group-wide Anti-Bribery and Corruption Policy in line with the Guidelines on Adequate Procedures following the introduction of the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into force on 1 June 2020.

II. BOARD COMPOSITION

The Board currently has eight (8) Directors, comprising one (1) Executive Director (Managing Director) and seven (7) Non-Executive Directors. Of the seven (7) Non-Executive Directors, four (4) are Independent Directors. The Board currently consists of the following:

- Tan Sri Faizah Binti Mohd Tahir (Chairperson & Senior Independent Non-Executive Director or "INED");
- Mr. Michael Jonathan Duong (Managing Director or "MD");
- Dato' Abdullah Thalith Bin Md Thani (INED);
- En. Abd Malik Bin A Rahman (INED);
- Datin Seri Azreen Binti Abu Noh (INED);
- Mr. Low Han Kee (Non-INED);
- Mr. Scott Russell Balfour (Non-INED); and
- Pn. Aida Binti Md Daud (Non-INED).

Throughout FY2020, the MD was the sole Executive Director on the Board and no alternate Director was appointed in respect of any of the Directors. There was also no new appointment nor resignation of Directors during the year.

For more details on the Board composition, please refer to the Directors' Profiles on pages 51 to 58 of this Annual Report.

In terms of gender diversity, three (3) Directors including the Chairperson, out of the eight (8) Board members are women. As such, women Directors today comprise 38% of the Board. This surpasses Amway's Boardroom Diversity Policy of having at least one (1) female Director on the Board and Practice 4.5 of the MCGG that requires Large Companies to have at least 30% women Directors (although Amway is not categorised as a Large Company).

Collectively, the Board brings a diverse range of skills, expertise, qualifications, backgrounds and experiences to Amway. The current Board composition reflects both ethnic and gender diversity, which we believe is valuable for ensuring a rich spectrum of views and opinions to facilitate more comprehensive dialogue and a more robust decision-making process.

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

COLLECTIVE SKILLS AND COMPETENCE OF THE BOARD

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

BOARD INDEPENDENCE

Currently, four (4) of the eight (8) Directors (representing 50% of the Board) are Independent Directors. Throughout FY2020, the Board composition not only exceeded the one-third (1/3) requirement of Independent Directors as set out under the Listing Requirements but also complied with Practice 4.1 of the MCGG which stipulates that at least half of the Board comprises Independent Directors, which is also in line with the Board Charter.

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

The NC, following its annual assessment is satisfied that in FY2020, all Independent Directors of Amway demonstrated a high level of independence and acted, to the best of their abilities, in the best interests of the Group. In justifying its decision, the NC is entrusted to assess the Directors' suitability to continue as INEDs based on the criteria for independence.

SENIOR INED

The Company's Chairperson, Tan Sri Faizah Binti Mohd Tahir, is also the Senior INED and serves as an independent point of contact for shareholders. The Senior INED may be reached via email at Faizah.Tahir@Amway.com.

Corporate Governance Overview Statement (Cont'd)

CONFLICTS OF INTEREST

In the event of conflicts of interest, the Board has established processes for declaring and monitoring actual and potential conflicts.

The Code of Ethics is available at www.amway.my.

BOARD COMMITTEES

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

COMMITTEE	RESPONSIBILITIES
AC	<ul style="list-style-type: none"> Oversees the financial reporting process; Assesses the effectiveness of the system of internal control and risk management processes; and Reviews the independence of Internal and External Auditors, and the performance of the audit functions.
NC	<ul style="list-style-type: none"> Assesses the effectiveness of the Directors, Board and its Committees; Proposes new nominees to the Board and Board Committees; and Assesses the independence of the Independent Directors.
RC	<ul style="list-style-type: none"> Recommends Directors' fees and allowances of the Non-Executive Directors taking into account their responsibilities and time commitment; and Recommends the remuneration packages of the Executive Director and Senior Management based on individual performance and that of the Group.

All Committees report to the respective Chairman of each Committee, who in turn reports to the Board to keep the Board members apprised of matters discussed at the Committee level.

THE AC

The Board's AC comprises exclusively of five (5) Non-Executive Directors, the majority of whom are Independent Directors. The current AC composition is as follows:

- En. Abd Malik Bin A Rahman (Chairman, INED);
- Tan Sri Faizah Binti Mohd Tahir (Member, Senior INED);
- Dato' Abdullah Thalith Bin Md Thani (Member, INED);
- Datin Seri Azreen Binti Abu Noh (Member, INED); and
- Mr. Scott Russell Balfour (Member, Non-INED).

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

The Terms of Reference of the AC can be found at our website www.amway.my.

THE RC

The Board's RC comprises exclusively of three (3) Non-Executive Directors, the majority of whom are Independent Directors.

On 26 February 2020, Dato' Abdullah Thalith Bin Md Thani resigned from the RC and Datin Seri Azreen Binti Abu Noh was appointed as a member of the RC on the same day. The current RC composition is as follows:

- Mr. Scott Russell Balfour (Chairman, Non-INED);
- Tan Sri Faizah Binti Mohd Tahir (Member, Senior INED); and
- Datin Seri Azreen Binti Abu Noh (Member, INED).

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

The Terms of Reference of the RC can be found at our website www.amway.my. The main activities of the RC during the year in review included the following:

- Reviewed and recommended the remuneration for the MD and Senior Management; and
- Reviewed and recommended the Director's fees and benefits for the Non-Executive Directors.

All recommendations of the RC are reported by the RC Chairman at the Board Meeting and are subject to the approval of the Board.

THE NC

The Board's NC comprises exclusively of three (3) Non-Executive Directors, the majority of whom are Independent Directors.

The current NC composition is as follows:

- Dato' Abdullah Thalith Bin Md Thani (Chairman, INED);
- En. Abd Malik Bin A Rahman (Member, INED); and
- Mr. Scott Russell Balfour (Member, Non-INED).

The NC is tasked with specific terms of reference to assist the Board to identify, consider and recommend suitable individuals for appointment as Directors of the Board and Board Committees. This NC is also responsible for identifying training programmes for the Board as well as reviewing the Board's succession planning and assessing the Directors on an ongoing basis.

The Terms of Reference of the NC can be found at our website www.amway.my. The main activities of the NC during the year in review included the following:

- Reviewed and assessed the mix of skills, experience, size and composition of the Board of Directors;
- Reviewed and assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment, character, experience, integrity and competency;
- Assessed the effectiveness and performance of the Executive Director;
- Assessed the independence of the Independent Directors based on criteria set out in the Listing Requirements;
- Reviewed the character, experience, integrity, competency and time to effectively discharge the roles of the MD and Chief Financial Officer ("CFO");
- Accepted the resignation of Dato' Abdullah Thalith Bin Md Thani as a member of the RC and recommended the appointment of Datin Seri Azreen Binti Abu Noh as his replacement; and
- Reviewed and recommended the re-election of Tan Sri Faizah Binti Mohd Tahir, Mr. Scott Russell Balfour, Mr. Michael Jonathan Duong and Pn. Aida Binti Md Daud who were subject to retirement by rotation.

The NC held one (1) meeting during FY2020. All recommendations of the NC are reported by the NC Chairman at the Board Meeting and are subject to the approval of the Board.

Corporate Governance Overview Statement (Cont'd)

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

MANAGEMENT GOVERNANCE FRAMEWORK	
RMC	EXCOM
<ul style="list-style-type: none"> Ensures effective implementation and maintenance of the risk management framework; and Manages the Group's principal business risks on a timely basis. 	<ul style="list-style-type: none"> Implements the Group's strategic plan, policies and decision adopted by the Board; and Oversees the operations and business development of the Group.

TIME COMMITMENT

The Board recognises that it is necessary for all Directors to allocate sufficient time to effectively discharge their duties. This includes attending meetings, being able to review Board papers prior to meetings and providing constructive viewpoints.

This is in addition to the duties or commitments if the said Directors also serve on any Board Committees. The Board obtains this commitment from Directors at the time of their appointment. For the year under review, Amway's Directors remained fully committed as reflected by their full attendance at the Board meetings and Board Committee meetings held during FY2020.

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

In accordance with Board Charter, Directors seeking to accept any new directorships are required to notify the Chairperson, notwithstanding that Paragraph 15.06 of the Listing Requirements allows a Director to sit on the boards of five (5) listed issuers. At present, no Directors have more than five (5) directorships at any one time.

BOARD AND COMMITTEES ATTENDANCE

The following table outlines the attendance of the Board Members for Board meetings and Board Committee meetings held during FY2020:

Directors	Number of Meetings Held			
	Board	AC	RC	NC
Non-Executive Directors				
Tan Sri Faizah Binti Mohd Tahir	4/4	5/5	1/1	N/A
Dato' Abdullah Thalith Bin Md Thani (Resigned as RC member on 26 February 2020)	4/4	5/5	1/1	1/1
Mr. Low Han Kee	4/4	N/A	N/A	N/A
Mr. Scott Russell Balfour	4/4	5/5	1/1	1/1
En. Abd Malik Bin A Rahman	4/4	5/5	N/A	1/1
Datin Seri Azreen Binti Abu Noh (Appointed as RC member on 26 February 2020)	4/4	5/5	N/A ⁽¹⁾	N/A
Pn. Aida Binti Md Daud	4/4	N/A	N/A	N/A
Executive Director				
Mr. Michael Jonathan Duong	4/4	N/A	N/A	N/A

Notes:

(1) No meeting was held after her appointment.

All Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Listing Requirements. The Board is satisfied with the level of time commitment afforded by its Directors in FY2020 towards fulfilling their roles and responsibilities as Directors of the Group.

BOARD EFFECTIVENESS

BOARD PERFORMANCE EVALUATION

The Board and individual members are assessed annually by the NC via a Board Effectiveness Evaluation ("BEE") exercise. Directors are assessed based on the following:

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

Having conducted the BEE in FY2020, the Board is satisfied with the outcome of the BEE. Areas requiring improvements were identified and action plans were recommended to the Board for implementation.

As part of the BEE process, the Board also reviewed the self-evaluation form completed by the MD and CFO. After considering the Group's overall performance, the NC is satisfied with the character, experience, integrity, competence and time commitment of the MD and CFO in the discharge of their roles in FY2020.

Corporate Governance Overview Statement (Cont'd)

BOARD APPOINTMENTS

The NC is responsible for recommending suitable candidates to the Board with the aim of strengthening the Board's existing skills matrix as well as to ensure a constant rejuvenation of its Directors so that they can inject fresh perspectives and ideas while ensuring strong corporate governance. Candidates are sourced using a wide range of channels, beyond the recommendations of present or former Directors.

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

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

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

RE-ELECTION OF DIRECTORS

In compliance with the Constitution of the Company, one third (1/3) of the Directors shall retire by rotation at each Annual General Meeting ("AGM"), and a Director who is appointed during the year shall retire at the next AGM. The Constitution provides that all Directors shall retire from office at least once every three (3) years.

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

As of 31 December 2020, there was no INED who remained seated on the Board for a cumulative period beyond nine (9) years. The Board has in essence complied with Practice 4.2 of the MCCG which stipulates that the tenure of an Independent Director should not exceed a cumulative term limit of nine years.

BOARD TRAINING

The Board, via the NC, continues to review and assess the training needs of each Director should he/she require specific training for personal development or to keep abreast of changes in legislation and regulations affecting the Group.

All Directors have successfully completed the Mandatory Accreditation Programme within the stipulated timeframe as required by the Listing Requirements.

During the year, all Directors attended development and training programmes as well as conferences in areas of corporate governance, risk management, strategic, leadership, business intelligence and finance.

Over the course of FY2020, Amway's Directors attended conferences, seminars and training programmes which included the following:

Corporate Governance/ Risk Management

1. Preparing the Board for a post-COVID World
2. Virtual Forum on Women Shaping the Future in the Boardroom
3. The Big Conversation – Ethics & Sustainability
4. Directors' Continuing Education Programme 2020: Anti-Corruption System
5. Cyber Security Threats and Incident Response Awareness
6. Fraud Risk Management
7. Risk Refresher

Strategic/ Leadership/ Business Intelligence

1. Global Growth Conference & Global Sales Conference
2. IMF Regional Economic Outlook for Asia & the Pacific: Navigating the Pandemic – A Multispeed Recovery in Asia
3. Global Investment Strategy on Relocation & Expansion – What Major Asian Countries are Offering
4. Virtual Forum: Economic Outlook in an Uncertain World: Unpacking the Business Landscape in the Next 18 months
5. Business Strategy – Focus Four
6. Turnaround & Restructuring – The Banker's Perspective
7. Post-Budget Power Talk – Prosperity, Recovery, Resilience
8. Digitalising Organisation
9. Virtual Conference – Transformative Digital Careers
10. Transforming Business Performance through Digitalisation
11. Perspectives: Change from the Outside-In-Digital Disruption & Opportunity

Finance

1. Panel Discussion on COVID-19 Recovery: Role of the Accountancy Profession in Building a Just and Sustainable Future
2. Captain's Forum: Transformation towards Recovery – Financial Resilience

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

III. REMUNERATION

REMUNERATION POLICIES

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

This is in line with the Board's aim to retain, attract and reward talent that is essential for driving Amway forward in the realisation of its business goals.

DIRECTORS' REMUNERATION

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

For the MD (the sole Executive Director currently on the Board), remuneration is based on the achievement of key performance indicators ("KPIs") for the Group as well as individual KPIs. The Board deliberates on and approves the remuneration of the MD who shall abstain from deliberation and voting on his own remuneration. The RC adopts the ultimate holding company's employee compensation plan to set the remuneration of the MD.

The RC reviews and recommends to the Board the remuneration for the MD and further recommends the Non-Executive Directors' fees and benefits to the Board for shareholders' approval at the Company's AGM.

Corporate Governance Overview Statement (Cont'd)

Remuneration of the Directors for FY2020 is as follows:

Group	Fees	Salaries and other emoluments	Bonus	Allowances	Benefits -in-kind
	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Director Mr. Michael Jonathan Duong	-	1,620.2	948.8	-	403.7
Non-Executive Directors⁽³⁾ Tan Sri Faizah Binti Mohd Tahir	126.5	-	-	12.0	2.2
Dato' Abdullah Thalith Bin Md Thani	80.2	-	-	13.2	0.3
Mr. Low Han Kee	65.5	-	-	4.8	2.7
Mr. Scott Russell Balfour	-	-	-	-	-
En. Abd Malik Bin A Rahman	82.8	-	-	12.0	2.0
Datin Seri Azreen Binti Abu Noh	76.1	-	-	10.8	4.9
Pn. Aida Binti Md Daud	65.5 ⁽¹⁾	-	-	4.8	-

Company	Fees	Salaries and other emoluments	Bonus	Allowances	Benefits -in-kind
	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Director⁽²⁾ Mr. Michael Jonathan Duong	-	-	-	-	-
Non-Executive Directors Tan Sri Faizah Binti Mohd Tahir	126.5	-	-	12.0	2.2
Dato' Abdullah Thalith Bin Md Thani	80.2	-	-	13.2	0.3
Mr. Low Han Kee	65.5	-	-	4.8	2.7
Mr. Scott Russell Balfour	-	-	-	-	-
En. Abd Malik Bin A Rahman	82.8	-	-	12.0	2.0
Datin Seri Azreen Binti Abu Noh	76.1	-	-	10.8	4.9
Pn. Aida Binti Md Daud	65.5 ⁽¹⁾	-	-	4.8	-

Notes:

(1) Nominee Director whose Director's fees are paid to Permodalan Nasional Berhad ("PNB").

(2) The Executive Director did not receive any remuneration from the Company.

(3) The Non-Executive Directors did not receive any remuneration from the Company's subsidiaries.

Any bonus payable to the Executive Director is performance-based and relates to individual and Group achievement of specific goals. The Non-Executive Directors do not receive any performance-related remuneration. Meeting allowances are provided for attendance of meetings.

In accordance with the Companies Act 2016 or “the Act”, the payment of Directors’ fees and benefits shall be approved at a general meeting. The Board shall seek shareholders’ approval at the forthcoming 26th AGM for the payment of Directors’ fees and benefits for the Directors of the Company for FY2021.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

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

The AC is supported by the Company’s external and internal audit functions, as well as the RMC on matters pertaining to risk.

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

The AC is responsible for ensuring that the financial statements of the Group are made in accordance with the provisions of the Act and according to applicable accounting standards that result in a balanced and fair view of the financial state and performance of Amway, which includes financial results.

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

Other statements that provide analysis and insights into the Group’s financial and operational performance include the Management Discussion and Analysis section that is provided in this Annual Report.

The Directors are satisfied that in preparing the financial statements of the Company and of the Group for FY2020, the Group has applied the appropriate accounting standards and policies with consistency in the preparation of these financial statements. The Statement of Directors’ Responsibility is provided in this Annual Report.

EXTERNAL AUDITORS

The Board via the AC maintains a formal and transparent, professional relationship with the Group’s External Auditors, Ernst & Young PLT (“EY”). The role of the AC in relation to the External Auditors is described in the AC Report of this Annual Report.

On an annual basis, the AC considers the re-appointment of the External Auditors and their remuneration and makes recommendations to the Board. The External Auditors are subject to re-appointment each year at the AGM. The AC had, in February 2020, assessed the level of service provided by the External Auditors through the AC Evaluation Form, and took into consideration the following, amongst others:

- Provision of written assurance of independence from the External Auditors;
- The level of service, independence and non-audit services rendered;
- The quality and scope of the planning of the audit in assessing risks and how the External Auditors maintain or update the audit plan to respond to changing risks and circumstances;
- The quality and timeliness of reports provided to the AC;
- The level of understanding demonstrated of the Group’s business; and
- Communication to the AC about new and applicable accounting practices and auditing standards and their impact on the Group’s financial statements.

Corporate Governance Overview Statement (Cont'd)

EY have reported to the AC that, in their professional judgement, they are independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired.

The AC has considered the findings of the assessment together with EY's independence and the level of non-audit services rendered by them for FY2020. The AC is satisfied that EY continue to possess the competency, independence and experience required to fulfil their duties effectively. Based on the recommendation of the AC, the Board will be seeking shareholders' approval for the re-appointment of the External Auditors at the 26th AGM. The following is a summary of the fees paid or payable to the External Auditors:

Fees	FY2020	FY2019
Audit fees (RM)	299,091	205,000
Non-audit fees (RM)	13,957	10,000

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Directors are responsible for ensuring the annual audited financial statements and interim financial results are prepared in accordance with the provisions of the Act and applicable financial reporting standards in Malaysia. This includes adopting all necessary measures to ensure that all applicable accounting policies have been applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

RISK MANAGEMENT AND INTERNAL AUDIT

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

The Board has oversight for the risk management function via the AC which in turn is supported by the RMC. Supporting the RMC is the Group's internal audit function, which is outsourced to Deloitte Risk Advisory Sdn. Bhd. ("DRA"), an independent external professional firm. Further details on the key features of the risk management framework and the tasks undertaken by the RMC and DRA during FY2020 are set out in the Statement on Risk Management and Internal Control of this Annual Report.

In January 2021, KPMG Management & Risk Consulting Sdn. Bhd. was appointed to replace DRA in view of the fact that DRA had been undertaking the internal audit role for the past six (6) years.

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

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

For further information, please refer to the Statement on Risk Management and Internal Control in this Annual Report.

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

I. COMMUNICATION WITH SHAREHOLDERS

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

As stipulated in the Listing Requirements, the Board has formalised an Investor Relations policy which also governs pertinent corporate disclosure, including information that needs to be disseminated by persons authorised and responsible for approving and disclosing such material information to shareholders and stakeholders.

The Group's unaudited quarterly financial results are released within two (2) months from the end of each quarter and the annual audited financial results together with the Annual Report, which remains a key channel of communication, is published within four (4) months after the financial year end. In 2020, following the COVID-19 pandemic outbreak and the ensuing Movement Control Orders ("MCOs") imposed by the Government, Bursa Securities had on 16 April 2020 granted an extension of time to listed issuers until 30 June 2020 for the issuance of annual reports and quarterly financial results which were due by 30 April 2020 and 31 May 2020 respectively. In this regard, the Group issued its Annual Report 2019 and First Quarter 2020 financial results on 15 May 2020 and 23 June 2020 respectively.

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

Stakeholders can also email the Group at: ir@amway.com. However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

COMMUNICATION CHANNELS

The various channels of communications utilised are quarterly announcements on financial results to Bursa Securities; relevant announcements and circulars when necessary; an annual briefing to the financial community; the AGM; as well as the Group's website at www.amway.my where shareholders can access amongst other things, corporate information, annual reports, press releases, financial information, Company announcements and share prices.

During FY2020, a briefing session with investors and analysts was held on 28 February 2020 following the issuance of the Group's Fourth Quarter and Full Year 2019 financial results on 26 February 2020. The Board believes its practices in this area are consistent with both the principles concerning dialogue with stakeholders and good governance.

II. CONDUCT OF GENERAL MEETINGS

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

In keeping with Practice 12.1 of the MCCG, the notice to shareholders should be given at least 28 days in advance of the AGM. Hence, the Notice of the 25th AGM was issued on 15 May 2020, in effect being 38 days in advance of the scheduled AGM that was held on 23 June 2020.

The Company holds its AGM in a strategic and central location which is convenient for shareholders to attend and shareholders are encouraged to attend and convey their expectations and possible concerns on proposed resolutions and matters relating to the Group's operations before putting each resolution to a vote. In view of the COVID-19 pandemic outbreak and as part of the Group's safety measures, the Company's 25th AGM was held in a fully virtual manner through live streaming to facilitate remote shareholders' participation and online electronic poll voting.

Amway ensures that all Directors and the CFO attend the AGM so that matters brought up by the floor can be effectively addressed according to shareholders' expectations. Beyond the proposed resolutions, the AGM also serves as an avenue to share updates on the Group's performance as well as future business plans and strategies with shareholders. At the 25th AGM, all the Directors participated and the MD provided shareholders with an overview of the Group's operations, while the CFO provided a financial overview of the financial year's performance.

The minutes of the 25th AGM including the Question-and-Answer session is available to shareholders at www.amway.my.

Corporate Governance Overview Statement (Cont'd)

SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

About 140 shareholders and proxies participated in the fully virtual AGM held on 23 June 2020. About 20 proxy forms and certificates of corporate representatives were received, representing over 88% of the Company's total issued share capital.

Online electronic poll voting was conducted for all resolutions set out in the Notice of AGM. A scrutineer was also appointed to validate the votes cast at the AGM. All resolutions proposed were duly passed and the outcome of the AGM was announced to Bursa Securities on the same meeting day.

Shareholders at the AGM are encouraged to ask questions and communicate their expectations and possible concerns on proposed resolutions and matters relating to the Group's operations before putting the resolution to a vote. Directors will participate in the AGM to address questions raised by the shareholders.

This CG Overview Statement was approved by the Board of Directors on 24 February 2021.

Audit Committee Report

The Board of Directors of Amway (Malaysia) Holdings Berhad ("Amway" or "the Company") and its subsidiaries (collectively "the Group") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2020 ("FY2020").

OBJECTIVE

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

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

To further complement the above in maintaining a sound system of internal controls, the Internal Audit team from Alticor Inc. (the parent company of the Group) undertakes rotational audits (guided by the global internal audit programme) and enterprise risk assessments of the Group. This team is staffed by highly competent personnel with a wide knowledge of the industry and who are capable of assessing the business and operational risks of the Group as well as benchmarking against global affiliates' efficiencies and controls to ensure good corporate governance practices.

A. COMPOSITION & MEETINGS

The AC comprises five (5) Non-Executive Directors, four (4) of whom are Independent Non-Executive Directors ("INEDs"), including the Chairman. All the INEDs satisfy the test of independence under Paragraph 1.01 of the Listing Requirements of Bursa Securities and the AC also fulfils the requirements of Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Listing Requirements of Bursa Securities.

The current AC composition is as follows:

- En. Abd Malik Bin A Rahman (Chairman, INED);
- Tan Sri Faizah Binti Mohd Tahir (Member, Senior INED);
- Dato' Abdullah Thalith Bin Md Thani (Member, INED);
- Datin Seri Azreen Binti Abu Noh (Member, INED); and
- Mr. Scott Russell Balfour (Member, Non-INED).

The AC Chairman, En. Abd Malik Bin A Rahman is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, and Malaysian Institute of Management, as well as a Fellow of the Association of Chartered Certified Accountants (UK) and Institute of Corporate Directors Malaysia. Accordingly, the Company complies with Paragraph 15.09(1)(c)(i) of the Listing Requirement of Bursa Securities. The AC Chairman is also not the Chairman of the Board in compliance with Practice 8.1 of the Malaysian Code on Corporate Governance ("MCCG").

The AC held five (5) meetings during FY2020 which were attended by all members. The Managing Director ("MD"), Senior Management, External and Internal Auditors attended the meetings, upon invitation by the AC, to brief the AC on specific issues.

Chairman of the AC	Attendance
En. Abd Malik Bin A Rahman	5/5
Members of the AC	Attendance
Tan Sri Faizah Binti Mohd Tahir	5/5
Dato' Abdullah Thalith Bin Md Thani	5/5
Datin Seri Azreen Binti Abu Noh	5/5
Mr. Scott Russell Balfour	5/5

Audit Committee Report (Cont'd)

All deliberations at the AC meetings were properly recorded. The minutes of the AC meetings were tabled for confirmation at the meetings that followed and subsequently presented to the Board for notation. The AC Chairman also reported to the Board on the activities and significant matters discussed at each AC meeting.

B. ROLES & RESPONSIBILITIES

The AC operates under written Terms of Reference ("TOR") containing provisions that address requirements imposed by Bursa Securities. The TOR provide for the AC's oversight of financial compliance matters in addition to a number of other responsibilities. The TOR can be viewed at the Company's website at www.amway.my.

During FY2020, the AC focused on matters of governance, financial reporting, budgeting, internal audit, risk management and external audit.

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

C. SUMMARY OF WORK OF THE COMMITTEE

In FY2020, the AC undertook the following in the discharge of its roles and responsibilities:

1. Financial Reporting

- Reviewed the quarterly financial results and annual audited financial statements prior to recommending them to the Board for approval. In carrying out such a review, the AC had sought explanations and additional information from the Chief Financial Officer on the reasons for any significant variances in the Group's financial performance;
- Assessed whether appropriate accounting policies had been applied throughout the financial year and whether Management had made appropriate estimates and judgements over the recognition, measurement and presentation of financial results;
- Reviewed and highlighted to the Board significant matters raised by the External Auditors (Ernst & Young PLT) including key audit matters, significant judgements made by Management, significant events or transactions and actions taken for improvement; and
- Deliberated on significant changes pertaining to the relevant regulatory requirements, as well as accounting and auditing standards that affect the Group and the adoption of such changes by Management.

2. External Audit

- Discussed with the External Auditors on their annual statutory audit plan focusing on the scope of work, timeline of audit, materiality threshold, audit approach to be adopted, areas of audit emphasis including the key audit matters, key changes to the accounting and financial reporting standards as well as auditing standards;
- Reviewed and deliberated on the External Auditors' report which summarised key findings arising from the annual statutory audit of the financial statements and reported the results to the Board;
- Reviewed the Management Letters from the External Auditors together with Management's responses;
- Obtained written assurance with regard to the independence of the External Auditors throughout the audit engagement;
- Reviewed the proposed audit fee for FY2020 and agreed to recommend this to the Board for approval;
- Reviewed and approved the provision of non-audit services rendered by the External Auditors in accordance with the Policy and Procedures on Non-Audit Services Provided by External Auditors; and
- Held two (2) meetings with the External Auditors during the year. The External Auditors provided timely updates on audit-related affairs and remained fully apprised of all matters considered by the AC. This included two (2) private sessions without the presence of the MD and Senior Management.

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

- Level of knowledge, service, independence and level of non-audit services rendered by the External Audit Team;
- Quality and scope of audit planning in assessing risks and how the External Audit Team maintains or updates the audit plan in response to changing risks and circumstances;
- Quality and timeliness of reports furnished to the AC;
- Level of understanding demonstrated of the Group's business; and
- Communication with the AC on new standards and amendments to applicable Malaysian Financial Reporting Standards and auditing standards as well as the potential and actual impact of these on the Company's financial statements.

Having assessed and deliberated on the matter, the AC was satisfied that the External Auditors continued to possess the competency, independence and experience required to fulfil their duties effectively and agreed to recommend that the Board table the re-appointment of the External Auditors at the Annual General Meeting.

The AC is satisfied that the FY2020 audit fees amounting to RM299,091 (RM205,000 in FY2019) payable to Ernst & Young PLT is appropriate. The audit and non-audit fees paid by the Company and the Group are disclosed on page 89 of this Annual Report.

3. Oversight of The Group's Internal Audit Function

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

During FY2020, the AC undertook the following:

- Reviewed the number of resources and the qualifications of the personnel responsible for the internal audit function and assessed whether the function was being undertaken in accordance with a recognised framework;
- Monitored DRA's audit progress against the approved audit plan;
- Deliberated on the internal audit reports prepared by DRA, which highlighted the audit observations, recommendations and Management's responses. All findings were discussed with Management, and where appropriate, the necessary actions taken to improve the internal controls based on improvement opportunities identified in the internal audit reports;
- Assessed the performance of DRA based on the AC Evaluation Form, taking into account the scope, adequacy and effectiveness (including the methodology, competency and resources) of the internal audit function; and
- Held two (2) private sessions with DRA without the presence of the MD and Senior Management.

Summary of Activities Undertaken by the Internal Audit Function

For the financial year under review, the DRA team of four (4) was headed by Ms. Cheryl Khor, a certified public accountant with vast experience in the areas of financial and operational audits covering internal audits, quality assurance reviews, business process reviews, risk management and corporate governance reviews of public listed companies. The audits performed by DRA are in accordance with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. DRA reports directly to the AC.

In FY2020, DRA conducted four (4) quarterly reviews of the Group's risk management and internal controls in accordance with the internal audit plan approved by the AC.

The risk-based audit plan covers the review of key operational and financial activities, including the efficacy of risk management practices, efficiency and effectiveness of operational controls, as well as compliance with Group policies and procedures, relevant laws and regulations.

Audit Committee Report (Cont'd)

The internal audit function also performs risk-based audits and reviews with emphasis on high-risk areas to evaluate the efficiency and effectiveness of the controls in place to mitigate risks. All major findings as well as significant control issues and concerns are reported directly to the AC. Management also shares the actions taken based on improvement opportunities identified in the reports. Rectification of audit findings are tracked by DRA and reported to the AC periodically to ensure prompt resolution.

During FY2020, DRA audited several key areas, including the following:

- Revenue management including but not limited to reviewing the process, controls and approvals relating to the recording of revenue and cash management, ascertaining the adequacy of segregation of duties, reviewing the revenue reconciliations process and related controls and reviewing the effectiveness of credit control;
- Inventory management including but not limited to reviewing the stockholding procedures, assessing the warehousing management processes as well as assessing the controls over the recording and reporting of inventories;
- Procurement management including but not limited to reviewing the sourcing and evaluation of vendors as well as assessing the controls over receipt of goods and payment to vendors.
- Product return management including but not limited to reviewing compliance with the Satisfaction Guarantee Policy and product warranty terms, and effectiveness of the controls over refund and product disposal processes;
- Call Centre management including but not limited to reviewing the adequacy of the policies and procedures and limit of authority governing the Call Centre, recording and monitoring of customer complaints and timeliness of providing responses to customers; and
- Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading nature including but not limited to reviewing the process of ensuring the validity and completeness of RRPT recording and reviewing the process with regard to RRPT disclosure.

The total cost incurred in outsourcing the internal audit function to DRA during the financial year amounted to approximately RM100,000.

In January 2021, KPMG Management & Risk Consulting Sdn. Bhd. was appointed to take over the internal audit role that DRA had been carrying out for the past six (6) years.

4. Other Matters Considered by the AC

During FY2020, the AC also undertook the following:

- Reviewed the proposed interim and special dividends payout taking into consideration the cash flow requirements before making a recommendation for the Board's approval;
- Reviewed, deliberated and recommended to the Board the disposal of two (2) properties located in Penang and Johor;
- Discussed the Securities Commission Malaysia's Audit Oversight Board communications pertaining to the impact of the COVID-19 pandemic on financial reporting of public-interest entities to the Auditors and the AC, as well as reviewed Management's assessment of the impact of COVID-19 on the Group's financial statements for FY2019;
- Discussed Bursa Securities' thematic review and key observations on the effectiveness of the internal audit function of listed issuers, and reviewed Management's assessment on the effectiveness of the Group's internal audit function based on the criteria set out by Bursa Securities in its study;
- Reviewed and recommended to the Board the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control, Audit Committee Report, Chairperson's Statement and Management Discussion and Analysis as well as Sustainability Statement for inclusion in the Company's Annual Report;
- Reviewed and recommended that the Board approve the Circular to seek shareholders' approval on the proposed renewal of the shareholders' mandate for RRPT of a Revenue or Trading nature;

- Reviewed and recommended that the Board adopt the Group-wide Anti-Bribery and Corruption Policy in line with the Guidelines on Adequate Procedures following the introduction of the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into force on 1 June 2020; and
- Reviewed, deliberated and recommended to the Board that KPMG Management & Risk Consulting Sdn. Bhd. be appointed in place of DRA to undertake the internal audit role from FY2021 onwards.

D. AC TRAINING AND EDUCATION

During the year, the AC members attended the relevant training programmes as well as conferences relating to areas of corporate governance, risk management, strategic, leadership, business intelligence and finance to enhance their knowledge to enable them to discharge their duties more effectively. The list of training programmes undertaken by the Board of Directors, including members of the AC, can be found in the Corporate Governance Overview Statement of this Annual Report.

The AC is of the view that during FY2020, the Company complied with the Listing Requirements and as such, any reporting to Bursa Securities pursuant to paragraph 15.16 of the Listing Requirements is not required.

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

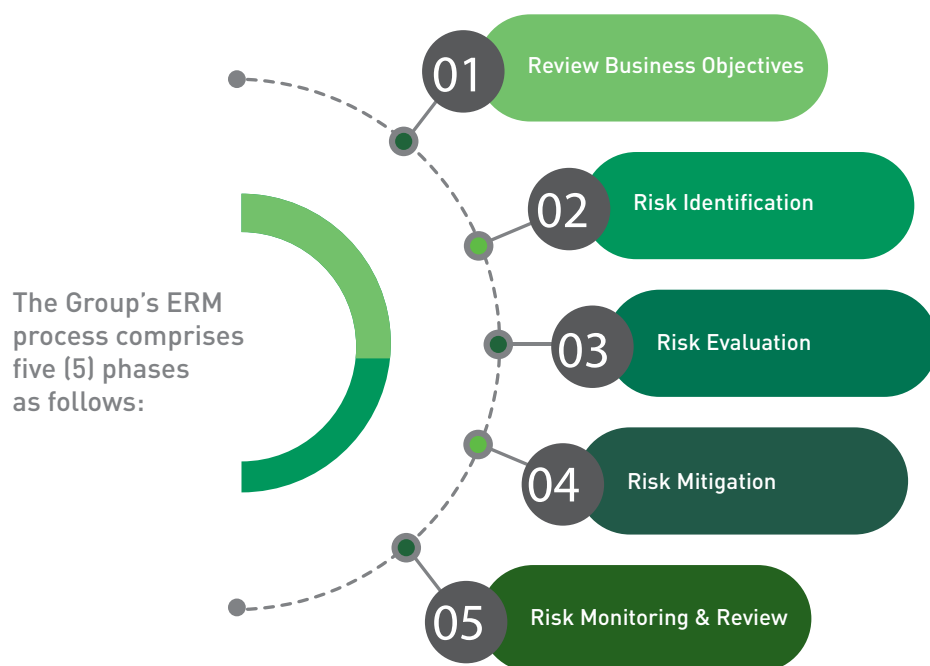
With the assistance of the Nominating Committee, the Board has assessed the performance of the AC and its members through an annual AC evaluation and is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the TOR. The assessment was conducted on 24 February 2021.

Statement on Risk Management and Internal Control

This statement has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. It is also guided by the Principles and Best Practices as stipulated in Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance. This statement covers matters pertaining to the risk management and internal control system of Amway (Malaysia) Holdings Berhad ("Amway" or "the Company") and its subsidiaries (collectively "the Group").

BOARD RESPONSIBILITY

Acknowledging its overall responsibility for the risk management and internal control system of the Group, the Board is committed to safeguarding shareholders' interests and the Group's assets as well as reviewing the adequacy, integrity and effectiveness of the system. Towards this end, the Board has established a robust Enterprise Risk Management ("ERM") framework and internal control system to identify, assess, review, monitor and manage the Group's significant risks as well as to ultimately determine the Group's risk appetite for the financial year as it pursues its business strategies. The Board has full oversight of the Group's ERM framework.



The Group's ERM framework and system of internal control encompasses financial, operational and compliance controls. In view of the inherent limitations of any system, the Group's risk framework and controls cannot guarantee the total elimination of risk. As such, they can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss, fraud, irregularities and errors in judgement or unpredictable risks and uncontrollable events such as natural disasters.

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

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

ENTERPRISE RISK MANAGEMENT FRAMEWORK

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

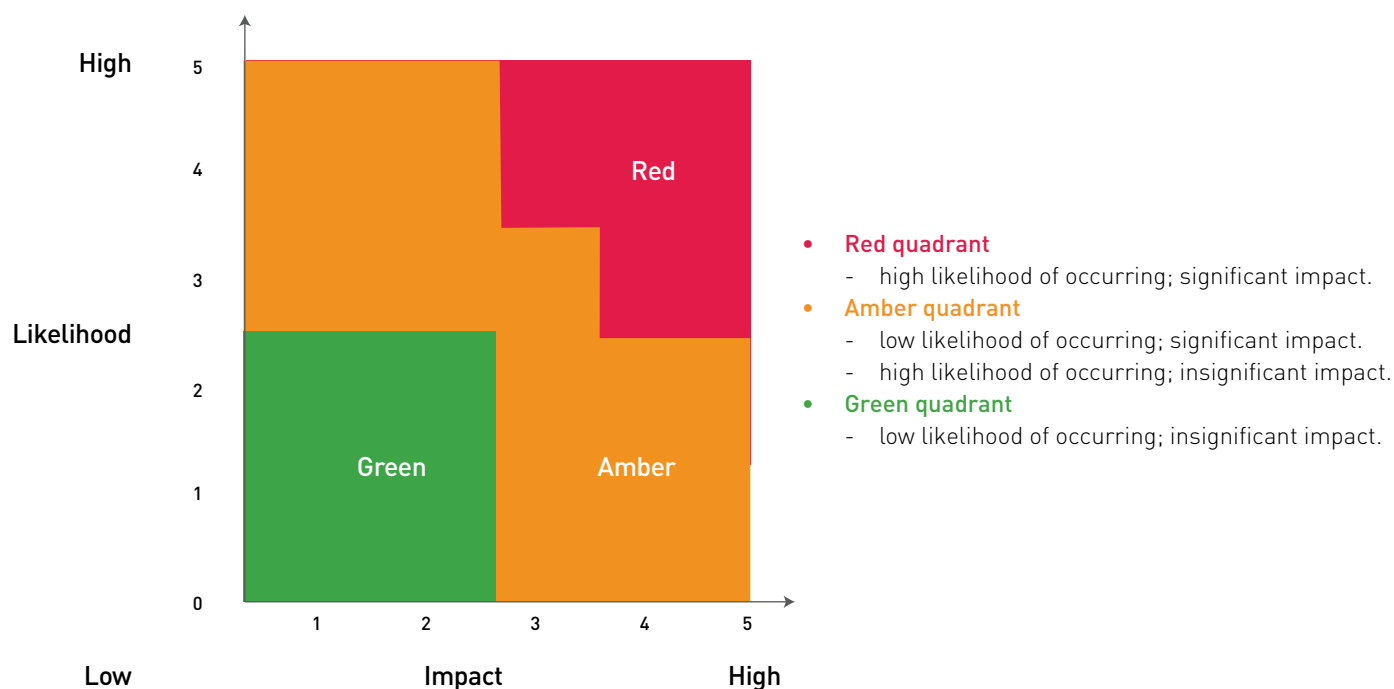
The framework is based on a triple line of defence. It ensures a robust system that allows for a more proactive and strategic response that facilitates effective sharing of information across the organisation. The system employed also clearly delineates the roles and expectations at each level of the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

LEVEL	BUSINESS UNIT / OWNER	ROLES AND RESPONSIBILITIES
1 st Level	Heads of Departments and Managers	<p>Heads of Departments and managers from all functions are entrusted with the responsibility of assisting the Board in overseeing the Group's risk management practices. The Group's risk management activities are embedded across Amway, thus enabling risks to be addressed in a timely manner.</p> <p>For the financial year under review, the identification of potential new risks and a reassessment of existing risks were performed on a quarterly basis based on the severity and likelihood of the said risks occurring. At the same time, the appropriate mitigation plans were identified. For each of the risks identified, the head of department or manager was assigned to ensure that appropriate risk response actions were carried out in a timely manner.</p>
2 nd Level	RMC	<p>During the year, the RMC met four (4) times to review the Group's Corporate Risk Register in accordance with the policy and guidance enshrined in the risk management framework.</p> <p>Over the course of the financial year, the RMC undertook the following:</p> <ul style="list-style-type: none"> Reviewed and assessed the risk profile and mitigation plans to address significant residual risks; Monitored significant risks through the review of risk-related performance measures and progress of action plans; Ensured risk management processes were integrated into all core business processes; and Provided a consolidated risk and assurance report to the AC and Board to support its system of risk management and internal control. <p>The results of these risk management activities were incorporated in the quarterly report to members of the AC who were briefed by the Managing Director.</p>

Statement on Risk Management and Internal Control (Cont'd)

LEVEL	BUSINESS UNIT / OWNER	ROLES AND RESPONSIBILITIES
3 rd Level	Internal and external auditors	<p>The internal audit function plays an essential role in strengthening the risk management and internal controls of the Group. The function reports to the AC on a regular basis and its role is defined based on an approved risk-based internal audit plan.</p> <p>Over the past six (6) years, the Company had outsourced its internal audit function to an independent external professional firm, namely Deloitte Risk Advisory Sdn. Bhd. ("DRA"). In January 2021, DRA was replaced by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG").</p> <p>The external audit function, performed by Ernst & Young PLT, works closely with the AC to address elevated risk areas (if any) that are likely to give rise to a material misstatement of the financial statements, or which are perceived to be of a higher risk and require additional audit emphasis.</p>

The Group's risk profile is expressed through the use of a risk impact and likelihood matrix. The location of the risks in each quadrant depicts the following:



CORPORATE RISK REGISTER

The Group's ERM framework includes an ongoing risk management process which creates a Corporate Risk Register with specific risk profiles and action plans for mitigating identified risks. The register is reviewed quarterly by the Board through the AC, focusing on the progress of mitigation plans for the key business risks identified.

The following table provides an overview of the Group's key risks:

COVID-19 PANDEMIC	CONTROLS & MITIGATION MEASURES IN PLACE
<p>The unexpected outbreak of the COVID-19 pandemic and the various Movement Control Orders imposed by the Government of Malaysia to curb the spread of COVID-19 had an adverse impact on the economy, rapidly disrupting businesses and consumer activities.</p>	<p>The Company's Crisis Management Team activated its Pandemic Response Plan and put in place various measures and initiatives which helped ensure business continuity, as well as safeguard the safety and well-being of employees, Amway Business Owners ("ABOs") and customers. The team also initiated proactive measures to support ABOs' businesses and the community during this unprecedented time.</p>
PROLIFERATION OF ECOMMERCE	CONTROLS & MITIGATION MEASURES IN PLACE
<p>The continued sale of Amway products on unauthorised, third party websites at reduced prices, undercuts the earnings of our ABOs which could potentially lead to dissatisfaction and impact our overall earnings capability, not to mention the credibility of the Amway brand.</p>	<p>The Group continues to work closely with the relevant authorities to identify such websites and to ensure the appropriate actions are taken to safeguard the Amway brand, reputation and price margins of our products.</p> <p>The Group has also intensified its engagement efforts with the representatives of numerous eCommerce websites to alert them about this issue so that they may remove Amway products from their platforms.</p> <p>Amway also undertakes strict enforcement including the issuance of warning letters to offending parties and may also withdraw any awards conferred as part of our efforts to deter the unauthorised selling of our products online.</p>

BUSINESS CONTINUITY

The Group has put in place a Business Continuity Plan including a Pandemic Response Plan and a Disaster Recovery Plan to ensure that in the event of unforeseen circumstances, Amway's business operations may continue without major disruptions or with only minimal delay.

INSURANCE

Sufficient insurance and physical safeguards on major assets and contingencies are in place to ensure that the assets of the Group have sufficient coverage against any mishap that may result in material losses to the Group. A yearly insurance policy renewal exercise is undertaken in which the Management reviews the relevance and adequacy of the existing insurance coverage.

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL AUDIT FUNCTION

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

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

During FY2020, DRA conducted four (4) internal audit cycles and reported its findings to the AC. Further details of the activities of the internal audit function are provided in the AC Report.

INTERNAL CONTROLS

The other key elements of the Group's internal control system are as follows:

(a) Group Core Values

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

(b) Code of Ethics

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

(c) Whistleblower Policy

The Group has instituted a Whistleblower Policy with the appropriate channels to facilitate feedback. This allows anyone in the Group to disclose information pertaining to misconduct or improprieties in a timely as well as safe and secure manner. The confidentiality of the whistleblower is assured throughout the process.

En. Abd Malik Bin A Rahman, in his capacity as AC Chairman, is the designated contact person to whom employees or relevant parties can raise their concerns if they suspect any wrongdoing. The contact details of En. Abd Malik Bin A Rahman are set out below.

AC Chairman, Independent Non-Executive Director ("INED")

En. Abd Malik Bin A Rahman

Email: Abd.Malik@Amway.com

(d) Anti-Bribery and Corruption Policy

The Group has established a Group-wide Anti-Bribery and Corruption ("ABAC") Policy in line with the Guidelines on Adequate Procedures following the introduction of the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into force on 1 June 2020.

The Group adopts a zero-tolerance approach to all forms of bribery and corruption as well as takes a strong stance against such acts. The Group is committed to conducting business in an honest and ethical manner, as well as to complying with all applicable laws and regulations.

The ABAC Policy sets out the Group's position on bribery and corruption in all its forms and provides principles, guidelines, and requirements on how to deal with bribery and corrupt practices that may occur within the Group as well as in its interactions with its Business Associates. The ABAC Policy applies to the Board of Directors and employees of the Group and Business Associates of the Group including external parties performing work or services for or on behalf of the Group.

The Group's RMC shall have the oversight on the implementation and monitoring of the compliance controls related to the ABAC Policy.

(e) Authority and Responsibility

Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the relevant charters/terms of reference, organisational structures and appropriate authority limits. These enhance the Group's ability to achieve its strategies and operational objectives. The divisional structure further enhances the ability of each division to focus on its assigned core or support functions within the Group.

(f) Written Policies and Procedures

Clearly defined internal policies and procedures as set out in the Standard Practice Bulletins ("SPBs") are regularly updated to reflect changing risks or to resolve operational deficiencies. This helps ensure that internal control principles and mechanisms are embedded within the Group's operations. Group policies and procedures are available on the Group's intranet for easy access by the employees, while compliance with the controls set out in the SPBs are reviewed by the internal auditors.

(g) Planning, Monitoring and Reporting

- There is an established strategic planning and budgeting process, requiring all functional divisions to prepare the operating and financial budgets for discussion and approval by the Board. The Group's actual performance versus approved budget is reviewed and deliberated on by the Board on a quarterly basis;
- The AC reviews the Group's quarterly financial results and annual audited financial statements, together with the Management, and this is subsequently reported to the Board;
- Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to Key Management for the monitoring of performance against strategic plans;
- A reporting system generates monthly performance and variance reports for review by the Management and actions to be taken, where necessary;
- Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues; and
- Management information systems with documented processes, including change requests for computer programmes and access to data files, are also in place.

(h) Information Security and Cyber Resilience

The Information Security & Risk ("ISR") Team has oversight for Amway's information security and cyber resilience functions. The ISR Team has to date adopted the comprehensive information security policies, standards and procedures of Amway global. These are updated regularly to mitigate exposure of information systems and data against major potential threats such as cyberattacks, fraud and information loss. All these elements align with globally-approved ISR policies and standards which are reviewed and updated by the global ISR Governance and Change Management Team.

Statement on Risk Management and Internal Control (Cont'd)

To further strengthen the Group's ability to identify, prevent, detect and respond to information security threats in a timely and effective manner, the ISR Team undertakes, among others, the following activities:

- Works with external consultants to perform assessments of the susceptibility of the Group's information systems to cyberattacks and other information security threats;
- Undertakes vulnerability assessment activities including system penetration tests for Amway;
- Performs 24x7x365 real-time threat monitoring, alert analysis and response; and
- Carries out vendor risk assessment to ensure service providers who handle data or systems on behalf of Amway have the capabilities to handle the data and information systems securely.

The Group also provides continuous training to employees to raise awareness of information security risks. For the year in review, the ISR Team undertook the following:

- Conducted an online training session on phishing;
- Conducted mandatory employee online training sessions on Information Security Cyber Safety and Payment Card Industry Data Security Standard; and
- Organised a Virtual Security Awareness Week.

Amway also conducts ongoing internal phishing tests aimed at providing employees a safe environment for learning about the dangers of phishing. At the same time, susceptibility rates across the organisation continue to be tracked. By providing realistic security education, employees gain awareness about how to identify threats and how to respond to them effectively.

In addition, the Group has established privacy policies and procedures to protect personal data and comply with the Personal Data Protection Act 2010.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors, Ernst & Young PLT have reviewed this Statement for inclusion in the Annual Report 2020 of the Company. The review was conducted in accordance with Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control system.

CONCLUSION

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

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

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

This Statement is made in accordance with the resolution given by the Board of Directors on 24 February 2021.

Compliance With Main Market Listing Requirements of Bursa Malaysia Securities Berhad

In compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, the following information is provided:

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2020.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable by the Company and the Group to the External Auditors for the financial year ended 31 December 2020 are as follows:

FEES	Company (RM)	Group (RM)
AUDIT FEES	46,347	299,091
NON-AUDIT FEES	13,957	13,957

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving interests of Directors and major shareholders either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

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

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which have been made out in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and, the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year, and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured that applicable approved accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

Compliance With Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Annual General Meeting ("AGM") held on 23 June 2020, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT").

In accordance with Practice Note 12 of the MMLR, details of RRPT conducted for the financial year ended 31 December 2020 pursuant to the shareholders' mandate are as follows:-

Transacting ←----- parties -----→				
Related parties	Companies within our Group	Name of other related parties	Nature of transactions by companies within our Group	Amount transacted RM'000
Access Business Group International LLC ("ABGIL")	Amway (Malaysia) Sdn. Bhd. ("AMSB")	Alticor Global Holdings Inc. ("AGH"), Solstice Holdings Inc. ("SHI"), Alticor Inc. ("Alticor"), Amway International Inc. ("Amway International"), Alticor Distribution LLC ("Alticor Distribution"), Alticor Corporate Enterprises Inc. ("Alticor Corporate"), Amway Nederland Ltd. ("Amway Nederland"), Access Business Group LLC ("ABGL") and GDA B.V. ("GDA")	Purchase of consumer products from ABGIL	431,440
ABGIL	AMSB and Amway (B) Sdn. Bhd. ("ABSB")	AGH, SHI, Alticor, Amway International, Alticor Distribution, Alticor Corporate, Amway Nederland, ABGL and GDA	Payment of Royalty Fees to ABGIL on any Substitute Products and/or Additional Products	4,386
Alticor	AMSB and ABSB	AGH, SHI, Amway International, Amway Nederland and GDA	Procurement of administrative and marketing support services from Alticor	20,799
Amway (Singapore) Pte. Ltd. ("Amway (S)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	Sale of products to Amway (S)	295

Notes:

1. ABGIL, a company incorporated in the United States of America ("USA"), is 85%-owned by Alticor Distribution, 14%-owned by Alticor Corporate and 1%-owned by ABGL. Alticor Distribution, a company incorporated in the USA and a wholly-owned subsidiary of Alticor. Alticor Corporate, a company incorporated in the USA and a wholly-owned subsidiary of Alticor. ABGL, a company incorporated in the USA and a wholly-owned subsidiary of Alticor Corporate.
2. Alticor, a company incorporated in the USA, is a wholly-owned subsidiary of SHI which in turn is a wholly-owned subsidiary of AGH.
3. Amway International, a company incorporated in the USA, is a wholly-owned subsidiary of Alticor.
4. Amway (S), a company incorporated in the Republic of Singapore, is a wholly-owned subsidiary of Amway International.
5. The Company is a 51.70%-owned subsidiary of GDA, a company incorporated in the Netherlands, which in turn is wholly-owned by Amway Nederland. Amway Nederland, a company incorporated in the USA, is a wholly-owned subsidiary of Amway International, which in turn is wholly-owned by Alticor.



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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

Details of the subsidiary companies are disclosed in Note 16 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	46,896	45,366

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

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

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2019 were as follows:

In respect of the financial year ended 31 December 2019 as reported in the directors' report of that year:

	RM'000
Fourth interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 26 February 2020 and paid on 27 March 2020; and	8,219
Special interim tax exempt (single-tier) dividend of 7.5 sen per share, on 164,385,645 ordinary shares, declared on 26 February 2020 and paid on 27 March 2020.	12,329
	20,548

Directors' Report (Cont'd)

DIVIDENDS (CONT'D)

In respect of the financial year ended 31 December 2020:

	RM'000
(i) First interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 23 June 2020 and paid on 24 July 2020;	8,219
(ii) Second interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 19 August 2020 and paid on 24 September 2020; and	8,219
(iii) Third interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 18 November 2020 and paid on 18 December 2020.	8,219
	24,657
	45,205

On 24 February 2021, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2020, of 5.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM8,219,000 and special interim tax exempt (single-tier) dividend of 7.5 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM12,329,000.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

DIRECTORS

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

Tan Sri Faizah Binti Mohd Tahir	(Chairperson)
Michael Jonathan Duong	(Managing Director)
Low Han Kee	
Scott Russell Balfour	
Dato' Abdullah Thalith Bin Md. Thani	
Abd Malik Bin A Rahman	
Datin Seri Azreen Binti Abu Noh	
Aida Binti Md Daud	

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

Muhammad Jamil Abas Bin Abdul Ali @ James Chiew Siew Hua
Ng Ai Lee

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 10 of the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

INDEMNITIES TO DIRECTORS AND OFFICERS

The Company maintained a Directors' and Officers' Liability insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and for the Group. The total amount of insurance premium effected for any director and officer of the Company or the Group as at the financial year end was RM28,419 and the total amount of sum insured was RM41,550,000. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company and its subsidiary companies during the financial year except for the following:

	Number of ordinary shares			
	As at 1.1.2020	Acquired	Sold	As at 31.12.2020
Amway (B) Sdn. Bhd.				
Michael Jonathan Duong [^]	1	-	-	1

[^] As a director of Amway (Malaysia) Sdn. Bhd., Michael Jonathan Duong holds 1 ordinary share in Amway (B) Sdn. Bhd. on behalf of Amway (Malaysia) Sdn. Bhd. in order to comply with the Laws of Brunei Chapter 39 Companies Act which requires a minimum of 2 shareholders.

IMMEDIATE, ULTIMATE AND PENULTIMATE HOLDING COMPANIES

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

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 32 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration are disclosed in Note 8 to the financial statements.

INDEMNIFICATION OF AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2021.

Tan Sri Faizah Binti Mohd Tahir

Michael Jonathan Duong

Statement by Directors

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

We, Tan Sri Faizah Binti Mohd Tahir and Michael Jonathan Duong, being two of the directors of Amway (Malaysia) Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 104 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2021.

Tan Sri Faizah Binti Mohd Tahir

Michael Jonathan Duong

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Ng Ai Lee, being the officer primarily responsible for the financial management of Amway (Malaysia) Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 104 to 157 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Ng Ai Lee
at Petaling Jaya in Selangor Darul Ehsan
on 31 March 2021.

Ng Ai Lee
MIA no. 16684

Before me,

Independent Auditors' Report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Amway (Malaysia) Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 104 to 157.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Independent Auditors' Report

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

Key audit matters (Cont'd)

Systems Integration and Data Integrity

The Group maintains a series of complex information systems which interfaces with each other in order to run its day to day operations. These systems processes high volume of transactions on a daily basis in order to accurately capture and record them in the Group's financial reporting system. The output of the information systems is used by the Board of Directors to prepare the financial statements of the Group. This information system affects the following items in the financial statements:

1) Revenue and cost of goods sold

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

2) Provision for and expenses relating to commission and bonuses

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

3) Trade receivables

The trade receivables balance of the Group is highly integrated with its sales system. The Group uses the information technology system to keep track of the trade receivable balances.

4) Inventories

As of 31 December 2020, the total inventories of the Group amounted to RM162,426,000 representing 44% and 34% of current assets and total assets respectively. The provision for obsolete inventories relate mainly to slow moving goods, promotional and seasonal products which are only available for sale for certain period.

The Group uses its information technology system for the tracking of inventory balance and costing purposes. The management relies on the reports generated from the system to assist with the evaluation of inventory obsolescence.

5) Cash and bank balances

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

Due to the central and pervasive role of the information systems in generating key financial statement amounts, we have designated the integrity and accuracy of the information systems as a key audit matter.

To address this key audit matter, we have tested the general and application controls over the information systems and its various interfaces and the controls over the inputs to and outputs from the system.

Independent Auditors' Report

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

Independent Auditors' Report

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

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

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Edwin Joseph Francis
No. 03370/05/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
31 March 2021

Statements of Comprehensive Income

For the financial year ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	4	1,153,478	966,327	44,729	44,729
Cost of sales	5	(928,330)	(722,440)	-	-
Gross profit		225,148	243,887	44,729	44,729
Other income	6	10,509	6,230	2,031	3,103
Distribution expenses		(59,679)	(51,507)	-	-
Selling and administrative expenses		(113,036)	(133,371)	(913)	(1,250)
Finance costs	7	(614)	(688)	-	-
Profit before tax	8	62,328	64,551	45,847	46,582
Income tax expense	11	(15,432)	(13,393)	(481)	(747)
Profit net of tax, representing profit attributable to owners of the parent		46,896	51,158	45,366	45,835
Other comprehensive (loss)/income:					
Foreign currency translation, representing other comprehensive (loss)/ income for the year, net of tax		(12)	21	-	-
Total comprehensive income for the year, attributable to owners of the parent		46,884	51,179	45,366	45,835
Earnings per share attributable to owners of the parent (sen per share)					
- Basic and diluted	12	28.53	31.12		

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

Statements of Financial Position

As at 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Non-current assets					
Property, plant and equipment	14	56,908	58,458	-	-
Intangible assets	15	24,375	11,605	-	-
Right-of-use assets	25	7,747	9,018	-	-
Investment in subsidiaries	16	-	-	86,202	86,202
Deferred tax assets	17	24,166	18,321	-	-
		113,196	97,402	86,202	86,202
Current assets					
Inventories	18	162,426	117,091	-	-
Tax recoverable		64	-	64	-
Trade and other receivables	19	33,672	44,748	20	31
Contract assets	20	970	469	-	-
Cash and cash equivalents	21	173,698	183,398	88,937	89,264
		370,830	345,706	89,021	89,295
Total assets		484,026	443,108	175,223	175,497
Equity and liabilities					
Equity					
Share capital	22	166,436	166,436	166,436	166,436
Foreign currency translation reserves		630	642	-	-
Retained earnings	23	57,191	55,500	8,652	8,491
Total equity attributable to owners of the parent		224,257	222,578	175,088	174,927
Non-current liability					
Lease liabilities	25	5,049	5,963	-	-
Current liabilities					
Trade and other payables	24	223,291	195,972	135	541
Contract liabilities	20	22,170	13,301	-	-
Lease liabilities	25	2,921	3,131	-	-
Current tax payable		6,338	2,163	-	29
		254,720	214,567	135	570
Total liabilities		259,769	220,530	135	570
Total equity and liabilities		484,026	443,108	175,223	175,497

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

Statements of Changes in Equity

For the financial year ended 31 December 2020

Group	Share capital RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2020	166,436	642	55,500	222,578
Total comprehensive income	-	(12)	46,896	46,884
Transaction with owners				
Dividends on ordinary shares (Note 13)	-	-	(45,205)	(45,205)
At 31 December 2020	166,436	630	57,191	224,257
At 1 January 2019	166,436	621	49,547	216,604
Total comprehensive income	-	21	51,158	51,179
Transaction with owners				
Dividends on ordinary shares (Note 13)	-	-	(45,205)	(45,205)
At 31 December 2019	166,436	642	55,500	222,578

Company	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2020	166,436	8,491	174,927
Total comprehensive income	-	45,366	45,366
Transaction with owners			
Dividends on ordinary shares (Note 13)	-	(45,205)	(45,205)
At 31 December 2020	166,436	8,652	175,088
At 1 January 2019	166,436	7,861	174,297
Total comprehensive income	-	45,835	45,835
Transaction with owners			
Dividends on ordinary shares (Note 13)	-	(45,205)	(45,205)
At 31 December 2019	166,436	8,491	174,927

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

Statements of Cash Flows

For the financial year ended 31 December 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities				
Profit before tax	62,328	64,551	45,847	46,582
Adjustments for:				
Property, plant and equipment				
- depreciation	4,958	6,174	-	-
- gain on disposals	(5,688)	(95)	-	-
- written off	83	180	-	-
Amortisation of intangible assets (Note 15)	1,467	222	-	-
Depreciation of right-of-use assets (Note 25)	3,331	3,088	-	-
Impairment of goodwill (Note 15)	-	1,487	-	-
Finance costs (Note 7)	614	688	-	-
Interest income (Note 6)	(4,383)	(6,008)	(2,031)	(3,103)
Dividend income (Note 4)	-	-	(44,729)	(44,729)
Effects of rent concession received (Note 25)	(30)	-	-	-
Net allowance/(reversal) of expected credit loss (Note 19)	59	(118)	-	-
Bad debts written off	-	9	-	-
Allowance for inventory obsolescence	414	3,436	-	-
Inventories written-off	1,781	1,884	-	-
Net changes in provision for assurance-type warranties (Note 24)	804	(1,064)	-	-
Unrealised foreign exchange loss/(gains) (Note 8)	61	(10)	-	-
Operating profit/(loss) before working capital changes	65,799	74,424	(913)	(1,250)
Increase in inventories	(47,530)	(23,058)	-	-
(Increase)/decrease in receivables and contract assets	(16,051)	4,714	11	114
Increase/(decrease) in payables and contract liabilities	70,709	(7,534)	(406)	29
Net changes in related companies balance	(12,738)	29,725	-	-
Net changes in penultimate holding company balance	3,641	(3,043)	-	-
Cash generated from/(used in) operations	63,830	75,228	(1,308)	(1,107)
Finance cost paid	(519)	(588)	-	-
Tax refund	-	9,242	-	-
Tax paid	(16,730)	(21,444)	(574)	(784)
Real property gains tax ("RPGT") paid	(253)	-	-	-
Net cash generated from/(used in) operating activities	46,328	62,438	(1,882)	(1,891)

Statements of Cash Flows

For the financial year ended 31 December 2020 (Cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 14)	(5,946)	(6,439)	-	-
Purchase of intangible assets (Note 15)	(14,237)	(7,433)	-	-
Proceeds from disposals of property, plant and equipment	8,143	96	-	-
Dividend received (Note 4)	-	-	44,729	44,729
Interest received (Note 6)	4,383	6,008	2,031	3,103
Net cash (used in)/generated from investing activities	(7,657)	(7,768)	46,760	47,832
Cash flows from financing activities				
Payment of principal portion of lease liabilities (Note 25)	(3,154)	(2,809)	-	-
Dividends paid (Note 13)	(45,205)	(45,205)	(45,205)	(45,205)
Net cash used in financing activities	(48,359)	(48,014)	(45,205)	(45,205)
Net (decrease)/increase in cash and cash equivalents	(9,688)	6,656	(327)	736
Effects of foreign exchange rate changes	(12)	23	-	-
Cash and cash equivalents at beginning of year	183,398	176,719	89,264	88,528
Cash and cash equivalents at end of year (Note 21)	173,698	183,398	88,937	89,264

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

Notes to The Financial Statements

For the financial year ended 31 December 2020

1. CORPORATE INFORMATION

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

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

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

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

The financial statements for the financial year ended 31 December 2020 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the requirements of the Companies Act 2016 in Malaysia. These financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

2.2 Standards and Interpretations issued and adopted

On 1 January 2020, the Group and the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after the dates stated below:

	Effective for annual periods beginning on or after
Conceptual Framework: Amendments to Reference to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 3: Definition of a Business (Amendments to MFRS 3)	1 January 2020
MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
MFRS 101 and MFRS 108: Definition of Material (Amendments to MFRS 101 and 108)	1 January 2020
MFRS 16: COVID-19 Related Rent Concessions (Amendments to MFRS 16)	1 June 2020

The adoption of the above standards and interpretation did not have any impact on the financial statements of the Group except as discussed below:

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.2 Standards and Interpretations issued and adopted (Cont'd)

Amendments to MFRS 16 'COVID-19-Related Rent Concessions'

The Group has elected for early adoption of Amendments to MFRS 16 'COVID-19-Related Rent Concessions' for the first time in the 2020 financial statements, with the date of initial application of 1 January 2020.

The MASB issued COVID-19-Related Rent Concessions - amendment to MFRS 16 Leases. The amendments provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under MFRS 16, if the change were not a lease modification. The detailed changes in accounting policies are set out in Note 2.8(a)(ii).

In accordance with the transitional provisions provided in the Amendments to MFRS 16, the cumulative effect of initially applying this Amendment is recognised at the date of initial application. These amendments had no impact to the retained earnings on 1 January 2020.

The adoption of the above Amendments to MFRS 16 'COVID-19-Related Rent Concessions' did not have any material financial impact to the Group.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform Phase 2 (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2021
Annual Improvements to MFRS Standards 2018-2020 Cycle	1 January 2022
MFRS 3: Reference to Conceptual Framework (Amendments to MFRS 3)	1 January 2022
MFRS 9: Fees in the 10% Test for Derecognition of Financial Liabilities	1 January 2022
MFRS 116: Proceeds Before Intended Use (Amendments to MFRS 116)	1 January 2022
MFRS 137: Onerous Contracts- Cost of Fulfilling a Contract (Amendments to MFRS 137)	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
MFRS 101: Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	1 January 2023
MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
MFRS 108: Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.3 Standards issued but not yet effective (Cont'd)

The new MFRSs, Amendments to MFRSs and Annual Improvements to MFRSs above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of the above new MFRSs, Amendments to MFRSs and Annual Improvements to MFRSs.

2.4 Basis of consolidation

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

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

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

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

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

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

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

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

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

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.4 Basis of consolidation (Cont'd)

(a) Business combinations

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

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

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

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

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

(b) Subsidiaries

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

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.14. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.5 Intangible assets

(a) Goodwill

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

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

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

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.5 Intangible assets (Cont'd)

(b) Other intangible assets (Cont'd)

(i) Computer software

Computer software that does not form an integral part of the related hardware is classified as intangible assets. Software considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products of 3 years. Impairment is assessed whenever there is an indication of impairment and amortisation period and method are also reviewed at each reporting date.

(ii) Research and development - Internally developed software

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Other development expenditures which do not meet the above criteria are recognised as an expense as incurred. Developments costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development cost recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

The estimated useful life of capitalised development costs is as follows:

Capitalised development costs	3 years
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Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.6 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Freehold land has an unlimited useful life and therefore is not depreciated but is reviewed at each reporting date to determine whether there is an indication of impairment. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Long term leasehold land	Ranging approximately 64 to 65 years
Long term leasehold land improvements	10%
Buildings	2%
Building improvements	6.67% - 10%
Leasehold fixtures and improvements	33.33%
Furniture, fittings and equipment	10% - 33.33%
Motor vehicles	25% - 33.33%

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

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

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

The residual value, useful life and depreciation method are reviewed at each reporting date, and adjusted prospectively, if appropriate.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.7 Inventories

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

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

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

2.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Premises	3 to 5 years
Other equipment	3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy of impairment of non-financial assets is disclosed in Note 2.14.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.8 Leases (Cont'd)

(a) Group as a lessee (Cont'd)

(iii) Lease liabilities (Cont'd)

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Accounting policies applied from 1 January 2020

During the financial year, the Group applies practical expedient to account for a COVID-19-related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:

- (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) any reduction in lease payments affects only payments due on or before 30 June 2021; and
- (iii) there is no substantive change to other terms and conditions of the lease.

The Group accounts for COVID-19 related rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs. Impacts of rent concessions are presented within operating expenses.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of premises and other equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.9 Provisions

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

(a) Provision for restoration cost

The Group records a provision for restoration costs of renovation performed on rented premises. Restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the restoration liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as a finance cost. The estimated future costs of restoration are reviewed annually and adjusted as appropriate.

(b) Provision for warranty

The Group provides warranties for general repairs of products sold to ABOs that are not functioning as intended. Provisions related to these assurance-type warranties are recognised when the product is sold. The amount of provision of warranty claims will be charged to profit or loss and any unutilised portion of the warranty provision will subsequently be reversed when the warranty period is over. Sales of products which are not under "Amway" trademark are exempted from any warranty provision as the warranties are provided by the manufacturers.

2.10 Income taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.10 Income taxes (Cont'd)

(b) Deferred tax (Cont'd)

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

2.11 Sales and services tax ("SST")

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

Receivables and payables are stated with the amount of SST.

The payable amount of SST to the taxation authority is included as part of payables in the statements of financial position.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.12 Revenue recognition

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

(a) Sale of consumable products

Revenue from sales of goods is recognised net of discounts and personal effort related incentives on volume purchase at the point in time when control of the asset is transferred to the customer, generally on the delivery of the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(i) Variable consideration

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts with customers provide a right of return. The Group also provides personal effort related incentives to ABOs based on volume purchase. These give rise to variable consideration.

- **Rights of return**

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

- **Incentives to ABOs**

The incentives paid or payable to the ABOs are broadly categorised into two types, i.e. group effort related incentives and personal effort related incentives on volume purchase. The Group had considered the personal effort related incentives on volume purchase to be a reduction of transaction price, whilst group effort related incentives is a consideration paid to or payable to ABOs for the provision of distinct services.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.12 Revenue recognition (Cont'd)

(a) Sale of consumable products (Cont'd)

(ii) Significant financing component

Cash sales

For cash sales, payment of the transaction price is due immediately when the goods are delivered to the customer. Revenue from these sales is recognised based on the price specified in the contract, net of rebates and discounts.

Credit sales

An element of significant financing is deemed present for the Group's credit sales that exceeds 12 months repayment terms, as the payment terms provide customers with a significant benefit of financing.

The Group adjusts the promised consideration (total future instalment payments receivable) for the effects of the significant financing component using the discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception. The significant financing component is recognised as service charge income over the credit period using the effective interest applicable at the inception date.

The Group is using the practical expedient in MFRS 15 for not adjusting any financing component for the sales on credit term of less than 12 months.

(iii) Option to acquire future goods at discounted price

The sales and marketing plan of the Group includes offering coupons to the ABOs for their future acquisition of goods at discounted price. As the option provides a material right to the ABOs that they would not receive without entering into the contract, it is considered a separate performance obligation. As such, the Group only recognises the allocated revenue when those future goods are transferred or the option expires.

(b) Revenue from sign up and renewals

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

(c) Warranty obligations

The Group provides warranties for general repairs of products sold to customers that are not functioning as intended. Provisions related to these assurance-type warranties are recognised when the product is sold. The accounting policy for provision for warranty is set out in Note 2.9(b).

(d) Interest income

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

(e) Dividend income

Dividend income is recognised when the Group or the Company's right to receive payment is established.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.13 Foreign currencies

(a) Functional and presentation currencies

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured using the historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(c) Foreign operation

On consolidation, the assets and liabilities of foreign operation are translated into RM at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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

	2020 RM	2019 RM
United States Dollar	4.0200	4.0890
Korean Won	0.0037	0.0035
Singapore Dollar	3.0418	3.0397
Brunei Dollar	3.0418	3.0397

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.14 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued when the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment test for goodwill is performed by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates to. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.15 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the fund do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. The Group's foreign subsidiary company also makes contributions to their respective country's statutory pension schemes. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.16 Financial assets

(a) Initial recognition and measurement

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

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

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

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

(b) Subsequent measurement

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

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

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.16 Financial assets (Cont'd)

(b) Subsequent measurement (Cont'd)

(i) Financial assets at amortised cost (debt instruments)

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

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

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

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

(c) Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.17 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

(b) Subsequent measurement

Trade and other payables are subsequently measured at amortised cost using the effective interest rates ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

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

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and deposits at call with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.19 Contract assets and contract liabilities

A contract asset is the right of the Group to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is presented as the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9: Financial Instruments.

A contract liability is the obligation of the Group to transfer goods or services to a customer for which it has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.20 Refund liability

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

2.21 Impairment of financial assets

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

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

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

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

2.22 Fair Value Measurement

The Group measures financial instruments, such as, derivatives financial assets, if any, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) in the principal market for the asset or liability; or
- (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to or by the Group and the Company.

The fair value of an asset or liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.22 Fair Value Measurement (Cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participants that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristic and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.23 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

2.24 Current and non-current classification

The Group presents assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

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

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

(a) Critical judgements made in applying accounting policies

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

(b) Key sources of estimation uncertainty

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

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the differences will be able to crystallise. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details relating to deferred tax are disclosed in Note 17.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

4. REVENUE

	2020 RM'000	Group 2019 RM'000	2020 RM'000	Company 2019 RM'000
Revenue from contracts with customers	1,153,478	966,327	-	-
Revenue from other source:				
- Dividend income from a subsidiary	-	-	44,729	44,729
	1,153,478	966,327	44,729	44,729

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2020 RM'000	Group 2019 RM'000
Sales of consumer products	1,134,553	949,199
Sign up and renewal fees and other service fees	18,925	17,128
	1,153,478	966,327
Timing of revenue recognition:		
At point in time	1,137,673	952,350
Over time	15,805	13,977
	1,153,478	966,327

5. COST OF SALES

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

6. OTHER INCOME

Included in other income are the following:

	2020 RM'000	Group 2019 RM'000	2020 RM'000	Company 2019 RM'000
Interest income on deposits with licensed bank	4,383	6,008	2,031	3,103
Effects of rent concession received (Note 25)	30	-	-	-
Gain on disposal of property, plant and equipment	5,688	95	-	-

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

7. FINANCE COSTS

	2020 RM'000	Group 2019 RM'000
Unwinding of discount on provisions (Note 24)	95	100
Interest on lease liabilities (Note 25)	519	588
	614	688

8. PROFIT BEFORE TAX

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

	2020 RM'000	Group 2019 RM'000	2020 RM'000	Company 2019 RM'000
Employee benefits expense (Note 9)	40,098	36,965	-	-
Executive directors' remuneration excluding benefits-in-kind (Note 10)	2,569	2,463	-	-
Non-executive directors' remuneration excluding benefits-in-kind (Note 10)	555	539	555	539
Auditors' remuneration				
- statutory	299	205	46	33
- other services	14	10	14	10
Allowance for inventory obsolescence	414	3,436	-	-
Inventories written off	1,781	1,884	-	-
Expenses relating to short term lease and leases of low-value assets (Note 25)	185	266	-	-
Variable lease payments (Note 25)	43	111	-	-
Net realised loss/(gain) on foreign exchange	65	86	(2)	-
Net unrealised loss/(gain) on foreign exchange	61	(10)	-	-
Property, plant and equipment				
- depreciation (Note 14)	4,958	6,174	-	-
- gain on disposal	(5,688)	(95)	-	-
- written off	83	180	-	-
Amortisation of intangible assets (Note 15)	1,467	222	-	-
Depreciation of right-of-use assets (Note 25)	3,331	3,088	-	-

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

8. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Impairment of goodwill (Note 15)	-	1,487	-	-
Net allowance/(reversal) of expected credit loss on receivables (Note 19)	59	(118)	-	-
Bad debts written off	-	9	-	-
Net changes in provision for assurance-type warranties (Note 24)	804	(1,064)	-	-
Support charges received/ receivable from related companies (Note 28)	-	(872)	-	-
Support charges paid/ payable to related companies (Note 28)	20,799	43,672	-	-

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2020 RM'000	2019 RM'000
Wages, salaries and bonus	31,801	28,059
Defined contribution plan	4,713	4,307
Social security contributions	184	607
Other benefits	3,400	3,992
	40,098	36,965

Included in employee benefits expense of the Group are executive directors' remuneration (excluding benefits-in-kind) amounting to RM2,569,000 (2019: RM2,463,000) as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive directors' remuneration (Note 9)				
- Other emoluments	2,569	2,463	-	-
Non-executive directors' remuneration				
- Fees	497	496	497	496
- Other emoluments	58	43	58	43
	555	539	555	539
Total directors' remuneration	3,124	3,002	555	539
Estimated monetary value of benefits-in-kind	416	441	12	8
Total directors' remuneration including benefits-in-kind	3,540	3,443	567	547

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

10. DIRECTORS' REMUNERATION (CONT'D)

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive:				
- Salaries and other emoluments	1,620	1,720	-	-
- Bonus	949	743	-	-
- Estimated monetary value of benefits-in-kind	404	433	-	-
	2,973	2,896	-	-
Non-Executive:				
- Fees	497	496	497	496
- Allowances	58	43	58	43
- Estimated monetary value of benefits-in-kind	12	8	12	8
	567	547	567	547
Total directors' remuneration	3,540	3,443	567	547

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

	Number of Directors Company	
	2020	2019
Executive directors:		
RM2,700,001 - RM2,900,000	1	1
Non-executive directors:		
RM0 - RM50,000	1	4
RM50,001 - RM100,000	5	5
RM100,001 - RM150,000	1	1
	8	11

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

11. INCOME TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expense:				
- Malaysian income tax	19,831	16,998	481	735
- Foreign tax	467	240	-	-
- Real property gain tax	436	-	-	-
	20,734	17,238	481	735
Under provision in prior years				
- Malaysian income tax	543	1,671	-	12
- Foreign tax	-	19	-	-
	543	1,690	-	12
	21,277	18,928	481	747
Deferred tax (Note 17):				
- Relating to origination and reversal of temporary differences	(5,778)	(188)	-	-
- Overprovision in prior years	(67)	(5,347)	-	-
	(5,845)	(5,535)	-	-
Total income tax expense	15,432	13,393	481	747

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction. Company in Brunei is taxed where for the first BND100,000 of the chargeable income, only 25% is taxable, the next BND150,000 only 50% is taxable and 100% is taxable for any remaining balance. The income tax rate applicable to company in Brunei is 18.5% (2019:18.5%).

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

11. INCOME TAX EXPENSE (CONT'D)

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

	2020 RM'000	Group 2019 RM'000	2020 RM'000	Company 2019 RM'000
Profit before tax	62,328	64,551	45,847	46,582
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	14,959	15,492	11,003	11,180
Effect of difference in tax rate and tax structure in other jurisdiction	(128)	(29)	-	-
Income not subject to tax	(489)	(113)	(10,735)	(10,735)
Expenses not deductible for tax purposes	1,563	1,700	213	290
Effect of income subject to real property gains tax	(949)	-	-	-
Under provision of tax expense in prior years	543	1,690	-	12
Over provision of deferred tax expense in prior years	(67)	(5,347)	-	-
Income tax expense	15,432	13,393	481	747

12. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2020	Group 2019
Profit attributable to ordinary equity holders of the Company (RM'000)	46,896	51,158
Weighted average number of ordinary shares in issue (number '000)	164,386	164,386
Basic and diluted earnings (sen per share)	28.53	31.12

There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

13. DIVIDENDS ON ORDINARY SHARES

	Sen per share	Total amount RM'000	Date of payment
Recognised in the financial year ended 31 December 2020			
Interim tax exempt (single-tier):			
Fourth interim 2019	5.00	8,219	27 March 2020
Special interim 2019	7.50	12,329	27 March 2020
First interim 2020	5.00	8,219	24 July 2020
Second interim 2020	5.00	8,219	24 September 2020
Third interim 2020	5.00	8,219	18 December 2020
		<u>45,205</u>	
Recognised in the financial year ended 31 December 2019			
Interim tax exempt (single-tier):			
Fourth interim 2018	5.00	8,219	26 March 2019
Special interim 2018	7.50	12,329	26 March 2019
First interim 2019	5.00	8,219	04 July 2019
Second interim 2019	5.00	8,219	26 September 2019
Third interim 2019	5.00	8,219	20 December 2019
		<u>45,205</u>	

On 24 February 2021, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2020, of 5.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM8,219,000 and special interim tax exempt (single-tier) dividend of 7.5 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM12,329,000.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Building improvements RM'000	Leasehold fixtures and improvements RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2019									
Cost									
At 1 January 2020	1,420	20,074	33,291	21,336	6,162	39,858	1,013	2,243	125,397
Additions	-	-	-	145	120	3,335	118	2,228	5,946
Disposals	(1,420)	-	(1,624)	(211)	(556)	-	(107)	-	(3,918)
Write-offs	-	-	-	(490)	-	(3,243)	-	-	(3,733)
Transfer in/(out)	-	-	-	18	1,743	816	-	(2,577)	-
At 31 December 2020	-	20,074	31,667	20,798	7,469	40,766	1,024	1,894	123,692
Accumulated depreciation									
At 1 January 2020	-	6,586	7,175	15,939	5,653	30,898	688	-	66,939
Charge for the year (Note 8)	-	268	652	595	1,075	2,210	158	-	4,958
Disposals	-	-	(702)	(98)	(556)	-	(107)	-	(1,463)
Write-offs	-	-	-	(490)	-	(3,160)	-	-	(3,650)
At 31 December 2020	-	6,854	7,125	15,946	6,172	29,948	739	-	66,784
Net carrying amount	-	13,220	24,542	4,852	1,297	10,818	285	1,894	56,908

Included in the cost of property, plant and equipment of the Group are cost of fully depreciated property, plant and equipment which are still in use amounting to RM45,815,000 (2019: RM47,098,000).

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

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

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Building improvements RM'000	Leasehold fixtures and improvements RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2019									
Cost									
At 1 January 2019	1,420	17,356	33,291	21,292	6,385	40,228	834	4,404	125,210
Additions	-	-	-	-	-	15	406	6,018	6,439
Disposals	-	-	-	-	-	(88)	(227)	-	(315)
Write-offs	-	-	-	(783)	(268)	(1,982)	-	-	(3,033)
Transfer in/(out)	-	2,718	-	827	45	1,685	-	(8,179)	(2,904)
At 31 December 2019	1,420	20,074	33,291	21,336	6,162	39,858	1,013	2,243	125,397
Accumulated depreciation									
At 1 January 2019	-	5,299	6,509	15,846	5,291	32,064	728	-	65,737
Charge for the year (Note 8)	-	472	666	1,631	630	2,588	187	-	6,174
Disposals	-	-	-	-	-	(87)	(227)	-	(314)
Write-offs	-	-	-	(723)	(268)	(1,862)	-	-	(2,853)
Transfer in/(out)	-	815	-	(815)	-	(1,805)	-	-	(1,805)
At 31 December 2019	-	6,586	7,175	15,939	5,653	30,898	688	-	66,939
Net carrying amount	1,420	13,488	26,116	5,397	509	8,960	325	2,243	58,458

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

15. INTANGIBLE ASSETS

Group	Computer Software RM'000	Development Costs RM'000	Goodwill RM'000	Total RM'000
At 31 December 2020				
Cost				
At 1 January 2020	1,546	8,436	4,782	14,764
Additions	-	14,237	-	14,237
Write-offs	(477)	-	-	(477)
At 31 December 2020	1,069	22,673	4,782	28,524
Accumulated amortisation/impairment:				
At 1 January 2020	1,476	196	1,487	3,159
Amortisation (Note 8)	48	1,419	-	1,467
Write-offs	(477)	-	-	(477)
At 31 December 2020	1,047	1,615	1,487	4,149
Net carrying amount	22	21,058	3,295	24,375
At 31 December 2019				
Cost				
At 1 January 2019	-	-	4,782	4,782
Additions	51	7,382	-	7,433
Transfer in	1,850	1,054	-	2,904
Write-offs	(355)	-	-	(355)
At 31 December 2019	1,546	8,436	4,782	14,764
Accumulated amortisation/impairment:				
At 1 January 2019	-	-	-	-
Amortisation (Note 8)	26	196	-	222
Transfer in	1,805	-	-	1,805
Write-offs	(355)	-	-	(355)
Impairment (Note 8)	-	-	1,487	1,487
At 31 December 2019	1,476	196	1,487	3,159
Net carrying amount	70	8,240	3,295	11,605

Included in the cost of intangible assets of the Group are cost of fully amortised intangible assets which are still in use amounting to RM1,016,000 (2019: RM1,423,000).

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

15. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill

This represents the goodwill arising from acquisition of Amway (B) Sdn. Bhd. which represents a CGU on its own.

For the purpose of impairment testing, goodwill is allocated to Amway (B) Sdn. Bhd., as a CGU on its own.

The Group performed a review on the recoverable amount of goodwill during the financial year. The Group considers the Brunei ABOs' momentum have a direct impact on its sales performance.

The recoverable amount is determined based on its value-in-use ("VIU") calculation using cash flows projections from financial budgets approved by management covering a five-year period.

The VIU was determined by discounting the future cash flows expected to be generated from the continuing operation of CGU and was based on the following key assumptions:

- (i) Cash flows were projected based on actual operating results and the five-year financial budget which has reflected the softer sales demands.
- (ii) The CGU will continue its operation indefinitely with terminal growth rate of nil (2019: nil).
- (iii) The size of operation will remain with at least or not lower than the current results.
- (iv) A pre-tax discount rates of 13% (2019: 13%) was applied to the pre-tax cash flows, was determined by the Group, is in line with the CGU's primary economic and financial environment in the country it operates. At the reporting date, if discount rate had been 10% higher, with all other variables held constant, this would not result in the recoverable amount of the CGU's lower than its carrying amount.

The Group is of the opinion that any reasonably possible change in the above key assumptions would not materially cause the recoverable amount of the CGU's to be lower than its carrying amount.

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	86,202	86,202

Details of the subsidiaries are as follows:

Name of subsidiaries	Proportion of ownership interest		Principal activities
	2020 %	2019 %	
Held by the Company:			
Amway (Malaysia) Sdn. Bhd., incorporated in Malaysia	100	100	Distribution of consumer products principally under the "AMWAY" trademark

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of subsidiaries	Proportion of ownership interest		Principal activities
	2020	2019	
	%	%	
Held by Amway (Malaysia) Sdn. Bhd.:			
Amway (B) Sdn. Bhd., incorporated in Negara Brunei Darussalam*^	100	100	Distribution of consumer products principally under the “AMWAY” trademark

* Audited by a member firm of Ernst & Young Global in Brunei Darussalam.

^ As a director of Amway (Malaysia) Sdn. Bhd., Michael Jonathan Duong holds 1 ordinary share in Amway (B) Sdn. Bhd. on behalf of Amway (Malaysia) Sdn. Bhd. in order to comply with the Laws of Brunei Chapter 39 Companies Act which requires a minimum of 2 shareholders.

17. DEFERRED TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of financial year	18,321	12,786	-	-
Recognised in profit or loss (Note 11)	5,845	5,535	-	-
At end of financial year	24,166	18,321	-	-
Presented after appropriate offsetting as follows:				
Deferred tax asset	24,166	18,321	-	-
Deferred tax liability	-	-	-	-
	24,166	18,321	-	-

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

Deferred tax liabilities of the Group:

	Property, plant and equipment and intangible assets RM'000	Right-of-use assets and others RM'000	Total RM'000
At 1 January 2019	(5,344)	(499)	(5,843)
Recognised in profit or loss	4,465	(1,665)	2,800
	(879)	(2,164)	(3,043)
Less: Set-off of deferred tax assets			3,043
At 31 December 2019			-

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

17. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Group (Cont'd):

	Property, plant and equipment and intangible assets RM'000	Right-of-use assets and others RM'000	Total RM'000
At 1 January 2020	(879)	(2,164)	(3,043)
Recognised in profit or loss	(1,740)	305	(1,435)
	(2,619)	(1,859)	(4,478)
Less: Set-off of deferred tax assets			4,478
At 31 December 2020			-

Deferred tax assets of the Group:

	Leases liabilities RM'000	Contract liabilities RM'000	Accrued expenses and others RM'000	Total RM'000
At 1 January 2019	-	3,979	14,650	18,629
Recognised in profit or loss	2,182	(981)	1,534	2,735
	2,182	2,998	16,184	21,364
Less: Set-off of deferred tax liabilities				(3,043)
At 31 December 2019				18,321
At 1 January 2020	2,182	2,998	16,184	21,364
Recognised in profit or loss	(269)	2,269	5,280	7,280
	1,913	5,267	21,464	28,644
Less: Set-off of deferred tax liabilities				(4,478)
At 31 December 2020				24,166

18. INVENTORIES

	2020 RM'000	Group 2019 RM'000
Consumer products:		
At cost	161,585	115,736
At net realisable value	841	1,355
	162,426	117,091

During the financial year, inventories recognised as cost of sales amounted to RM571,330,000 (2019: RM473,613,000).

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

19. TRADE AND OTHER RECEIVABLES

	2020 RM'000	Group 2019 RM'000	2020 RM'000	Company 2019 RM'000
Trade receivables				
Third parties	25,564	10,657	-	-
Due from related companies	166	31	-	-
	25,730	10,688	-	-
Less: Allowance for expected credit loss	(663)	(604)	-	-
Trade receivables, net	25,067	10,084	-	-
Other receivables				
Due from penultimate holding company	-	149	-	-
Due from related companies	850	27,403	-	-
Sundry receivables	2,173	2,705	-	11
Deposits	1,384	1,424	3	5
Prepayments	4,198	2,983	17	15
	8,605	34,664	20	31
Total trade and other receivables	33,672	44,748	20	31
Add: Cash and cash equivalents (Note 21)	173,698	183,398	88,937	89,264
Less: Prepayments	(4,198)	(2,983)	(17)	(15)
Less: Goods and service tax	-	(1,416)	-	-
Total financial assets, carried at amortised cost	203,172	223,747	88,940	89,280

(a) Trade receivables

Trade receivables are non-interest bearing and a significant amount of the outstanding balance is repayable by way of monthly instalment plans within 90 (2019: 90) days. For the remaining amount of the outstanding balance that is repayable by way of installments which exceeds 12 months repayment terms, the Group adjusts the promised consideration (total future instalment payments receivable) for the effects of the significant financing component using the discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception. Further details are disclosed in Note 2.12 (a) (ii). The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The Group maintains its ageing within 30 days by monitoring the installments payments from Amway Business Owners ("ABOs") and any amounts which are due and not settled will be offset against the ABOs' bonuses.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

19. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Ageing analysis of trade receivables

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

	2020 RM'000	Group 2019 RM'000
Neither past due nor impaired	25,067	10,084
Impaired	663	604
	25,730	10,688

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Based on past experience, the Board believes that no allowance for expected credit loss is necessary in respect of those balances.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the allowance for expected credit losses are as follows:

	Group Individually impaired 2020 RM'000	2019 RM'000
At beginning of financial year	604	722
Net change for the year (Note 8)	59	(118)
At end of financial year	663	604

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Due from related companies

Related companies are companies within the Alticor Global Holdings Inc. group of companies. Amounts due from certain related parties are unsecured and bear interest equal to the Base Lending Rate set by the Central Bank of Malaysia plus 0.5% per annum, compounded on a monthly basis on overdue balances exceeding 30 to 90 (2019: 30 to 90) days from the date of invoice. The non-trade amounts due from related companies are mainly in respect of support charges and payments made on behalf. These amounts are to be settled in cash.

Further details on related party transactions are disclosed in Note 28.

Other information on credit risks are disclosed in Note 29(d).

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

20. CONTRACT BALANCES

	Group	
	2020 RM'000	2019 RM'000
Contract assets	970	469
Contract liabilities	(22,170)	(13,301)

(a) Contract assets

Contract assets primarily relate to consideration for goods transferred to related companies but not billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

(b) Contract liabilities

	Group	
	2020 RM'000	2019 RM'000
Deferred annual and renewal fees (Note (i))	7,293	8,530
Deferred product sales (Note (ii))	13,062	3,291
Others (Note (iii))	1,815	1,480
	22,170	13,301

(i) Deferred annual and renewal fees

Contract liabilities of deferred annual and renewal fees relate to the consideration received from the customers for a twelve (12) months period of services, which revenue is recognised overtime over the service period on a straight line basis. The amount of revenue recognised in the financial year that was included in the contract liabilities of the Group at the beginning of the year was RM8,530,000 (2019: RM8,613,000).

	Group	
	2020 RM'000	2019 RM'000
At 1 January	8,530	8,613
Deferred during the year	14,568	13,894
Recognised as revenue during the year	(15,805)	(13,977)
At 31 December	7,293	8,530

(ii) Deferred product sales

Contract liabilities of deferred product sales mainly relate to the consideration received from the customers for online products sales and the delivery of such products have not been completed during the financial year. The revenue is recognised upon delivery. The amount of revenue recognised in the financial year that was included in the contract liabilities of the Group at the beginning of the year was RM3,291,000 (2019: RM7,645,000).

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

20. CONTRACT BALANCES (CONT'D)

(b) Contract liabilities (Cont'd)

(iii) Others

The sales and marketing plan of the Group includes offering coupons to the ABOs for their future acquisition of goods at discounted price. The option provides a material right to the customer. The Group recognises the allocated revenue when those future goods are transferred or when the option expires. The revenue is recognised upon delivery. The amount of revenue recognised in the financial year that was included in the contract liabilities of the Group at the beginning of the year was RM1,480,000 (2019: RM385,000).

	Group	
	2020 RM'000	2019 RM'000
At 1 January	1,480	385
Deferred during the year	1,815	1,480
Recognised as revenue during the year	(1,480)	(385)
At 31 December	1,815	1,480

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash on hand and at banks	112,081	111,153	86,937	84,264
Deposits with licensed banks	61,617	72,245	2,000	5,000
Total cash and cash equivalents	173,698	183,398	88,937	89,264

The weighted average effective interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Licensed banks	1.74%	3.03%	1.80%	3.15%

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2020 Days	2019 Days	2020 Days	2019 Days
Licensed banks	35	28	91	25

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

22. SHARE CAPITAL

	Group / Company		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Issued and fully paid				
Share capital at beginning and end of financial year	164,386	164,386	166,436	166,436

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares have no par value and rank equally with regard to the Company's residual assets.

23. RETAINED EARNINGS

The Company may distribute dividends on a single-tier basis out of its entire retained earnings as at 31 December 2020 without any restrictions.

24. TRADE AND OTHER PAYABLES

	2020 RM'000	Group 2019 RM'000	2020 RM'000	Company 2019 RM'000
Trade payables				
Third parties	47,952	15,955	18	-
Due to related companies	37,404	67,732	-	-
	85,356	83,687	18	-
Other payables				
Due to:				
- Penultimate holding company	6,848	3,356	-	-
- Related companies	1,576	10,404	-	-
Sundry payables	11,902	13,905	-	-
Accruals	111,558	79,349	117	541
Refund liabilities	597	627	-	-
Provisions	5,271	4,644	-	-
Real property gains tax ("RPGT") payable	183	-	-	-
	137,935	112,285	117	541
Total trade and other payables	223,291	195,972	135	541
Less: Provision	(5,271)	(4,644)	-	-
Total financial liabilities carried at amortised cost	218,020	191,328	135	541

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

24. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables

Amounts due to third parties are non-interest bearing and the normal credit term granted to the Group range from 30 to 90 (2019: 30 to 90) days.

(b) Due to related companies

The amounts due to related companies are unsecured and bear interest at the federal rate as defined by the United States Treasury Regulation and Internal Revenue Code on overdue balances exceeding 90 (2019: 90) days from the date of invoice. The non-trade amounts due to related companies are mainly in respect of support charges and payments made on behalf. These amounts are to be settled in cash.

(c) Due to penultimate holding company

The amount due to penultimate holding company is in respect of support charges payable, which are unsecured and bear interest at the federal rate as defined by the United States Treasury Regulation and Internal Revenue Code on overdue balances exceeding 90 (2019: 90) days from the date of invoice. These amounts are to be settled in cash.

(d) Accruals

Included in the accruals consists of accruals amounting to RM86,012,000 (2019: RM61,310,000) on distributors' bonuses, seminars and other expenses, in which bonuses related accruals are trade in nature.

(e) Refund liabilities

Refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

(f) Provisions

Provisions for assurance-type warranties

The Group provides warranties for durable products sold to ABOs that are not functioning as intended. Provisions related to these assurance-type warranties are recognised when the product is sold. The amount of provision of warranty claims will be charged to profit or loss and any unutilised portion of the warranty provision will subsequently be reversed when the warranty period is over. Sales of products with manufacturer's warranty which are not under "Amway" trademark are exempted from any warranty provision as the warranties are provided by the manufacturers.

Provisions for restoration costs

The Group records a provision for restoration costs of renovation performed on rented premises. Restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the restoration liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as a finance cost. The estimated future costs of restoration are reviewed annually and adjusted as appropriate.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

24. TRADE AND OTHER PAYABLES (CONT'D)

(f) Provisions (Cont'd)

Provisions for restoration costs (Cont'd)

Movements of provision are as follows:

Group	Restoration cost RM'000	Assurance- type warranties RM'000	Total RM'000
At 1 January 2020	1,861	2,783	4,644
Net change for the year	-	804	804
Utilisation during the year	-	(272)	(272)
Unwinding of discount (Note 7)	95	-	95
At 31 December 2020	1,956	3,315	5,271

Group	Restoration cost RM'000	Assurance- type warranties RM'000	Total RM'000
At 1 January 2019	-	4,098	4,098
Net change for the year	1,761	(1,064)	697
Utilisation during the year	-	(251)	(251)
Unwinding of discount (Note 7)	100	-	100
At 31 December 2019	1,861	2,783	4,644

Further details on related parties transactions are disclosed in Note 28. Other information on liquidity risks are disclosed in Note 29(c).

25. LEASES

The Group as lessee

The Group has lease contracts for premises and various items of equipment used in its operations. Leases of assets generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options.

The Group also has certain leases of premises and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

25. LEASES (CONT'D)

The Group as lessee (Cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Premises RM'000	Other Equipment RM'000	Total RM'000
At 1 January 2020	8,036	982	9,018
Depreciation expenses (Note 8)	(3,017)	(314)	(3,331)
Remeasurement	2,060	-	2,060
At 31 December 2020	7,079	668	7,747

	Premises RM'000	Other Equipment RM'000	Total RM'000
At 1 January 2019	7,484	1,353	8,837
Additions	3,295	-	3,295
Depreciation expenses (Note 8)	(2,743)	(345)	(3,088)
Disposal	-	(26)	(26)
At 31 December 2019	8,036	982	9,018

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020 RM'000	2019 RM'000
At 1 January 2020	9,094	8,837
Additions	-	3,066
Accretion of interest	519	588
Payments	(3,673)	(3,397)
Effects of rent concession received (Note 6)	(30)	-
Remeasurement	2,060	-
At 31 December 2020	7,970	9,094
Current	2,921	3,131
Non-current	5,049	5,963

The following are the amounts recognised in profit or loss:

	2020 RM'000	2019 RM'000
Depreciation expense of right-of-use assets (Note 8)	3,331	3,088
Interest on lease liabilities (Note 7)	519	588
Effects of rent concession received (Note 6)	(30)	-
Expenses relating to short term lease and leases of low-value assets (Note 8)	185	266
Variable lease payments not included in lease liabilities (Note 8)	43	111
Total amount recognised in profit or loss	4,048	4,053

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

25. LEASES (CONT'D)

The Group as lessee (Cont'd)

The Group has certain lease contracts for equipment that contains variable payments based on the number of outputs. The Group's variable lease payments, including the magnitude in relation to the fixed payments are not material. The Group also has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	2020 RM'000	2019 RM'000
Extension options expected not to be exercised within 5 years	535	535

The Group had total cash outflows for lease liabilities of RM3,673,000 in 2020 (2019: RM3,397,000), in which RM3,154,000 (2019: RM2,809,000) represents payment of principal portion of lease liabilities.

26. SEGMENT REPORTING

Although the Group has an operation in Negara Brunei Darussalam, there is no disclosure of this operation as a separate geographical segment as the revenue contributed by this foreign incorporated company is not material to constitute an independent geographical segment as stipulated under MFRS 8: Operating Segments.

No details relating to the Group's business segment was disclosed as the Group has only one business segment which is the distribution of consumer products.

Accordingly, information on geographical and business segments of the Group's operations are not presented.

27. CAPITAL COMMITMENTS

	2020 RM'000	Group 2019 RM'000
Capital expenditure in respect of		
Development costs and property, plant and equipment:		
- Approved and contracted for	4,385	7,048
- Approved and not contracted for	21,581	7,243
	25,966	14,291

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year.

	2020 RM'000	Group 2019 RM'000
Sales of goods:		
Amway (Singapore) Pte. Ltd. (i)	(295)	(129)
Purchases:		
Access Business Group International L.L.C. (i)	431,440	342,763
Support charges:		
Altacor Inc. (ii)	20,799	18,573
Amway International Inc. (iii)	-	2,812

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	2020 RM'000	Group 2019 RM'000
Amway (Singapore) Pte. Ltd. (i)	-	(872)
Amway Business Services Asia Pacific Sdn. Bhd. (i)	-	22,287
Royalties paid/payable:		
Access Business Group International L.L.C. (i)	4,386	2,900

(b) The transactions with related parties are at rates mutually agreed by the parties concerned.

Information regarding outstanding balances arising from related party transactions as at 31 December 2020 are disclosed in Notes 19 and 24.

The nature of the related party relationships are as follows:

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

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

	2020 RM'000	Group 2019 RM'000
Short-term employee benefits	5,937	5,189
Post-employment benefits:		
- Defined contribution plan	471	366
Non-executive directors' remuneration:		
- Directors' fees and others	567	547
	6,975	6,102

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the year under review, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and it's cost-efficient. The Group and the Company do not apply hedge accounting.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Interest rate risk (Cont'd)

The Group's and the Company's exposure to interest rate risk arises primarily from deposits with licensed banks. Deposits are generally short term in nature and are mostly short term deposits with licensed banks. The Group and the Company has no substantial long-term interest bearing assets as at 31 December 2020.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Deposits with licensed banks	61,617	72,245	2,000	5,000

(b) Foreign currency risk

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

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

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

	Group	
	2020 RM'000	2019 RM'000
Due from related companies		
Singapore Dollar	62	1,244
United States Dollar	-	2,274
Due from related companies		
Singapore Dollar	-	161
United States Dollar	-	6
Cash and bank balances		
United States Dollar	635	1,382

Sensitivity analysis for foreign currency risk

The Group's exposure to currency risk is not significant in the context of the financial statements and accordingly the sensitivity analysis is not presented.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to the shortage of funds.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	More than one year RM'000	Total RM'000
At 31 December 2020			
Financial liabilities			
Group			
Trade and other payables (excluding provisions) (Note 24)	218,020	-	218,020
Lease liabilities	3,309	5,470	8,779
Total undiscounted financial liabilities	221,329	5,470	226,799
Company			
Trade and other payables (Note 24)	135	-	135
	On demand or within one year RM'000	More than one year RM'000	Total RM'000
At 31 December 2019			
Financial liabilities			
Group			
Trade and other payables (excluding provisions) (Note 24)	191,328	-	191,328
Lease liabilities	3,584	6,498	10,082
Total undiscounted financial liabilities	194,912	6,498	201,410
Company			
Trade and other payables (Note 24)	541	-	541

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets. The analysis of the quality of credit risk are disclosed in Note 19.

30. FAIR VALUES ON FINANCIAL INSTRUMENTS

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

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Company do not have any financial instruments classified as Level 1 to Level 3 as at 31 December 2020 and 31 December 2019.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	19
Amounts due from related companies	19
Amount due from penultimate holding company	19
Amounts due to related companies and related parties	24
Amount due to penultimate holding company	24
Trade and other payables	24

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

Notes to The Financial Statements

For the financial year ended 31 December 2020 (Cont'd)

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy cashflow in order to support its business and maximise shareholders' value.

The Group does not have any external borrowings as at reporting date. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders and return capital to shareholders. No significant changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019. The Group is not subjected to any externally imposed capital requirements.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 21 August 2020, the Group's wholly-owned subsidiary, Amway (Malaysia) Sdn. Bhd. entered into a Sale and Purchase Agreement for the disposal of a piece of industrial land together with a building erected thereon located in the Mukim of Plentong, District of Johor Bahru, State of Johor for a cash consideration of RM6,380,000. The disposal was completed on 10 September 2020 and generated a gain of RM4,076,264 to the Group.
- (ii) On 21 August 2020, the Group's wholly-owned subsidiary, Amway (Malaysia) Sdn. Bhd. entered into a Sale and Purchase Agreement for the disposal of industrial lands together with a building erected thereon located in the Mukim of 6, District of Seberang Perai Tengah, State of Pulau Pinang for a cash consideration of RM2,050,000. The disposal was completed on 8 October 2020 and generated a gain of RM1,576,668 to the Group.
- (iii) The COVID-19 outbreak in early 2020 has affected business and economic activities in Malaysia and globally. The Group responded swiftly to mitigate the impact of the pandemic and ensuing Movement Control Orders ("MCOs") by leveraging on digital infrastructure, relevant product offerings and introduced numerous support measures to support the ABOs' business and adapt to the new norm. All these contributed to the strong revenue growth for the financial year ended 31 December 2020.

The COVID-19 pandemic will remain a major economic factor for 2021. Whilst the National COVID-19 Immunisation Programme is on-going, the community at large is still required to comply with Standard Operating Procedures ("SOPs") restricting movements and limiting ABO's face to face business activities. The Group will continue to monitor closely the developments of COVID-19 situation, assess and react actively to mitigate its impact on the financial position and operating results of the Group. The Group will also continue to invest in digital platform and related infrastructure enhancements to improve social commerce experience as well as introduce more attractive incentives-linked growth strategy to make the business more attractive and place them in a stronger position to take advantage of the future megatrends. These initiatives will inevitably exert some pressure on the Group's operating margins for the financial year ending 31 December 2021.

Particulars of Properties

As at 31 December 2020

PROPERTIES OWNED BY THE GROUP

LOCATION	LAND AREA (SQ.METRES)	EXISTING USE	TENURE	APPROXIMATE AGE OF BUILDING (YEARS)	NET BOOK VALUE RM'000	DATE OF ACQUISITION
28, Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan	10,007	Office	Leasehold expiring 2 May 2071	11	22,441	9 March 2006
26 & 26A, Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan	7,934	Office, Warehouse and Shop	Leasehold expiring 26 March 2069	11	20,535	19 November 2004

Group's Physical Presence

As at 31 December 2020

CORPORATE HEADQUARTERS

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

28, Jalan 223, 46100 Petaling Jaya Selangor Darul Ehsan
Tel: 03-7946 2800 Fax: 03-7946 2399

AMWAY SHOPS

ALOR SETAR

35, Taman Bandar Baru Mergong,
Lebuhraya Sultanah Bahyah,
06250 Alor Setar,
Kedah Darul Aman

BATU PAHAT

12, Jalan Ceria,
Pusat Perniagaan Ceria,
83000 Batu Pahat,
Johor Darul Takzim

BINTULU

Lot No. 4075, 4076, 4077,
Parkcity Commercial Square Phase 5,
Jalan Tun Ahmad Zaidi,
97000 Bintulu, Sarawak

IPOH

8 & 10, Bercham Bistari 1,
Medan Bercham Bistari,
31400 Ipoh,
Perak Darul Ridzuan

JOHOR BAHRU

No. 57, Jalan Ponderosa 2/2,
Taman Ponderosa,
81100, Johor Bahru,
Johor Darul Takzim

KLANG

No. 4 & 6 (Ground Floor),
Jalan Kasuarina 11,
Bandar Botanic,
41200 Klang,
Selangor Darul Ehsan

KOTA BAHRU

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

KOTA KINABALU

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

KUALA TERENGGANU

24, Tingkat Bawah,
Pusat Niaga Paya Keladi,
Kuala Terengganu,
20000 Terengganu Darul Iman

KUANTAN

A255, Ground Floor,
Jalan Air Putih,
25300 Kuantan,
Pahang Darul Makmur

KUCHING

40 & 41,
Jalan Tun Ahmad Zaidi Adruce,
93200 Kuching, Sarawak

MELAKA

108A, Jalan Berkat 15,
Taman Malim Jaya, 75250 Melaka

MIRI

Lot 1740, Block 9,
MCLD Rice Mill Road,
Kampung Bahru, 98000 Miri,
Sarawak

NUSA BESTARI

26G, Jalan Bestari 7/2,
Taman Nusa Bestari,
79150 Nusajaya,
Johor Darul Takzim

PULAU PINANG

9 & 10, Persiaran Karpal Singh 2,
11600 Jelutong, Pulau Pinang

PERAI

1797-G-07 & 08,
Kompleks Auto World,
Jalan Perusahaan, Juru Interchange,
13600 Perai, Pulau Pinang

SANDAKAN

Block A, Lot S0198-S0201
Ground Floor, One Avenue 8,
Bandar Utama, Mile 6, North Road
90000 Sandakan, Sabah

SEREMBAN

255 & 256, Ground Floor,
Jalan S2 B12,
Uptown Avenue Seremban 2,
70300 Seremban
Negeri Sembilan Darul Khusus

SIBU

25 Ground Floor,
Lorong Wong King Huo 1B,
Pekan Sibu,
96000 Sibu, Sarawak

TAIPING

13, 15 & 17, Tingkat Bawah,
Jalan Medan Saujana Kamunting,
Taman Medan Saujana Kamunting
34600 Kamunting, Taiping,
Perak Darul Ridzuan

WANGSA MAJU

34N-0-3, Jalan Wangsa Delima 6
(1/27F), KLSC Section 5,
Pusat Bandar Wangsa Maju,
53300 Kuala Lumpur

BRUNEI

6 & 7, Block A,
Kompleks Shakirin,
Kampung Kiulap,
Bandar Seri Begawan,
BE1518 Brunei Darussalam

Notice of Annual General Meeting

AMWAY (MALAYSIA) HOLDINGS BERHAD

Registration No: 199501011153 (340354-U)

(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 26th Annual General Meeting ("AGM") of AMWAY (MALAYSIA) HOLDINGS BERHAD ("the Company") will be conducted entirely through live streaming from the broadcast venue at Van Andel & DeVos Training Centre, Amway (Malaysia) Sdn. Bhd., 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Tuesday, 25 May 2021 at 9.30 a.m. to transact the following businesses:

AGENDA

As Ordinary Business

- | | |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and the Auditors' Reports thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. To re-elect Mr Low Han Kee who is retiring pursuant to Clause 76(3) of the Constitution of the Company ("the Constitution") | Ordinary Resolution 1 |
| 3. To re-elect Dato' Abdullah Thalith Bin Md Thani who is retiring pursuant to Clause 76(3) of the Constitution. | Ordinary Resolution 2 |
| 4. To re-elect Encik Abd Malik Bin A Rahman who is retiring pursuant to Clause 76(3) of the Constitution. | Ordinary Resolution 3 |
| 5. To approve the Directors' fees and benefits of up to RM650,000.00 for the financial year ending 31 December 2021 (2020: fees and benefits of up to RM600,000.00). | Ordinary Resolution 4 |
| 6. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

As Special Business

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

- | | |
|---|-----------------------|
| 7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group International LLC ("ABGIL") and Amway (Singapore) Pte. Ltd. ("Amway (S)") ("Proposed Renewal of Shareholders' Mandate") | Ordinary Resolution 6 |
|---|-----------------------|

"THAT approval be and is hereby given for the Company and/or its subsidiaries ("Group") to enter into recurrent transactions of a revenue or trading nature with ABGIL and Amway (S) as set out in Section 2.4 of the Circular to shareholders dated 23 April 2021, which are subject to the approval of the Proposed Renewal of Shareholders' Mandate, provided that such recurrent transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are consistent with the Group's normal business practices and policies and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders;

Notice of Annual General Meeting

AND THAT such approval shall be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company ("AGM") at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held under Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed under Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever is the earlier;

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

8. To transact any other business of which due notice is given in accordance with the Companies Act 2016 and the Constitution.

BY ORDER OF THE BOARD

WONG WAI FOONG (MAICSA 7001358)
SSM PC No. 202008001472

KUAN HUI FANG (MIA 16876)
SSM PC No. 202008001235

Company Secretaries

Kuala Lumpur
Dated this
23 April 2021

Notice of Annual General Meeting

Notes:

1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend the 26th AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 26th AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Information for Shareholders on 26th AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 17 May 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at the 26th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Information for Shareholders on 26th AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

Notice of Annual General Meeting

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tihih.online>. Kindly refer to the Information for Shareholders on the procedures for electronic lodgement of proxy form via TIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is **Sunday, 23 May 2021 at 9.30 a.m.**
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. It is important that you read the Information for Shareholders on 26th AGM.
16. Shareholders are advised to check the Company's website at www.amway.my and announcements from time to time for any changes to the administration of the 26th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, Ministry of Health, Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

Explanatory Notes on Ordinary Business:

1. Agenda item 1

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Ordinary Resolutions 1, 2 and 3

Mr Low Han Kee, Dato' Abdullah Thalith Bin Md Thani and Encik Abd Malik Bin A Rahman are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 26th AGM.

Notice of Annual General Meeting

The Board of Directors ("the Board") has through the Nominating Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirement ("MMLR") on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

The Board has also through the Nominating Committee, conducted an assessment on Dato' Abdullah Thalith Bin Md Thani and Encik Abd Malik Bin A Rahman's independence and is satisfied that they have complied with the criteria prescribed by the MMLR and Malaysian Code on Corporate Governance.

3. Ordinary Resolution 4

Shareholders' approval is sought under Ordinary Resolution 4 to allow the Company to pay Directors' fees and benefits for the financial year ending 31 December 2021. The Directors' fees and benefits are based on the targeted Board size and the number of scheduled Board and Committee Meetings for the financial year ending 31 December 2021. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

4. Ordinary Resolution 5

The Board has through the Audit Committee, considered the re-appointment of Ernst & Young PLT as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 26th AGM are disclosed in the Corporate Governance Overview Statement of this Annual Report.

Explanatory Note on Special Business

1. Ordinary Resolution 6

This Resolution, if passed, will allow the Group to renew its existing mandate obtained at the 25th AGM held on 23 June 2020 to enter into recurrent related party transactions of a revenue or trading nature with ABGIL and Amway (S) in the ordinary course of business, and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related transactions occur would not arise. Besides facilitating a smoother and more efficient conduct of business, this would substantially reduce administrative time, inconvenience, expenses associated with the convening of such meetings and would place the Group in a better position to leverage and take advantage of business opportunities as and when they may arise, without compromising the corporate objectives of the Group. The shareholders' mandate is subject to renewal on an annual basis.

Please refer to the Circular to Shareholders dated 23 April 2021 for further details.

Statement Accompanying Notice of the 26th Annual General Meeting

(Pursuant To Paragraph 8.27(2) Of The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad)

There are no individuals standing for election/appointment as Directors at the 26th Annual General Meeting.

The Directors who are standing for re-election are Mr. Low Han Kee, Dato' Abdullah Thalith Bin Md Thani and Encik Abd Malik Bin A Rahman whose profile can be found on pages 53, 55 and 56 respectively of the Annual Report 2020.

Analysis of Shareholdings

As at 18 March 2021

No. of Issued Shares : 164,385,645 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per share

ANALYSIS OF SHAREHOLDINGS

Distribution of shareholdings according to size:

Size of Holdings	No. of Shareholders/ Depositors	%	No. of Shares Held	%
1 - 99	430	8.20	8,657	0.01
100 - 1,000	2,138	40.77	1,409,789	0.86
1,001 - 10,000	2,364	45.08	7,899,826	4.80
10,001 - 100,000	285	5.43	6,780,057	4.12
100,001 - 8,219,281	23	0.44	16,714,600	10.17
8,219,282 - and above	4	0.08	131,572,716	80.04
Total	5,244	100.00	164,385,645	100.00

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

Name of Shareholders	Direct		Direct	
	No. of Shares Held	%	No. of Shares Held	%
GDA B.V. ("GDA")	84,990,283	51.70	-	-
Amway Nederland Ltd. ("Amway Nederland")	-	-	*i84,990,283	51.70
Amway International Inc. ("Amway International")	-	-	*ii84,990,283	51.70
Alticor Inc. ("Alticor")	-	-	*iii84,990,283	51.70
Solstice Holdings Inc. ("SHI")	-	-	*iv84,990,283	51.70
Alticor Global Holdings Inc. ("AGH")*vi	-	-	*v84,990,283	51.70
AmanahRaya Trustees Berhad				
- Skim Amanah Saham Bumiputera	21,067,000	12.82	-	-
Kumpulan Wang Persaraan (Diperbadankan)	14,481,700	8.81	548,600	0.33
Employees Provident Fund Board	11,341,133	6.90	-	-

Notes:

*i Deemed interest by virtue of its interest in GDA pursuant to Section 8 of the Companies Act 2016.

*ii Deemed interest by virtue of its interest in Amway Nederland pursuant to Section 8 of the Companies Act 2016.

*iii Deemed interest by virtue of its interest in Amway International pursuant to Section 8 of the Companies Act 2016.

*iv Deemed interest by virtue of its interest in Alticor pursuant to Section 8 of the Companies Act 2016.

*v Deemed interest by virtue of its interest in SHI pursuant to Section 8 of the Companies Act 2016.

*vi The equity interests in AGH are wholly held by certain trusts established by Jay Van Andel and Richard M. DeVos, the co-founders of the AGH group of companies or members of their immediate families.

Analysis of Shareholdings

As at 18 March 2021

SHAREHOLDINGS OF DIRECTORS

(As per Register of Directors' Shareholdings)

Name of Directors	No. of Shares Held	%
1. Tan Sri Faizah Binti Mohd Tahir	-	-
2. Michael Jonathan Duong	-	-
3. Low Han Kee	-	-
4. Scott Russell Balfour	-	-
5. Dato' Abdullah Thalith Bin Md Thani	-	-
6. Abd Malik Bin A Rahman	1,000 (direct)	Neg.
7. Datin Seri Azreen Binti Abu Noh	-	-
8. Aida Binti Md Daud	-	-

THIRTY LARGEST SHAREHOLDERS

	No. of Shares Held	%
1. GDA B.V.	84,990,283	51.7
2. Amanahraya Trustees Berhad - Amanah Saham Bumiputera	21,067,000	12.82
3. Kumpulan Wang Persaraan (Diperbadankan)	14,481,700	8.81
4. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	11,033,733	6.71
5. Amanahraya Trustees Berhad - Amanah Saham Malaysia	8,000,000	4.87
6. Amanahraya Trustees Berhad - Amanah Saham Bumiputera 2	3,550,000	2.16
7. Amanahraya Trustees Berhad - Public Dividend Select Fund	1,305,000	0.79
8. Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	548,600	0.33
9. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Chew Er Hong (E-Kpg)	356,600	0.22
10. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (F Templeton)	307,400	0.19
11. Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - Ambank (M) Berhad For Ho Teik Chuan @ Ho Sonney (Smart)	302,000	0.18
12. Amanahraya Trustees Berhad - Amanah Saham Malaysia 3	295,700	0.18
13. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Lee Sey Liang (Klc/Ken)	225,100	0.14
14. Teo Chiang Hong	195,000	0.12
15. Chua Soon Gin	189,700	0.12
16. Koo Sing Huat	151,100	0.09

Analysis of Shareholdings

As at 18 March 2021

	No. of Shares Held	%
17. Kalsom Binti Ahmad	134,000	0.08
18. Ajeet Kaur A/P Inder Singh	128,700	0.08
19. Mehar Singh @ Mehar Singh Gill	127,000	0.08
20. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Skyture Capital Sdn Bhd (KL C/Piv)	125,000	0.08
21. Boh Plantations Sdn Berhad	122,500	0.07
22. New Tong Fong Plywood Sdn Bhd	120,000	0.07
23. Yeoh Saik Khoo Sendirian Berhad	114,500	0.07
24. Lee Wei Teng	107,000	0.07
25. Maybank Nominees (Tempatan) Sdn Bhd - Chua Eng Ho Wa'a @ Chua Eng Wah	105,200	0.06
26. Amanahraya Trustees Berhad - Arb For Yayasan Tun Ismail Mohamed Ali (Berdaftar)	103,500	0.06
27. Lim Ng Kiat	101,000	0.06
28. Maisarah Binti Ramli	94,000	0.06
29. Ong Lay Huah	91,300	0.06
30. Khoo Loon See	90,000	0.05
	148,562,616	90.38

Information for Shareholders On 26th Annual General Meeting

Date : Tuesday, 25 May 2021
Time : 9.30 a.m.
Broadcast
Venue : Van Andel & DeVos Training Centre
Amway (Malaysia) Sdn. Bhd.
28, Jalan 223, 46100 Petaling Jaya
Selangor Darul Ehsan, Malaysia

PRECAUTIONARY MEASURES AGAINST THE COVID-19 PANDEMIC

In view of the COVID-19 pandemic and as part of our safety measures, the 26th Annual General Meeting ("AGM") will be conducted entirely through live streaming from the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders **will not be allowed** to attend the 26th AGM in person at the Broadcast Venue on the day of the meeting.

We **strongly encourage** you to attend the 26th AGM via the Remote Participation and Voting ("RPV") facilities. You may also consider appointing the Chairperson of the Meeting as your proxy to attend and vote on your behalf at the 26th AGM.

Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 26th AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 26th AGM.

The Company will continue to observe the precautionary requirements and guidelines prescribed by the Government of Malaysia, Ministry of Health, Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

REMOTE PARTICIPATION AND VOTING

The RPV facilities are available on Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor")'s **TIIH Online** website at <https://tiih.online>

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 26th AGM using RPV facilities from Tricor.

Kindly refer to the Procedures for RPV as set out below for the requirements and procedures.

PROCEDURES FOR REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 26th AGM using the RPV facilities:

Information for Shareholders

On 26th Annual General Meeting

Before the 26th AGM Day

	Procedure	Action
(i)	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access to website at https://tiih.online. Register as a user under the "e-Services" and select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user with TIIH Online, you are not required to register as a user again. You will receive an e-mail to notify you that the remote participation for the 26th AGM is available for registration at TIIH Online.
(ii)	Submit your request to attend 26 th AGM remotely	<ul style="list-style-type: none"> Registration is open from Friday, 23 April 2021 until the day of 26th AGM on Tuesday, 25 May 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 26th AGM to ascertain their eligibility to participate the 26th AGM using the RPV. Login with your user ID (i.e. e-mail address) and password and select the corporate event: (Registration) Amway (Malaysia) Holdings Berhad 26th AGM Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 17 May 2021, the system will send you an e-mail after 23 May 2021 to approve or reject your registration for remote participation. <i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i>

On the 26th AGM Day

	Procedure	Action
(i)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 26th AGM at any time from 9.00 a.m. i.e. 30 minutes before the commencement of meeting at 9.30 a.m. on Tuesday, 25 May 2021.
(ii)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: (Live Stream Meeting) Amway (Malaysia) Holdings Berhad 26th AGM to engage in the proceedings of the 26th AGM remotely. If you have any question for the Chairperson/Board, you may use the query box to transmit your question. The Chairperson/Board will try to respond to questions submitted by remote participants during the 26th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(iii)	Online remote voting	<ul style="list-style-type: none"> Voting session commences from 9:30 a.m. on Tuesday, 25 May 2021 until a time when the Chairperson announces the end of the session. Select the corporate event: (Remote Voting) Amway (Malaysia) Holdings Berhad 26th AGM or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box.

Information for Shareholders

On 26th Annual General Meeting

On the 26th AGM Day (Cont'd)

	Procedure	Action
(iii)	Online remote voting	<ul style="list-style-type: none"> Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(iv)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairperson on the conclusion of the 26th AGM, the Live Streaming will end.

Notes to users of the RPV facilities:

- (i) Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- (ii) The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- (iii) In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only members whose names appear on the Record of Depositors as at 17 May 2021 shall be eligible to attend, speak and vote at the 26th AGM or appoint a proxy(ies) and/or the Chairperson of the Meeting to attend and vote on his/her behalf.

In view that the 26th AGM will be conducted on a virtual basis, a member can appoint the Chairperson of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

If you wish to participate in the 26th AGM yourself, please do not submit any Proxy Form for the 26th AGM. You will not be allowed to participate in the 26th AGM together with a proxy appointed by you.

Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 26th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Sunday, 23 May 2021 at 9.30 a.m.**:

- (i) In Hard copy:
 - a) By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;
 - b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com.
- (ii) By Electronic form:

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Information for Shareholders

On 26th Annual General Meeting

Procedure	Action
i. Steps for Individual Shareholders	
Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register as a user again.
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company on Friday, 23 April 2021, login with your username (i.e. email address) and password. Select the corporate event: Amway (Malaysia) Holdings Berhad 26th AGM - "Submission of Proxy Form". Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(ies) appointment. Print the Proxy Form for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online Select the corporate exercise name: "Amway (Malaysia) Holdings Berhad: Submission of Proxy Form". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxy(ies) by inserting the required data. Submit the proxy appointment file. Login to TIIH Online, select corporate exercise name: "Amway (Malaysia) Holdings Berhad: Submission of Proxy Form". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

Information for Shareholders

On 26th Annual General Meeting

VOTING AT MEETING

The voting at the 26th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company has appointed Tricor to conduct the poll voting electronically ("e-voting") via Tricor e-Vote application ("Tricor e-Vote App") and Coopers Professional Scrutineers Sdn Bhd as Independent Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairperson of the Meeting and submit your votes at any time from the commencement of the 26th AGM at 9.30 a.m. Kindly refer to "Procedures for Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIH Online.

RESULTS OF THE VOTING

The resolutions proposed at the 26th AGM and the results of the voting will be announced at the 26th AGM and subsequently via an announcement made by the Company through Bursa Securities at www.bursamalaysia.com.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

The Board recognises that the 26th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 26th AGM, shareholders may in advance, before the 26th AGM, submit questions to the Board of Directors via Tricor's TIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than **Sunday, 23 May 2021**. The Board of Directors will endeavour to address the questions received at the 26th AGM.

ANNUAL REPORT

The Annual Report is available on:

1. The Company's website - <https://www.amway.my/about-amway/investor-relations/annual-reports-announcements>; and
2. Bursa Securities's website - www.bursamalaysia.com under Company's announcements.

You may request for a printed copy of the Annual Report at <https://tiih.online> by selecting "Request for Annual Report" under the "Investor Services".

Kindly consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the 26th AGM since the meeting is being conducted on a fully virtual basis.

Amway (Malaysia) Holdings Berhad would like to thank all its shareholders for their co-operation and understanding in these challenging times.

ENQUIRY

If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday, except on public holidays).

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AMWAY (MALAYSIA) HOLDINGS BERHAD

Registration No.: 199501011153 (340354-U)

(Incorporated in Malaysia)

Proxy Form

No. of shares held

CDS Account No.

^I/We _____ NRIC/Passport/Company No.: _____
[Full name in block and as per NRIC/passport]

Tel/HP No: _____ of _____
[Full address]

being member(s) of Amway (Malaysia) Holdings Berhad, hereby appoint:

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

^and/or

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

or failing ^him/her, the Chairperson of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the 26th Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue at Van Andel & DeVos Training Centre, Amway (Malaysia) Sdn. Bhd., 28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Tuesday, 25 May 2021 at 9.30 a.m. or any adjournment thereof, and to vote as indicated below:

Description of Resolution ⁴	Resolution	For	Against
1. Re-election of Mr. Low Han Kee as Director	Ordinary Resolution 1		
2. Re-election of Dato' Abdullah Thalith Bin Md Thani as Director	Ordinary Resolution 2		
3. Re-election of Encik Abd Malik Bin A Rahman as Director	Ordinary Resolution 3		
4. Approval of Directors' fees and benefits for the financial year ending 31 December 2021	Ordinary Resolution 4		
5. Re-appointment of Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration	Ordinary Resolution 5		
6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 6		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.)

Signed this _____ day of _____ 2021

Signature*
Member

^ Delete whichever is inapplicable

* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. **IMPORTANT NOTICE**

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend the 26th AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 26th AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Information for Shareholders on 26th AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 17 May 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at the 26th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Information for Shareholders on 26th AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Information for Shareholders on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is **Sunday, 23 May 2021 at 9.30 a.m.**
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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AFFIX STAMP

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
(Registration No.: 197101000970 (11324-H))

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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