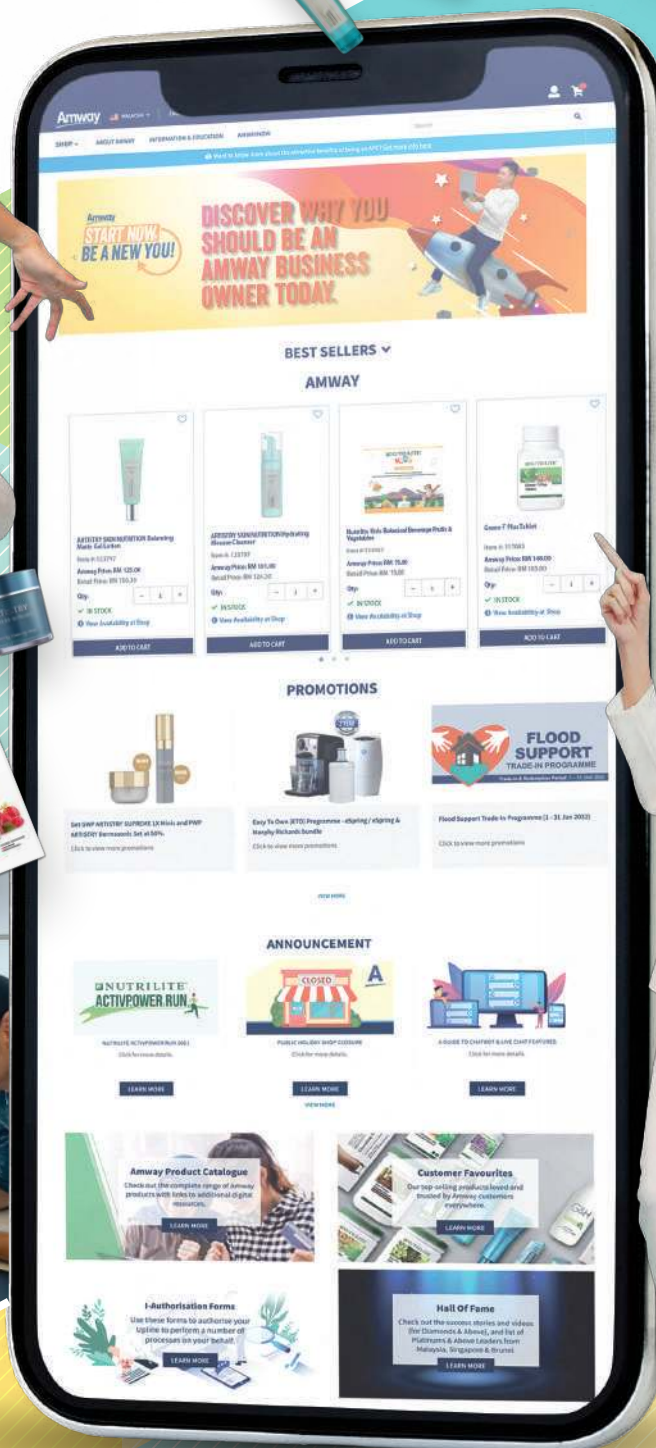




# Growing Opportunities, Empowering *Lives*

ANNUAL REPORT 2021

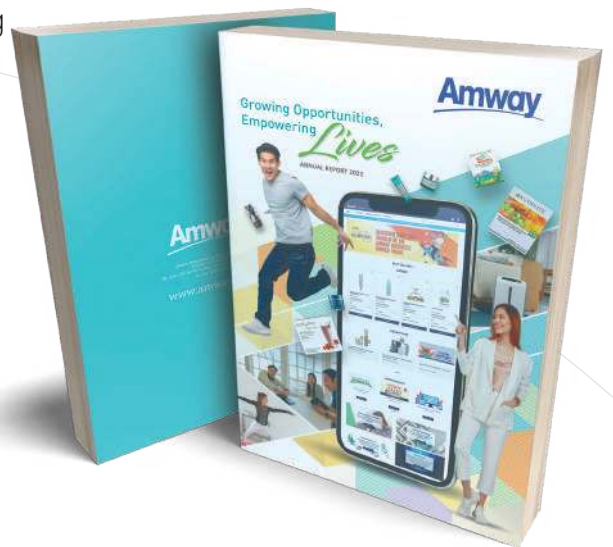


# GROWING OPPORTUNITIES, EMPOWERING LIVES

In 2021, Amway turned in a strong sales performance as we launched incentive-fuelled programmes to drive entrepreneurial opportunity, rolled out new health and wellness solutions, as well as invested in robust technology.

To support our Amway Business Owners ("ABOs"), we invested heavily in the Amway Privileged Customer ("APC") programme and launched additional rewards, among other things - all of which went a long way in driving ABO recruitment and sales. These initiatives coupled with the rollout of new health and wellness products as well as further investments in eCommerce platforms and contactless delivery channels, did much to open up new opportunities for our ABOs.

Today, the stage is set for Amway to continue delivering sustainable value as we propel closer towards achieving our 50<sup>th</sup> anniversary vision of being the leading Health and Wellness company for entrepreneurial business owners. As we continue to focus our efforts on growing opportunities and making a tangible impact on lives, the future bodes well for Amway.





# 27<sup>th</sup> Annual GENERAL MEETING

Date : 25 May 2022 | 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

# WHAT'S INSIDE

## HOW WE ARE GOVERNED

- 62 Corporate Information
- 63 Directors' Profiles
- 71 Key Management Profiles
- 72 Corporate Governance Overview Statement
- 96 Audit Committee Report
- 104 Statement on Risk Management and Internal Control
- 114 Compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad

## OUR STRATEGY AND PERFORMANCE REVIEW

- 06 Full Year and Quarterly Performance
- 07 5-Year Financial Highlights
- 08 Chairperson's Statement
- 18 Management Discussion & Analysis

## SUSTAINABILITY STATEMENT

- 36 Sustainability Statement

## OUR SIGNIFICANT EVENTS & ACHIEVEMENTS

- 55 FY2021 Awards & Achievements
- 56 2021 Event Highlights

## OTHER INFORMATION

- 185 Particulars of Properties
- 186 Group's Physical Presence
- 187 Notice of Annual General Meeting
- 193 Statement Accompanying the Notice of Annual General Meeting
- 194 Analysis of Shareholdings
- 197 Information for Shareholders on 27<sup>th</sup> Annual General Meeting

- Proxy Form

## FINANCIAL STATEMENTS

- 117 Directors' Report
- 122 Statement by Directors
- 122 Statutory Declaration
- 123 Independent Auditors' Report
- 128 Statements of Comprehensive Income
- 129 Statements of Financial Position
- 130 Statements of Changes in Equity
- 131 Statements of Cash Flows
- 133 Notes to the Financial Statements



## 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

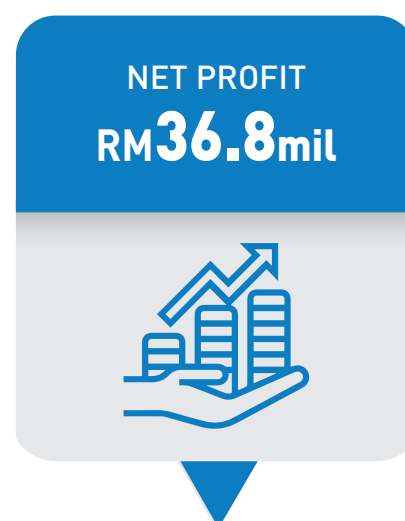
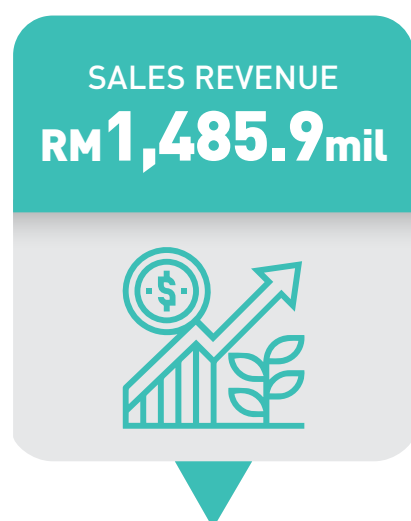
Each individual is accountable and responsible for achieving their personal goals. With the principle of helping others to help themselves, Amway maximises the potential of the individual and shared success. Amway provides the environment and opportunity for ABOs to give back to communities in ways that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



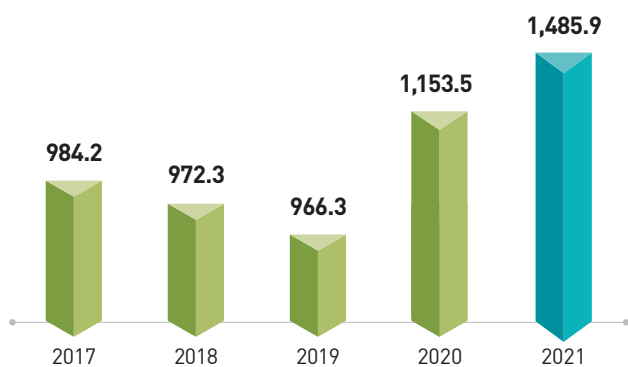
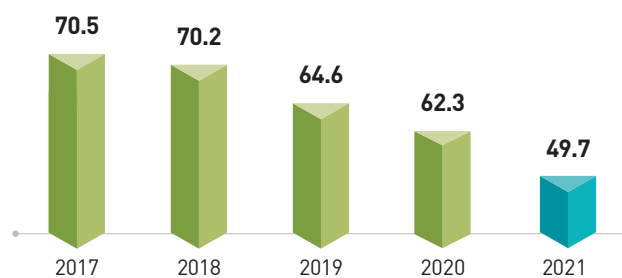
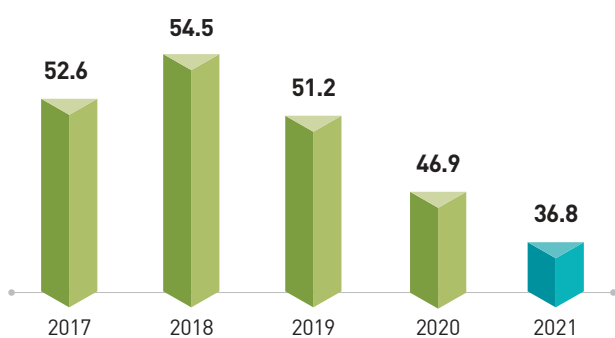
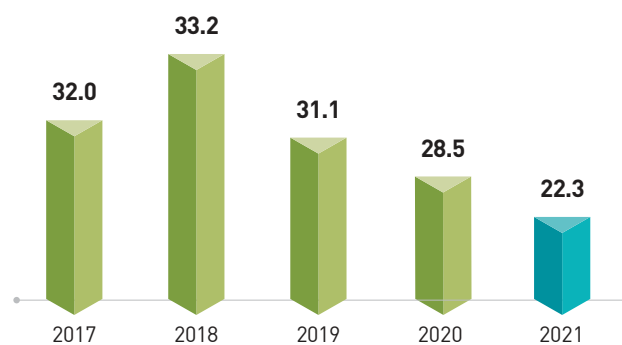
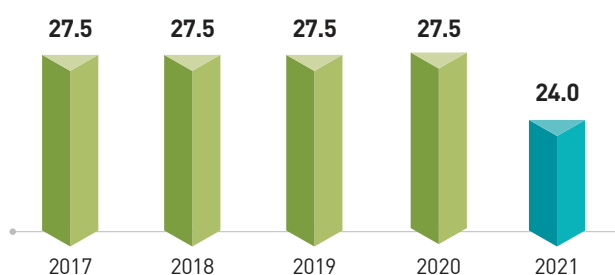
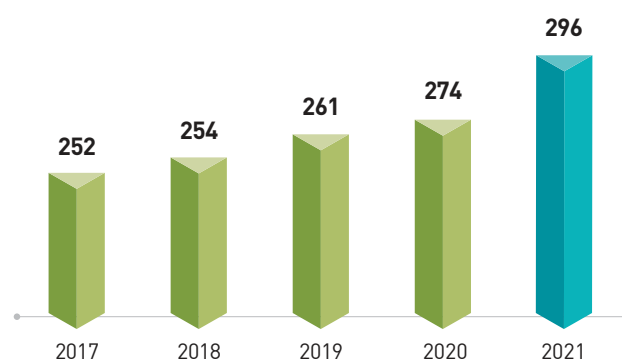
## FULL YEAR AND QUARTERLY PERFORMANCE



2021	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Full Year
Sales Revenue (RM' Million)	353.7	355.9	383.9	392.4	1,485.9
Profit Before Tax (RM' Million)	26.8	10.7	10.5	1.7	49.7
Net Profit (RM' Million)	20.1	7.9	8.0	0.8	36.8
Net Earnings Per Share (Sen)	12.2	4.8	4.8	0.5	22.3
Net Dividend Per Share (Sen)	5.0	5.0	5.0	9.0	24.0

2020	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> 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

## 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 ('000)**

## CHAIRPERSON'S STATEMENT

The year 2021 marked Amway's 45<sup>th</sup> year of operation in Malaysia. While there was no celebratory fanfare due to the ongoing COVID-19 pandemic challenges, Amway and its subsidiaries (collectively known as "the Group") commemorated the year by posting strong sales revenue growth while making significant progress on the employee, entrepreneurial business ownership, health and wellness product, eCommerce platform, contactless delivery channel, governance, and social responsibility fronts.

Amway's strong sales performance was fuelled by an entrepreneurial-focused growth mindset and supported by significant investments in our Amway Business Owners ("ABOs") as well as our business infrastructure. All this has set the stage for Amway to continue delivering sustainable value creation while propelling the Group closer towards achieving its 50<sup>th</sup> anniversary vision of being the leading Health and Wellness company for entrepreneurial business owners.

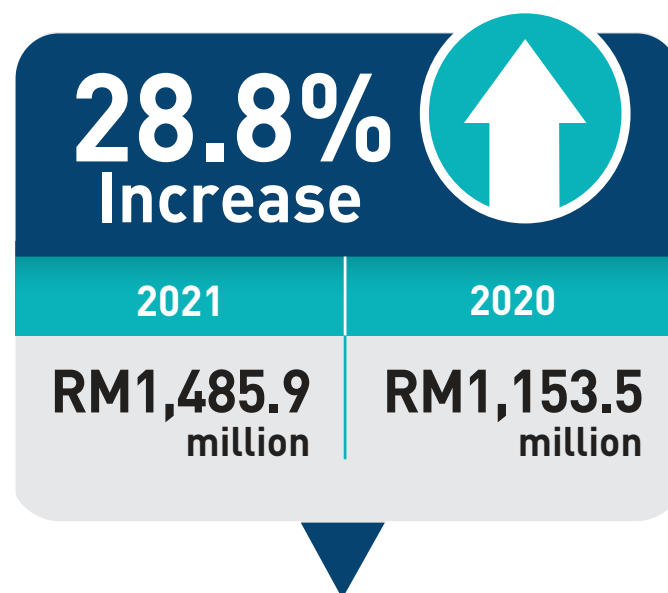
### COMMENDABLE AND SUSTAINABLE PERFORMANCE

Despite the challenges of FY2021, Amway generated a 28.8% increase in sales revenue amounting to RM1,485.9 million in comparison to the RM1,153.5 million attained in FY2020.

FY2021's revenue growth was mainly due to the continuing high demand for nutrition and wellness products as well as the newly launched Atmosphere Mini Air Treatment System. The growth was also attributable to the new buyer base stemming from the introduction of the Amway Privileged Customer ("APC") initiative and positive ABO response to newly introduced incentive programmes.

Despite the commendable increase in revenue over FY2021, the Group's profit before tax ("PBT") came in lower by 20.2% at RM49.7 million in comparison to the RM62.3 million posted in FY2020. This was primarily due to the investments made in sales and marketing activities (i.e., a newly introduced sales incentive plan, increased number of award qualifiers, and provisions for ABO performance year 2021 incentive trips). In addition, FY2020's results included one-off gain from the disposal of two properties while there were no such transactions in FY2021.

### Sales Revenue



For detailed insights into the Group's operational and financial performance, please refer to the Management Discussion & Analysis ("MD&A") section within this Annual Report.

### MAKING SIGNIFICANT STRIDES FORWARD

Back in FY2020, Amway moved quickly to meet the unprecedented challenges brought about by the COVID-19 pandemic by making radical changes on many fronts. These included the transformation of online registration, sales and contactless delivery channels as well as the launch of numerous programmes to support our entrepreneurial ABOs. The rapid and proactive measures undertaken helped Amway move from "surviving" to "thriving" amidst a highly challenging COVID-19 business environment. The Group's efforts led to remarkably positive results and brought about an unprecedented influx of new ABO signups that year.

Amway continued to build upon this momentum in FY2021 with a particular emphasis on staff, customers, entrepreneurial business owners income opportunity, product, digital platform, and contactless delivery fronts – all of which led to the year's commendable revenue performance and laid new foundations for future growth.



**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 2021  
(“FY2021”).**

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



## CHAIRPERSON'S STATEMENT (CONT'D)



### SAFEGUARDING OUR PEOPLE

On the people front, Amway continued to emphasise the safety of its employees, proactively providing everyone the necessary support, vaccinations, and work environment to perform at their best amidst the pandemic. The Group also provided entrepreneurial ABOs and customers with online order facilities, digital customer service, contactless delivery, and other social distancing measures to safely run their direct selling businesses or receive products with minimal in-person interactions. On top of this, Amway continued to support and care for the local communities and families impacted by the COVID-19 pandemic through various charitable programmes.

### STRENGTHENING THE ENTREPRENEURIAL OPPORTUNITY

Back in FY2019, Amway Malaysia introduced new discretionary incentives under the Core Plus+ initiative. These measures sought to increase the earning opportunities for entrepreneurs who chose to own an Amway business and to reward ABOs for building a sustainable business.

In FY2021, the Group launched the APC programme to enable registered customers, who were not interested in business ownership, access to Amway products at the same prices accorded to ABOs.

In conjunction with the APC programme, Amway introduced additional discretionary incentives and recognition under the Core Plus+ initiative, namely the Customer Sales Incentive ("CSI"), Bronze Foundation Incentive ("BFI") and Bronze Builder Incentive ("BBI") to reward entrepreneurial ABOs for servicing their registered APCs and building structure early in their businesses.

Today, these changes are helping to strengthen the health of Amway's direct selling business model and the value proposition for entrepreneurs amidst the emerging gig economy. They are also providing a meaningful alternative for those looking for more flexible work conditions and hours, as well as a remote working environment.

## STRENGTHENING THE HEALTH AND WELLNESS PRODUCT PORTFOLIO

To align the Group's strategies with the Healthy Living megatrend, Amway continued to strengthen the unique value proposition of existing Nutrition and Health products, introduced innovative new ones, and helped entrepreneurial ABOs build healthy communities. These measures led to strong double-digit percentage growth for the Nutrilite category sales. In addition to Nutrilite growth, the Group's newly launched Atmosphere Mini Air Treatment System and ARTISTRY SKIN NUTRITION range of products were key contributors to the year's strong sales revenue.

Propelled by the COVID-19 pandemic, Amway moved further along towards its 50<sup>th</sup> anniversary vision of being the leading Health and Wellness business opportunity with 80% of its products falling under this category. Going forward, products that align with Amway's Health and Wellness tenet will receive higher priority, while those products that do not, will be discontinued.

## ENHANCING AMWAY'S ECOMMERCE PLATFORM AND THE CUSTOMER EXPERIENCE

The COVID-19 pandemic not only forced Amway to fast-track its eCommerce development and rollout plans, but also accelerated digital adoption amongst ABOs and customers. Prior to the pandemic, online orders accounted for around 25% of the Group's total sales with Amway targeting to double its online sales to 50% over a multi-year horizon. However, at the onset of the pandemic and through subsequent phases of Malaysia's Movement Control Order, Amway and its entrepreneurial ABOs were forced to rely 100% on eCommerce orders and contactless delivery.

Following the launch of Amway's new eCommerce platform in November 2020, the Group made some 80 enhancements in FY2021 to improve the overall user experience. These enhancements ranged from a new payment gateway, delivery track-and-trace features, online order edit/cancellation capabilities, registration improvements, as well as the inclusion of a chatbot and live chat functionality to enhance both APC and ABO customer support.

“To align the Group's strategies with the Healthy Living megatrend, Amway continued to strengthen the unique value proposition of existing Nutrition and Health products, introduced innovative new ones, and helped entrepreneurial ABOs build healthy communities. These measures led to strong double-digit percentage growth for the Nutrilite category sales.”

To meet the explosive surge of online orders and contactless home delivery, Amway improved its omni-channel logistics capability and made further investments in this area. The improvements included stronger automated operations, new tools and processes and third-party logistics vendors, as well as cross-training for team members. The Group also invested in logistics talent to strengthen its teams in Peninsular Malaysia as well as in Sabah and Sarawak to enhance the eCommerce delivery experience.

As of December 2021, around 62% of the Group sales were placed via its eCommerce platform for contactless home delivery. The last two years have helped Amway re-evaluate and reset its 50<sup>th</sup> anniversary forecast of online sales contributing up to 80% of the Group's revenue.



Around **62%** of the Group sales were placed via its eCommerce platform for contactless home delivery.



## CHAIRPERSON'S STATEMENT (CONT'D)

### UPHOLDING RESPONSIBLE CORPORATE PRACTICES

#### Good Governance

The Group is committed to upholding strong standards of corporate governance, robust risk management, internal control, and sustainable measures to deliver long-term business growth. These elements are also helping to bolster investor confidence, safeguard Amway's corporate reputation, and ensure continued shareholder value creation.

Amway's board governance policies are guided by the updated Malaysian Code on Corporate Governance ("MCCG") 2021 that was released in April 2021. The Group remains resolute that good governance policies flow down from the Board in a clear-cut manner and are cascaded down across the rest of the organisation effectively.

During the year in review, Amway performed a gap analysis between existing governance practices and the recommended practices within the updated MCCG 2021. Subsequently, the Group made the necessary changes to the Board Committees as well as strengthened and updated the relevant policies, Board Charter, and the respective Terms of Reference of the various Board Committees, so that these aligned with the MCCG 2021.

While the finer details of the overall changes made can be found in the Corporate Governance Overview Statement within this Annual Report and the standalone 2021 Corporate Governance Report on the Group's website, two key changes are highlighted:

- i. Practice 1.4 of the MCCG 2021 states that the Chairperson of the Board should not be a member of the Audit Committee ("AC"), Nomination Committee ("NC") or Remuneration Committee ("RC") to preserve the objectivity of the Chairperson when deliberating on observations and recommendations put forth by the respective Board Committees. As such, on 25 August 2021, as the Chairperson of the Board, I resigned from the AC and RC, while Mr. Low Han Kee stepped in as a member of the AC and En. Abd Malik Bin A Rahman stepped in as a member of the RC. Aside from these movements on the Board Committees, there were no changes in the composition of Amway's Board in FY2021.
- ii. Practice 5.10 of the MCCG 2021 stresses the importance of gender diversity on the Board and among the Key Senior Management. In line with this, Amway remains committed to reflecting strong diversity in terms of gender, background, and skillsets, among our Board of Directors. Today, three of our eight Directors – representing 38% of the Board – are women, which is in line with the minimum 30% recommendation as per Practice 5.9.

**“To strengthen the Group's Enterprise Risk Management ("ERM") framework, Amway appointed an independent external professional consultant to perform a review of the Group's ERM framework and to facilitate the updating of the Group's risk register to address existing and new risks.”**



## Robust Risk Management

Amway has in place a robust risk management system that identifies and mitigates existing and potential threats to safeguard our business and achieve our goals and objectives.

To strengthen the Group's Enterprise Risk Management ("ERM") framework, Amway appointed an independent external professional consultant to perform a review of the Group's ERM framework and to facilitate the updating of the Group's risk register to address existing and new

risks. The updated ERM framework, risk management structure as well as reporting and risk analysis activities were approved and adopted by the Board in May 2021.

At the same time, to bolster the Group's first line of defence in the management of day-to-day operational risks, a new in-house Compliance Officer position was created. The Compliance Officer is tasked primarily with conducting audits on operational processes to ensure adherence with internal Standard Operating Procedures as well as with identifying internal control gaps and recommending improvements.



## CHAIRPERSON'S STATEMENT (CONT'D)



### Strengthening Amway's Agenda of Sustainability

The Group is committed to serving its stakeholders by delivering long-term value through consistent and sustainable performance. Recognising how important the agenda of sustainability is for long-term growth, the Board is working to proactively overhaul and strengthen Amway's sustainability practices so that these align with the recommended practices under the MCCG 2021 and sustainability requirements of Bursa Malaysia Securities Berhad.

In FY2021, Amway formed a Sustainability Committee and appointed a consultant to assist in establishing a group-wide Sustainability Framework which will be embedded into the Group's strategies, policies, and procedures. The Group also designated Amway's Head of Corporate & Government Affairs as the senior management focal to oversee the sustainability agenda.

Amway's plan moving forward is to create a stronger culture of sustainability within the Group, with a focus on incorporating the Economic, Environmental, Social and Governance ("EESG") considerations into the decision-making and business processes, as well as addressing material sustainability risks and opportunities.

The establishment of the Group' Sustainability Framework together with the relevant policies and procedures is ongoing and is targeted for completion and adoption by the Board in FY2022.

Amway's sustainability efforts are not limited to the width and breadth of internal operations. The Group is continuously looking for ways to positively impact communities by leveraging its resources and products to make a tangible impact on local communities and global causes, especially during times of crisis.

To ensure the safety and well-being of communities during the pandemic, Amway partnered with the Department of Social Welfare to provide Nutrilite supplements and health education to over 100 children from PPR Desa Rejang Setapak to strengthen their natural immune system and to aid in their physical growth.

Amway also played a role in the nationwide donation programme organised by the Direct Selling Association of Malaysia ("DSAM") in collaboration with the Malaysia Retail Chain Association ("MRCA"). Amway worked with the DSAM, MRCA and their member companies to provide food aid to some 8,000 families impacted by the pandemic.



Aside from COVID-19 pandemic-related assistance, the Group also reached out to flood-stricken communities through several initiatives under the Amway's Special Flood Assistance programme. In addition, Amway employees supported the volunteer efforts in Hulu Langat, Selangor, initiated by the Ministry of International Trade and Industry, in-collaboration with DSAM and four other ministries.

For further details of the Group's overall sustainability efforts in FY2021, please refer to our Sustainability Statement which provides an account of our sustainability-related highlights, achievements, and the overall positive impact that we created for the environment and community at large.



## OUTLOOK AND PROSPECTS

The ongoing threat and spread of new COVID-19 variants continue to create uncertainty around the world and cast a shadow over the prospects for both global and national economic recovery. Nonetheless, Malaysia and its people are today better protected than they were before given the comprehensive and fast-tracked vaccination rollouts under the National Immunisation Programme. The hope is that with the majority of the population being vaccinated, this will lessen the need for future lockdowns and other restrictions.

Amway's strong revenue growth in FY2021 was undoubtedly owing to the rollout of various initiatives and investments (i.e., the launch of the APC and new sales incentive programmes, new product launches and promotions, as well as the sign-up fee reduction), all of which provided solid fundamentals and helped bolster the Group's performance. On top of this, the resilience of ABOs and the timely investments of the Group into eCommerce infrastructure were key to the year's success.

## CHAIRPERSON'S STATEMENT (CONT'D)

Moving forward into FY2022, the Board remains optimistic that Amway will deliver moderate top-line growth. To support entrepreneurial ABOs and APCs as well as ensure the Group's long-term sustainable growth, we will continue to strategically and prudently invest in specific areas including ABO and APC-centric incentive programmes, new product launches and promotions, health-centric communities, as well as digital platforms and the related delivery infrastructure. While the costs associated with these investments will understandably exert pressure on the Group's operating margin, we expect the sales incentive plan rolled out in prior years to normalise, thereby improving our operating margin in comparison to FY2021.

The Group's emphasis on observing megatrends and making the appropriate responses have served us well to date and we will continue to leverage on this. Given consumers' increased focus on health and wellness, Amway will continue to capitalise on its relevant immunity boosting supplements, weight management products, and ABO-led healthy living communities to fuel a sustainable business.

As social commerce rises exponentially, business in the traditional sense is no longer an option for companies. Embracing the new normal, Amway is changing the way it operates and interacts with entrepreneurial ABOs and other stakeholders. As ABOs continue to adapt swiftly to this era of "business unusual" to make the most of the opportunities before them, Amway will continue to make the ABO journey a smooth and rewarding one.

### IN APPRECIATION

On behalf of Amway's Board of Directors, I wish to convey my heartfelt appreciation to the numerous parties who have made it possible for our Company to remain resilient and to continue thriving during highly challenging times.

At the national level, we applaud the tireless efforts of the *rakyat* as well as the many front-liners and Government officials who stepped up to the plate to lend a hand in times of great need. We earnestly thank them for their many sacrifices and worthy efforts during FY2021's many crises.



**“Given consumers’ increased focus on health and wellness, Amway will continue to capitalise on its relevant immunity boosting supplements, weight management products, and ABO-led healthy living communities to fuel a sustainable business.”**

Our deep appreciation also goes to our valued shareholders who stood by us and continued to steadfastly believe in us amidst uncertain times. Thank you for your unwavering confidence in Amway. We on our part will continue to focus on creating sustainable value for you.





Our heartfelt gratitude and admiration go out to our ABO family for their relentless diligence and for moving so quickly to adopt the new measures and incentives offered. Your entrepreneurial spirit and your united front once again helped us to turn crisis into opportunity and grow from strength to strength. We look forward to both supporting you and advancing together with you in this new year.

We are also very grateful to the many suppliers and service partners who continue to support us. Your collaboration and fortitude have helped us to make good strides forward and we look forward to working together with you for our mutual benefit.

To Amway's version of the front-liners – the many employees who staffed our shops and made sure deliveries happened among countless other activities – your resilience and spirit of excellence amidst the year's challenges continue to inspire us all. To those employees who worked from home or at headquarters to keep things going – a big thank you for your steadfast patience and hard work despite the constant changes. Our utmost thanks to our Senior Management for once

again navigating us through tough times. Your strategic insights, exacting direction, and responsible stewardship continue to lead us to new heights.

Not forgetting my colleagues on the Board who lent us their wise counsel and guidance and demonstrated discerning leadership throughout a highly challenging year. Once again, we are indeed grateful for the diversity of leadership styles, perspectives, backgrounds, skills, and experiences that our Directors bring to the table. All these have proven beneficial and have helped pave a profitable pathway for Amway.

Amway's success thus far is undoubtedly owing to the combined efforts and unified front of all the parties involved. As we embrace another new year and uncertain times, we resolve that we will continue to maintain the good momentum achieved to date, as well as rise above all challenges and capitalise on all opportunities that the year may bring. Thank you for your kind support once again and stay safe everyone.

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

## MANAGEMENT DISCUSSION & ANALYSIS



**Mike Duong, Managing Director of Amway Malaysia, Singapore and Brunei**

In the financial year ended 31 December 2021 ("FY2021"), Amway and its subsidiaries ("the Group") steadfastly built upon the solid foundations for growth laid down in the preceding year and made robust strides forward on several fronts. Amway strengthened its support for entrepreneurial Amway Business Owners ("ABOs") and employees, rolled out innovative new health and wellness products, made investments in eCommerce platforms and contactless delivery channels, implemented stronger corporate and sustainability governance measures, as well as made an impact on communities through tangible corporate social responsibility ("CSR") initiatives. The Group also continued to successfully leverage existing and emerging megatrends relevant to Amway's business to drive top-line growth and prepare the business for the future.

Having navigated the volatile economic and health challenges brought on by the ongoing COVID-19 pandemic, Amway is well-positioned to continue delivering sustainable value in alignment with the

Group's vision of being the leading Health and Wellness company for entrepreneurs and consumers.

### LEVERAGING AGILITY TO NAVIGATE A VOLATILE OPERATING ENVIRONMENT

In 2021, global gross domestic product ("GDP") grew to 5.5% from 4.3% in 2020 as the relaxation of pandemic-related lockdowns in many countries helped strengthen demand growth. Despite the annual increase, resurgences of the COVID-19 pandemic and widespread supply bottlenecks weighed heavily on global activities in the second half of the year. Emerging markets and developing economies experienced notably weaker and more fragile recoveries as compared to the advanced economies due to slower vaccination progress, limited policy responses, and the pandemic's scarring effects<sup>1</sup>.

Two weeks into January 2021, just as Malaysians thought that economic recovery was possible, the Malaysian Government announced another round of nationwide movement restrictions to curb the soaring number of

COVID-19 cases and deaths. Movement Control Order ("MCO") 2.0 was imposed in certain parts of Malaysia, sending huge shockwaves across the nation, as all economic activities except for five permitted sectors came to a standstill.

As MCO 2.0 ended, life slowly returned to some sense of normalcy. However, the daily number of new cases grew, leading to the imposition of MCO 3.0 nationwide in June 2021.

On 15 June, the Government unveiled a four-phase National Recovery Plan ("NRP") to nurse an ailing Malaysian economy back to health. On 15 August, the Government began to ease the restrictions for those who had been fully vaccinated and allowed more business sectors to resume operations under Phase One of the NRP<sup>2</sup>. Overall, Malaysia saw its overall GDP grow to 3.1% in 2021, as compared to a 5.6% contraction in 2020, on the back of the successful rollout of the National Immunisation Programme ("NIP")<sup>3</sup>.

During the various MCO phases, Amway, which was recognised as an "essential service provider" because of its health and wellness, household sanitising, air and water purifier as well as home care products, was able to carry on its business operations. Despite a challenging backdrop, the Group continued to leverage on proven strategies, tapped innovative new ones, and maintained a resolute focus on supporting enterprising ABOs and hard-working employees.

In January 2021, the Group launched the Amway Privileged Customer ("APC") programme allowing registered customers an opportunity to purchase Amway products at the same prices accorded to ABOs. In conjunction with the APC programme, the Group launched additional rewards under the Core Plus+ initiative, a discretionary incentives programme designed to complement the Amway Sales & Marketing Plan (the Core Plan). The significant new investments made in the Core Plus+ initiative aims to reward newer ABOs for sales to verified customers and for building sustainable business structures.

The new initiatives, coupled with the continued strong demand for Amway's health and wellness products, led to an unprecedented 499,500 new ABO and APC signups, thereby increasing the force size by 46%, and growing the number of unique monthly buyers by 36%.

Not only did the Group grow in terms of top-line sales, force size, buyer count, and health and wellness product sales, but Amway continued to pivot towards eCommerce online orders and contactless home delivery, which for FY2021 accounted for over 60% of annual sales. Throughout FY2021, almost all activities conducted by the Group or its ABOs were done online as concerns of contracting the COVID-19 virus continued to propel the rapid adoption of digital meetings, online trainings, eRallies, social communities, and events.

The business continued to grow despite the ongoing pandemic, MCO lockdowns, and other unexpected challenges. Although the past two years have brought Amway challenges in unimaginable ways, the Group has pushed forward to create strong, loyal communities of customers. Together with them, we have made great progress as leaders in the Health and Wellness segment.



<sup>1</sup> Extracted from the World Bank's "Global Economic Prospects" report dated January 2022 – refer to <https://openknowledge.worldbank.org/bitstream/handle/10986/36519/9781464817601.pdf>

<sup>2</sup> Extracted from an article in The Sun Daily dated 8 December 2021 titled "Covid-19 still the nemesis of economic growth in 2021" – refer <https://www.thesundaily.my/home/covid-19-still-the-nemesis-of-economic-growth-in-2021-CX8635488>.

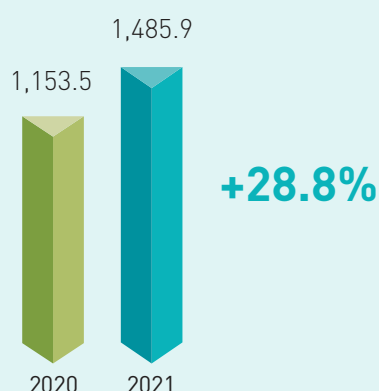
<sup>3</sup> Extracted from an article in the Edge Markets dated 12 February 2022 titled, "Tengku Zafrul: Govt maintains 5.5-6.5% GDP growth forecast for 2022" – refer <https://www.theedgemarkets.com/article/tengku-zafrul-govt-maintains-5565-gdp-growth-forecast-2022>.



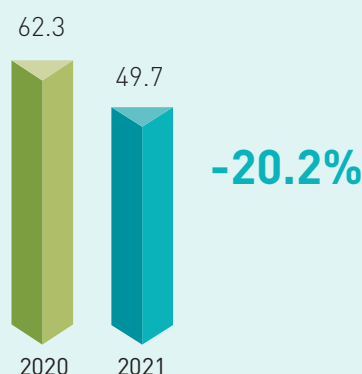
## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### DELIVERING A RESILIENT FINANCIAL PERFORMANCE

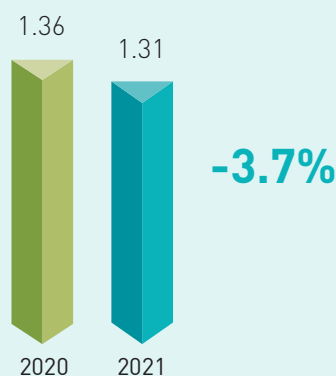
#### Sales Revenue (RM' Million)



#### Profit Before Tax (RM' Million)



#### Net Asset Per Share (RM)



#### Sales Revenue

FY2021 saw Amway post a 28.8% increase in sales revenue to reach RM1,485.9 million – a new record in comparison to the RM1,153.5 million garnered in FY2020. This significant surge in revenue was driven by continuous good demand for nutrition and wellness products as well as the newly launched Atmosphere Mini, the stronger buyer base from the new APC programme, and strong momentum from the field which was stimulated by the new Core Plus+ early reward programme incentives launched in January 2021.

#### Earnings

Notwithstanding the commendable double-digit revenue growth in FY2021, the Group's profit before tax ("PBT") decreased by 20.2% to RM49.7 million from RM62.3 million previously. This was attributed to the crucial investments in sales and marketing activities (i.e., the new Core Plus+ early reward programme) as well as the higher provision for sales incentive costs because of the higher number of qualifiers. The year's PBT was also impacted by higher ABO-related expenses in tandem with the year's higher sales. In comparison, FY2020 had a lower cost base mainly due to the cancellation of incentive trips over the year owing to the pandemic outbreak (as opposed to FY2021 which included a provision for incentive trips), and one-off gain from the disposal of two properties.

#### Dividends

The Group is steadfastly committed to preserving shareholders' interests and creating long-term, sustainable value. In line with the Company's dividend policy, Amway is committed to distributing a gross dividend of not less than 80% of the annual net earnings to equity holders of the Company. This is ultimately

contingent on the Company's level of cash and retained earnings, business operations, financial performance, prospects, capital expenditure, and current and expected obligations.

In respect of FY2021, Amway paid out three single-tier interim dividends of 5.0 sen net per share amounting to RM24.7 million. On 23 February 2022, the Board declared a fourth single-tier interim dividend of 5.0 sen net per share and a special single-tier interim of 4.0 sen net per share amounting to RM14.8 million. Shareholders' entitlement to the fourth single-tier interim dividend and the special single-tier interim dividend was ascertained based on shareholders registered in the record of depositors as of 11 March 2022. The corresponding payment was made on 25 March 2022.

Altogether, in respect of FY2021, Amway made a total dividend payout of 24.0 sen net per share, amounting to a total of RM39.5 million. This represents a payout ratio of 107% of net earnings for FY2021 which was higher than the 96% payout ratio in FY2020. This payout ratio underscores Amway's commitment to delivering sustainable value to shareholders even amidst challenging times.

#### Financial Position and Liquidity

Today, the Group continues to maintain a healthy balance sheet while liquidity remains strong. This provides Amway with the necessary resources to sustain business operations over both the short-term and long-term as well as the capabilities to fund future capital expenditure and growth initiatives when opportunities arise.

As of 31 December 2021, the Group's net assets stood at RM1.31 per share compared with net assets per share of RM1.36 at the end of FY2020.



Meanwhile, the Group's current assets exceeded current liabilities by RM98.4 million at the end of FY2021 in comparison to RM116.1 million at the end of FY2020. At the end of FY2021, the Group's cash and bank balances stood at RM236.8 million as compared to RM173.7 million at the end of FY2020. The Group also had zero bank borrowings at the end of FY2021, similar to its position at the end of FY2020.



### Capital Expenditure Requirements, Capital Structure and Capital Resources

For the year in review, the Group made capital expenditure ("capex") investments amounting to RM6.1 million (FY2020: RM20.2 million) which mainly covered investments in ABO experience-related infrastructure. These included further enhancements to the new eCommerce platform to improve the ABO and APC shopping experience as well as upgrades to the online shopping payment gateway system. The plan moving forward is to continue making investments in Amway's digital and home delivery infrastructure to ensure Amway remains competitive.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### CELEBRATING THE PAST, STRENGTHENING FOUNDATIONS FOR AMWAY'S 50<sup>TH</sup> ANNIVERSARY

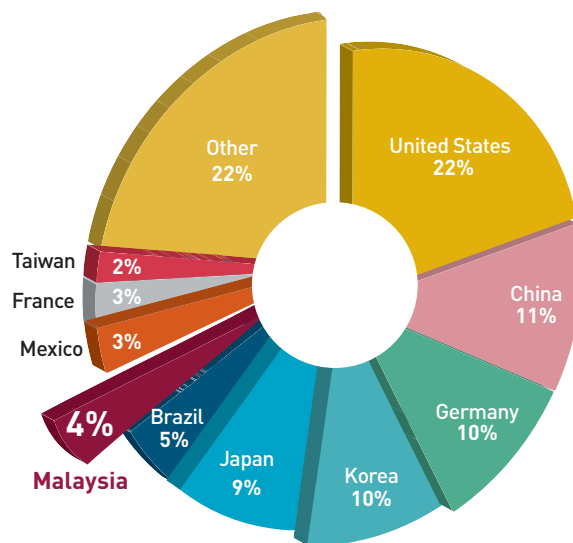
Established in 1976 with the vision of “Helping People Live Better, Healthier Lives”, Amway (Malaysia) Holdings Berhad is one of Malaysia’s first direct selling companies and the holding company of Amway (Malaysia) Sdn. Bhd. (“AMSB”) and Amway (B) Sdn. Bhd. From its days as a single storefront supplier of consumer goods, Amway has grown to become one of the industry’s leading players on the local front and one of the Amway Group’s top-10 performing affiliates on a global scale. The World Federation of Direct Selling Associations also recognises Malaysia as being No. 7 among the top-10 nations globally for direct selling<sup>4</sup>. Today, the Company boasts more than 20 stores nationwide while its product offerings have increased and encompass over 450 high-quality consumer goods ranging from health supplements and energy products to skincare, personal care, and durables.

After more than 45 years, Amway Malaysia’s fundamentals remain strong and the business continues to grow sustainably. The Group remains committed to upholding its Founders’ Fundamentals of “Freedom, Family, Hope, and Reward” as it has done all these years. That commitment is reflected in Amway’s determination to provide the best opportunity and platform for entrepreneurial ABOs to build a personalised community of engaged customers. In recent years, this aim has seen the Group intensifies its efforts to proactively future-ready the Amway business by making investments in the right infrastructure, systems, partners, and people.

As the Group moves towards its 50<sup>th</sup> anniversary, it remains committed to delivering strong and sustainable value while remaining adaptable to emerging megatrends as well as the evolving needs of entrepreneurial business owners and customers.



**Global Direct Selling - 2020 Retail Sales**  
Published July 1, 2021



**Top-10 Global Markets**

### EMBRACING MEGATRENDS, UNLEASHING POTENTIAL

The Group recognises the importance of understanding past, present, and future market trends. Since 2019, Amway has subscribed to the study of disruptive new megatrends that have stemmed from technological innovation, demographic shifts, the spread of globalisation, and now, the global pandemic. Recognising that these transformative global patterns or trends are set to have a significant effect on future markets and consumer behaviour, Amway has sought to align its strategies with these megatrends and leverage them to grow the business. In doing so, the Group is future-readying its employee workforce as well as empowering entrepreneurial ABOs to build sustainable businesses and communities that are primed to capitalise on these influential forces.

In last year’s Annual Report, Amway highlighted three megatrends, namely the “Bricks and Clicks”, “Healthy Living” and “Connected Middle-Class Consumers” megatrends. This year, Amway again focuses on these megatrends shaping the future and introduces a new one centred on “the Rise of Gig Economy Workers”. In addition, the Group will discuss how these megatrends are influencing the future, and will illustrate how the Company is leveraging these influential forces to grow the Amway business.

<sup>4</sup> Extracted from Global Direct Selling - 2020 Retail Sales Report dated July 1, 2021 - <https://wfdsa.org/wp-content/uploads/2021/06/Sales-Seller-Report-2020.pdf>

## MEGATREND #1: BRICKS AND CLICKS<sup>5</sup>

Back in 2013, research and consulting firm Frost & Sullivan coined the term “bricks and clicks” to explain the transition of traditional brick and mortar retail establishments to integrated cross-channel models which combined both virtual and physical platforms. Frost and Sullivan predicted then that under this megatrend, bricks and clicks-type businesses would comprise 20% of total retail spending and reach a value of US\$4.3 trillion by 2025. At that time, while eCommerce platforms had been around for over four decades, the majority of businesses had been slow to adapt to the multi-channel business model<sup>5</sup>.

However, all that changed during the COVID-19 pandemic in 2020 which led to the temporary closure of physical-economic sectors as nations entered lockdown to curb the spread of the virus. The physical lockdowns led to a mass migration of businesses onto virtual platforms for survival. Consequently, these developments caused retail eCommerce sales worldwide to rocket to US\$4.28 trillion in 2020, thereby superseding Frost & Sullivan’s original forecast by a good five years.

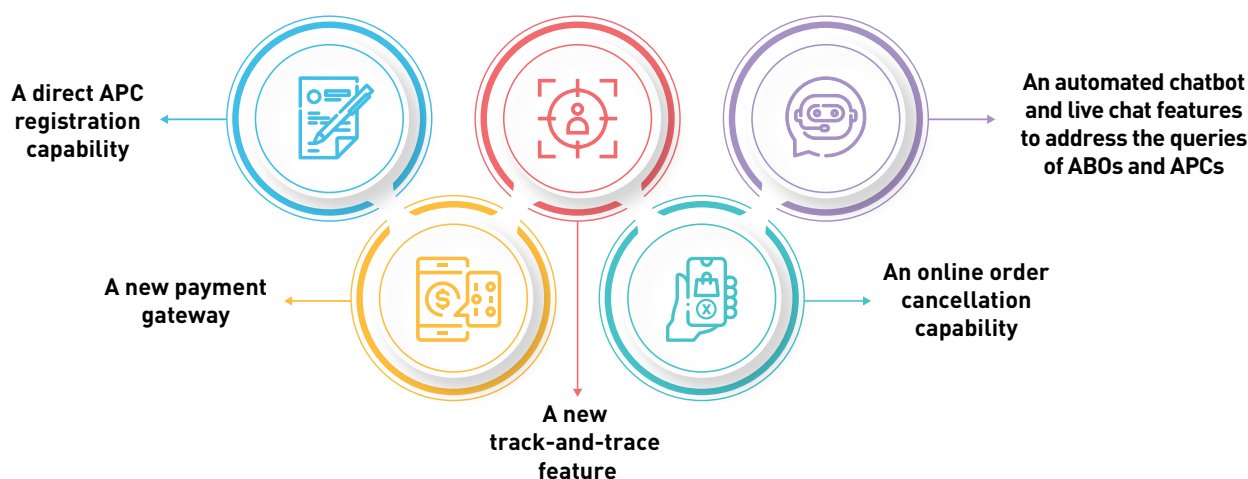
Moving forward, this uptrend is expected to continue with retail eCommerce revenues projected to grow to US\$5.4 trillion in 2022<sup>6</sup>.

### Strengthening Amway’s eCommerce Capacity and Digital Capabilities

Well before the pandemic hit, Amway had already started to invest in digital infrastructure and eCommerce initiatives to modernise its business model for future-ready entrepreneurs and customers. What had originally been planned to be gradually rolled out over five years, was fast-tracked and brought to life over the last two years. Before the pandemic, online sales comprised around 25% of all total retail sales. This number leapt to 100% of retail sales at the height of the pandemic, and today, the Group averages over 60% online sales and aims to achieve 80% online sales in a sustainable manner in the years ahead.

Back in November 2020, Amway successfully migrated its eCommerce capability from a legacy system to a more robust eCommerce architecture. Leveraging cloud computing and powered by the Hybris CORE, the latest eCommerce platform incorporates several standout features enabling a full omnichannel solution that can facilitate online, mobile, and in-store sales. The new platform offers entrepreneurial ABOs and customers a practical and efficient user interface and processes as well as a more engaging and convenient eCommerce experience.

In FY2021, the Group enhanced its eCommerce platform by introducing some 80 new features to improve the overall user experience for ABOs and APCs. These included:



<sup>5</sup> Adapted from Frost and Sullivan’s insights on Mega Trends – refer <https://www.frost.com/research/visionary-innovation/mega-trends/bricks-and-clicksomnichannel-retail/>

<sup>6</sup> Data extracted from Statista’s research on retail e-commerce sales worldwide from 2014 to 2024 – refer to <https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>



## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Today, digitalisation is helping the Group refine its processes to make sure entrepreneurial ABOs are equipped with the right tools to reach their targets and goals. As part of the transformation, the IT and Digital departments have been consolidated into one singular technology team. This has led to the creation of a more holistic working environment and more efficient business processes.

### Bolstering Our Omnichannel Logistics Infrastructure

Following the launch of the Hybris CORE eCommerce platform, Amway shifted its focus to delivering a competitive post-order delivery experience. However, this was not without its challenges due to the various COVID-19 restrictions impacting the Group's logistics operations, delivery carriers, warehousing resources, staff and retail shops, among other things.

In June 2021, a key warehouse partner had to close one of its major distribution hubs when several staff members were found to be COVID-19 positive. This adversely impacted many retailers, including Amway, who were not able to access the inventory stored at the warehouse facility. Subsequently, in July 2021, several outsourced warehouse staff at the Amway Headquarters main facility were diagnosed as being COVID-19 positive, which severely impacted the number of resources available.

Amway immediately saw to the team members' well-being and then focused its efforts on vaccination for all employees while pulling volunteers from all available resources internally and externally. The Group conducted daily and then weekly COVID-19 testing, established smaller working pods as well as developed new picking and packing workflows to mitigate the risk of exposure, and at the same time increased the warehouse's capacity by 30%. Thanks to the investments made in omnichannel operations as well as digital parcel tracking, plus the team's hard work, Amway was able to return to 99% on-time delivery in a relatively short period.

As societies and economies adjust to the disruptive nature of the pandemic, it is evident that digitalisation is the way forward in the new normal. To this end, Amway remains committed to strengthening its digital infrastructure and investing in eCommerce solutions and delivery services to maintain its sales growth and online trajectory.





## MEGATREND #2: HEALTHY LIVING<sup>7</sup>

While healthy living has always been important, the pandemic has pushed it to the forefront of society's priorities so much so that health is positioned as the new wealth. In particular, the concept of holistic wellness as a counter-measure against busier and more indulgent lifestyles has risen in popularity, especially among the younger consumer segments. This has resulted in higher demand for immunity-boosting supplements as well as those for energy, gut health, children, and weight loss. This trend is set to maintain its upward trajectory for the foreseeable future and pan out nicely for Amway given that health and wellness are the Group's core strengths.

### Leveraging the Demand for Holistic Health and Wellness Products

As a recognised prominent leader in the health and wellness industry, Amway has been able to capitalise on this megatrend. By leveraging innovative and high-quality products, ranging from health supplements and skincare to home care products, the Group has been able to offer entrepreneurial ABOs and customers more options to achieve a healthy and well-balanced lifestyle.

The products in Amway's Nutrition and Wellness category, which have been extensively researched and developed in more than 100 laboratories across the globe, aim to provide consumers with the best supplements on their health and wellness journey.



### Recognised for Delivering Innovative Products

As a testament to Amway's continuous commitment to delivering excellent value and uncompromising quality, Nutrilite has been winning Gold and Platinum Awards in the Reader's Digest Trusted Brand Awards in the vitamin/health supplement category since 2005. Meanwhile, Amway's eSpring Water Treatment System was selected as the winner of the Reader's Digest Trusted Brand Gold Award in the water purifier category for both Malaysia and Asia for the 16<sup>th</sup> consecutive year and the Frost & Sullivan 2021 award for the 12<sup>th</sup> consecutive year.

<sup>7</sup> Adapted from Frost and Sullivan's insights on Mega Trends – refer <https://ww2.frost.com/research/visionary-innovation/mega-trends/health-wellness-and-wellbeing/>



## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



In FY2021, the Group introduced the following products:

### Nutrition & Wellness

#### Botanical Beverage Mix Cherry with Licorice and Turmeric

This immunity/respiratory-booster powdered supplement drink is packed with the goodness and benefits of acerola cherry, liquorice and turmeric.

#### Green-T Plus Tablet

This supplement contains epigallocatechin gallate (EGCG) extracted from green tea delivered using GreenSelect Phytosome Technology, soybeans and brown algae.

#### XS Classic Black Fiery Blaze

This new addition to the "burn energy" category is powered by caffeine and green coffee bean extract to provide a boost of energy and help jumpstart the body's fat-burning process.

#### Kids Orange-Flavoured Gummy with DHA

Ideal for vegetarians and picky-eaters, this plant-based orange-flavoured gummy helps boost children's mental growth and overall physical development.

#### BodyKey by Nutrilite Meal Replacement Shake

This newly advanced meal replacement shake is packed with 22 vitamins and minerals, which fulfills one-third of our daily nutrition needs.

#### Kids Botanical Beverage Fruits and Vegetables

This vegan-friendly, ready-to-drink smoothie is packed with eight fruits and vegetables and two plant proteins, namely white chia, and brown rice.

#### Kids 4-in-1 Plus (Cherry Flavoured Drink Premix with Probiotic, Zinc & Vitamin D)

This vegetarian-friendly, fast-melting powder with Vitamin C, D3, probiotic, and zinc, is a complete immunity booster for children.



**Beauty****ARTISTRY SKIN NUTRITION Solutions for Balancing, Hydrating, Renewing and Firming**

Infused with Nutralite-grown botanicals (including our hero ingredient, White Chia Seed extract) with traceability back to Amway's certified organic farms, for rich phytonutrients and clean ingredients with guaranteed safety, purity and efficacy.

**Balancing Solution****Hydrating Solution****Renewing & Firming Solution**



## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### Home



#### Atmosphere Mini™

This new Atmosphere Mini Air Treatment System effectively removes over 300 airborne contaminants. It delivers a single pass efficiency performance of 99.99% against the most penetrating particle size and all particles greater than or equal to a size of 0.0024 microns.

#### SA8 Premium Concentrated Laundry Detergent (1 kg)

This premium detergent features a new enhanced stain-removing technology that clears difficult stains without fading clothes. Effervescing crystals help provide effective yet gentle cleaning in all water temperatures, while a corrosion inhibitor protects metal parts of clothing and appliances from rust.



Amway continues to focus on the product innovation front by streamlining its organisation and products so that these elements are better aligned with both the Company's vision statement of "Helping People Live Better, Healthier Lives" as well as its "health and wellness" positioning. As part of this vision, the Group is rationalising its product portfolio, and products under the Nutrilite and ARTISTRY business will benefit from this streamlining exercise, while those that do not directly promote health and wellness, such as its engine oil and insecticide products, will be reduced.

## MEGATREND #3: CONNECTED MIDDLE-CLASS CONSUMERS<sup>8</sup>

Today, two megatrends, namely the “Connected Consumer” megatrend and the ‘Middle-Class Retreat’ megatrend are converging. The “Connected Consumer” is about how the advent of the Internet and the Internet of Things are providing consumers access to an unprecedented flood of options at their fingertips. As affordable mobile technology enables consumers from the developing world to jump onto the virtual bandwagon, the very lives of these newly-connected consumers are being transformed. Meanwhile, the “Middle-Class Retreat” megatrend refers to the mega shift in consumer behaviour in which people are embracing thriftier lifestyles and prioritising waste reduction. The rise of this “glorified frugality” sub-culture can be attributed to the rapidly increasing cost of living that is stretching the spending power of the middle class which has not seen their fortunes truly increase since the 2008-2009 global financial crisis.

The marriage of these two megatrends has given rise to “super consumers”, i.e., connected middle-class consumers who utilise the breadth of their connectivity to achieve maximum value with their limited resources at the lowest cost possible. To this end, retailers that deliver value without compromising on quality are more sought after by super consumers.

### Catering to the “Amway Super Consumer” and Personalised Communities

Amway is committed to delivering maximum value without compromising on the quality of its goods and services. In FY2021, Amway demonstrated its commitment to creating value for its ABOs and customers through introducing award-winning products, innovative campaigns, and personalised communities that catered to all lifestyle and business needs – many in a fun and attractive manner. The year in review saw Amway rolling out the following consumer campaigns:



#### BodyKey Warrior Programme

This is a private Facebook group weight management/fitness/healthy eating community where 2,000 participants were provided coaching sessions on their diet, fitness, social media skills and ultimately ensuring their weight management journey with BodyKey yielded positive results.



#### Protect KawKaw with Nutrilite Campaign

This two-tiered campaign (one tier for individuals and one tier for families) served to educate customers on the importance of immunity and self-care. Selected supplements were curated for all ages with a focus on skin, gut, and cell health.

<sup>8</sup> Adapted from an article in Forbes.com titled “Four Megatrends Reshaping The Global Retailing Industry” – refer <https://www.forbes.com/sites/michellegrant/2019/01/24/four-megatrends-reshaping-the-global-retailing-industry/?sh=198b9ea08c3a>

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



### Start Your Day Right with Protein Power Campaign (Protein +1)

This campaign promoted the combined benefits of consuming the Nutralite Soy Protein Drink with selected Nutralite products at the start of one's day. Highlighting the importance of protein consumption, the campaign featured informative tools such as a protein calculator, a protein power ebook, and recipes.



### Start N.O.W. with Nutralite & ARTISTRY Leaders Campaign

This curated reward and retail campaign catering to leaders sought to help them get their businesses focused on Nutrition & Beauty and to inculcate long-term Health and Wellness business goals. Featuring monthly prizes, the campaign included a free Nutrition Certification Programme and incremental generated Business Volume or BV as part of the rewards.



### BodyKey Own-It Challenge (Leader Incentive Reward)

This ongoing campaign challenges ABO Leaders to form a team of 5-10 participants and to conduct a self-organised weight management challenge for 60 days. Teams who complete the challenge successfully receive rewards. For a limited time, the campaign is offering successful leaders a subsidised Sports and Nutrition Certification by an external certification body as an incentive.



### Nutralite ActivPower Run 2021

As part of the Group's aim to encourage an active lifestyle, Amway organised its first-ever virtual run on the Nutralite Active App in an attempt to break the longest distance covered (i.e., 250,000 km) in the Malaysian Books of Records. Participants, who had the choice of entering either the single or family categories, received a "Powered by Nutralite" t-shirt, a completion medal, and an e-certificate.

To ensure Amway's entrepreneurial ABOs are truly attuned to the diverse needs of their customers, the Group continues to train its leaders to be more customer-oriented in their business-building approach.



## MEGATREND #4: THE RISE OF GIG ECONOMY WORKERS<sup>9</sup>

The pandemic has prompted workers the world over to rethink their careers, work conditions, and long-term goals. In 2020, after months of working from home, experiencing flexible, cost-efficient schedules and a shift in priorities, many workers were reluctant to return to the office full-time and considered resigning. In early 2021, employees in the United States actually went ahead to voluntarily resign from their jobs en masse thus kickstarting the economic trend which has been dubbed “the Great Resignation”. Since then, the Great Resignation has caught on in other parts of the world including Malaysia<sup>10</sup>.

In addition to the Great Resignation, the prolonged economic downturn in Malaysia as a result of several MCOs saw the country’s unemployment rate average 4.5% in 2021. This actually hit a peak of 4.8% in July 2021 due to the impact of MCO 3.0 which triggered a surge of retrenchments<sup>11</sup>. The already weak job market was further aggravated by the imposition of targeted Enhanced MCOs in selected localities in Selangor and Kuala Lumpur – the country’s key economic centres.

As a result of these events, many former employees jumped on the “gig economy” bandwagon to make a living in a more flexible manner. Also defined as the “platform economy”, “on-demand economy” or “sharing economy”, the gig economy has been around for some time now. It is a reference to independent employment over geographically expansive areas or any short-term or task-based contract employment (a “gig”) related to freelancing, temporary jobs, or entrepreneurial business opportunities. The notion of a gig economy worker is wide-ranging and can include anyone from Grab drivers or Airbnb hosts, to copywriters – or in the context of Amway – the Group’s enterprising entrepreneurially-minded ABOs.

Data from the Department of Statistics Malaysia reflects that back in 2018, Malaysia’s gig economy already had over four million gig workers representing 26% of the nation’s total workforce and accounting for 18.5% of Malaysia’s GDP. The pandemic-related lockdowns that Malaysia has experienced these last two years have accelerated the gig economy’s growth.

Moreover, economic synergy through digitalisation coupled with the widespread increase of Fourth Industrial Revolution technologies have intensified the use of digital platforms in economic activities. With individuals, businesses and organisations looking to benefit from such synergy, the gig economy is expected to grow into a major contributor to Malaysia’s GDP over the next five years<sup>12</sup>.



<sup>9</sup> Extracted from an article in PwC Global titled “Workforce of the future” – refer <https://www.pwc.com/gx/en/services/people-organisation/publications/workforce-of-the-future.html>

<sup>10</sup> Extracted from a World Economic Forum article dated 19 November 2021 titled “Explainer: What’s driving ‘the Great Resignation’?” – refer <https://www.weforum.org/agenda/2021/11/great-resignation-career-change-mental-health-covid/>

<sup>11</sup> Extracted from an article in The Edge Markets dated 9 September 2021 titled “Malaysia’s jobless rate seen averaging 4.5% for 2021, as July records uptick in number of unemployed” – refer <https://www.theedgemarkets.com/article/malaysias-jobless-rate-seen-averaging-45-2021-july-records-uptick-number-unemployed>

<sup>12</sup> Extracted from an article in The Sun Daily dated 11 October 2021 titled “DOSM data shows the informal economy has been projected to grow to 30% as of last year” – refer <https://www.thesundaily.my/local/dosm-data-shows-the-informal-economy-has-been-projected-to-grow-to-30-as-of-last-year-HH8449018>

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### Paving a Pathway to Opportunity

Taking into account the gig economy megatrend and the fact that an increasing number of entrepreneurially-minded people are looking for career alternatives and more freedom while still aiming for financial security, Amway's offer of helping people become entrepreneurial business owners comes at an opportune time for many.

As a company built by entrepreneurs for entrepreneurs, Amway is laser-focused on helping entrepreneurially-minded people start businesses of their own. The Group sees business as a solution that has the capacity to create wealth and help people create economic freedom, which in turn leads to personal freedom. In this regard, Amway is well positioned to unlock potential, unleash free enterprise, and create opportunities so people can generate wealth for themselves. The success of Amway has been based on its Founders' Fundamentals of "Freedom, Family, Hope and Reward" and the Group continues to make decisions based on these fundamentals to address changes in the market environment as well as to draw like-minded entrepreneurs. With more and more entrepreneurially-minded people looking for more flexible working conditions and hours as well as the opportunity to work remotely in the emerging gig economy, Amway's value proposition stands out as an attractive, relevant and viable alternative to many.

Back in FY2020, in response to the pandemic, Amway moved swiftly to roll out numerous interim measures to equip and support its ABOs amidst that highly challenging period, so that many were not just able to survive but thrive. In FY2021, the Group went on to strengthen its support of entrepreneurially-minded ABOs through a host of other effective long-term measures.

At the start of FY2021, Amway introduced the new Amway Privileged Customer or APC category, a membership programme which allows ABOs the opportunity to officially sign up their customers. APC members can purchase Amway products at the same price, quality guarantees, promotions, and peace-of-mind as ABOs. The only difference is that APC members do not receive bonus incentives from the Amway Sales & Marketing Plan, which is reserved for Amway's entrepreneurial business owners and business leaders.

In conjunction with the APC programme, Amway launched new and incremental incentives within its discretionary Core Plus+ programme to give new entrepreneurial ABOs the chance to earn more income from the start of their business ownership. Recognising the importance of customers for business owners, the first incentive named the Customer Sales Incentive or CSI, offers a 10% bonus to starting-level ABOs for selling to and servicing verified APC members.

Recognising the importance of a healthy, profitable and sustainable structure for long-term business success, the Bronze Incentives increases the monthly bonus payout for early business builders who help three or more people start their own Amway business and promote customer sales.

The new CSI and Bronze Incentives launched in FY2021, supplement the Core Plus+ discretionary incentives launched in FY2020 that reward entrepreneurial ABO Leaders for building, training, coaching, and teaching larger organisations. Altogether, the total Core Plus+ discretionary incentives represent a significant investment by the Company to enrich the entrepreneurial business ownership opportunity in the gig economy era.

The impact of the APC programme, as well as the CSI and Bronze Incentives, are evident in the results garnered in FY2021:



## ENSURING SUSTAINABLE, LONG-TERM BUSINESS GROWTH

Amway is focused on a holistic approach to business management and value creation taking into consideration the economic, environmental, social and governance ("EESG") risks and opportunities alongside the financial implications to ensure business continuity and generate long-term value. The Group's EESG approach is detailed in the Sustainability Statement within this Annual Report. Amway's risk management activities and efforts to protect and support the Group's agenda of sustainable business growth and value creation are highlighted in the following sections.

### Upholding Robust Risk Management

Recognising the essential role that risk management plays in the Company's pursuit of sustainable value creation, Amway remains vigilant and is continually working to anticipate and mitigate potential threats to its operations, performance, financial condition, and liquidity. The Group's risk management efforts have been translated into SOPs and processes that are guided by robust internal controls and clearly defined limits of authority. To date, the two biggest risks to the Amway business are the impact of the COVID-19 pandemic and the unauthorised selling of products online.

#### *Mitigating the Impact of the Pandemic*

The global impact of the COVID-19 pandemic and ensuing lockdowns have been unprecedented. Amway continues to implement various measures and initiatives to ensure business continuity, as well as to safeguard the safety and well-being of employees, ABOs, and customers. On top of this, the Group has adopted proactive measures to support entrepreneurial ABOs' businesses and the community. For a more detailed overview of the Group's COVID-19 mitigation measures in FY2021, please refer to the Sustainability Statement within this Annual Report.

#### *Curbing Unauthorised Online Sales*

The ongoing sale of Amway products on unauthorised third-party websites at reduced prices, not only undermines entrepreneurial business owners, but also negatively affects Amway's value proposition of product originality, quality, and service, and impacts overall long-term earnings potential.



In FY2021, to curb this menace, Amway intensified engagement efforts with the representatives of eCommerce platforms to remove Amway products from their platforms. The Group worked closely with the Malaysian Government, the Direct Selling Association of Malaysia, as well as legal firms to take legal action against both unauthorised sellers and eCommerce platforms who infringe on Amway's trademarks and copyrights, or violate the Malaysia Direct Sales and Anti-Pyramid Scheme Act 1993.

Amway also invested in new tracking technology to identify and impose sanctions on the individuals/parties engaged in such activities. Moreover, the Group took stern actions against business owners and other agents by issuing warning letters, as well as suspended or terminated business owners who were involved in such activities.

In addition to legal and investigative actions, Amway conducted training and awareness for the public, customers, and entrepreneurial business owners to educate everyone about the risks of making purchases through unauthorised sellers and eCommerce platforms where there are no guarantees of product authenticity, product satisfaction, or product warranties.



## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

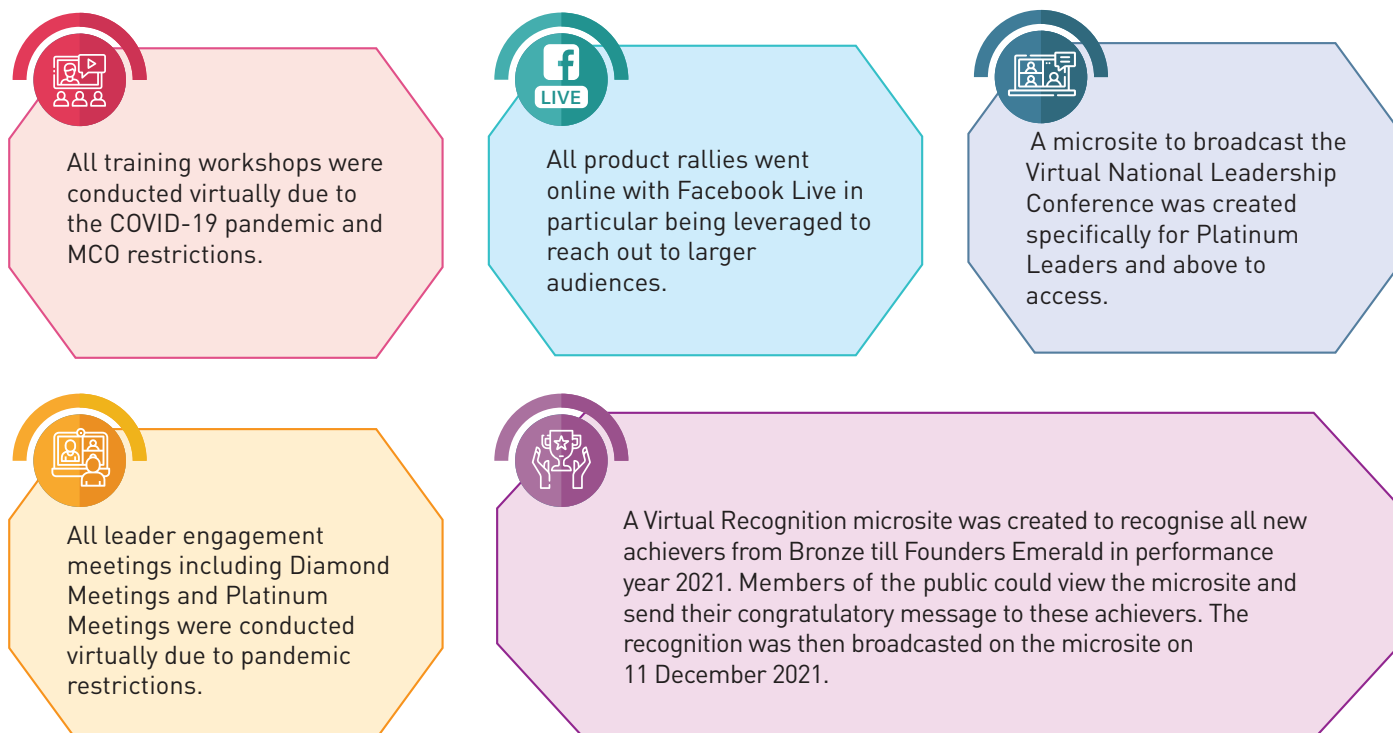
### Upholding Team Member Safety and Success

On the employee front, the year saw Amway transitioning its COVID-19 measures, from emergency contingency procedures to establish long-term arrangements focused on helping employees acclimatise quickly to the new normal. Support for employees included home Internet usage, COVID-19 self-test kits, as well as participation in the National Immunisation Programme.

While the majority of employees continued to work from home, the re-opening of economic sectors saw some team members – primarily contactless delivery and shop team members – return to their physical workstations. To ensure safety and peace-of-mind, the Group continued to implement strict health SOPs and organised mental health support talks. Although not mandatory, Amway decided to implement regular COVID-19 testing to ensure the safety and well-being of employees, team members and their close contacts.

On the entrepreneurial business owner and ABO Leader fronts, in view of the social distancing SOPs and movement restrictions, Amway continued to engage with these stakeholders via virtual platforms. Having invested in setting up a recording studio for online broadcasts in FY2020, the Group continued to successfully conduct virtual engagement sessions which ranged from training sessions and workshops to rallies.

The following is a summary of the various events and initiatives that Amway implemented in FY2021:



Moving forward, Amway will continue to utilise virtual platforms to drive engagement with customers, entrepreneurial business owners and ABO Leaders. Virtual events not only help ensure the safety of people, but they also accord everyone more flexibility in terms of time and convenience which have become part and parcel of the new normal.

Amway's rapid shift online has not come without its fair share of challenges. While the Group went all out to invest in and implement improved digital infrastructure, customers and entrepreneurial business owners also required training on how best to navigate and leverage the new digital tools. As such, in FY2021, Amway's training efforts centred on how to make the most of the [www.amway.my](http://www.amway.my) website. The Group continued to support queries via an enhanced Customer Care Centre which leveraged chatbot customer service algorithms and live chat features.



## LOOKING AHEAD

The year 2022 is set to be a defining year for most countries as they progressively transition towards the endemic management of COVID-19. Nonetheless, even as the global economy is expected to continue along the pathway to recovery, policymakers are modifying their policy settings against rapidly evolving uncertainties<sup>13</sup>.

For Malaysia, the pace of economic recovery is forecast to gather further momentum on the back of the continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvements in labour market conditions. Moreover, the rollout of investment projects and targeted policy measures are expected to lend further support to economic activity and aggregate demand.

Given better COVID-19 management activities and higher vaccination rates, Bank Negara Malaysia (BNM) expects less disruption to domestic economic activity and spending in the event of any resurgences of the virus. Even as the domestic economy is expected to continue benefitting from the expansion in global demand, Malaysia's GDP is expected to grow between 5.3% and 6.3% in 2022<sup>14</sup>.

At the same time, more and more Malaysians are displaying a new penchant for healthy living and are taking proactive measures including exercising regularly, consuming modern or traditional herbal supplements, focusing on sleep quality, making healthier food choices, embracing healthier diets and lifestyle habits. The *rakyat*'s consciousness has also extended to "newfound" mobility

as well as an inclination to leverage digital channels for social commerce, education, and communication among many other activities.

The Amway business, and the way ABOs operate, have changed forever in the wake of the COVID-19 pandemic and other disruptive forces. The megatrends of (i) Bricks and Clicks, (ii) Healthy Living, (iii) Connected Middle-Class Consumers, and (iv) The Rise of Gig Economy Workers align well with Amway's historic heritage, current strengths, and future strategic direction.

Looking ahead into FY2022, the Group remains optimistic that it will register moderate sales growth despite the challenging headwinds. As such, Amway continues to strategically and prudently invest in digital initiatives to support increased sales, higher customer acquisition, and improved ABO/APC/customer experiences. In addition, Amway will continue to launch new health-centric products, support "healthy lifestyle" focused communities, programmes and events, as well as nurture and support entrepreneurial business owner success in the gig economy era. While these investments are expected to exert pressure on the Group's operating margin, Amway expects the sales incentive plan rolled out in prior years to normalise, thereby strengthening FY2022's operating margin in comparison to the preceding year's margin. At the same time, the Group will continue to exercise prudent management of its other expenses. All in all, Amway will continue to embrace and leverage the forces of change to make better strategic choices, shape markets, and create a brighter future.

<sup>13</sup> Adapted from Bank Negara Malaysia's Economic and Monetary Review released on 31 March 2022 – refer <https://www.bnm.gov.my/publications/emr2021>

<sup>14</sup> Adapted from Bank Negara Malaysia's Economic and Monetary Review released on 31 March 2022 – refer <https://www.bnm.gov.my/publications/emr2021>

# SUSTAINABILITY STATEMENT



FY2021 marked Amway's 45<sup>th</sup> year as a key Health and Wellness company in the nation's direct selling industry. Today, the fundamentals of Amway and its subsidiaries (collectively known as "the Group") remain strong and the business continues to grow in a sustainable manner. With the building blocks in place for the Group to continue delivering sustainable value, Amway is confident of achieving its aspiration of being the leading Health and Wellness company for entrepreneurial business owners by its 50<sup>th</sup> anniversary in 2026.

As Amway goes about its daily business of helping shape economies, society and businesses through its spread of health and wellness offerings, it acknowledges the need to continue creating long-term shared value for its stakeholders and to secure its future. In line with this, Amway is committed to upholding responsible management and sustainable development activities on the Economic, Environmental and Social ("EES") fronts.

## SCOPE AND BOUNDARY

Amway's Sustainability Statement ("Statement") for 2021 aims to provide a formal account of the year's sustainability strategies and action plans, the Group's sustainability achievements, as well as the overall positive impact that these efforts created for its business, the environment and society at large.

This Statement's scope and boundary is aligned with Amway's 2021 Annual Report. It encompasses the breadth of Amway's operations in Malaysia with the exclusion of third-party contractors, suppliers and vendors. Covering the period 1 January to 31 December 2021, it 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.

This year, Amway has expanded the scope of this Statement to highlight these measures:

- The strengthening of Amway's sustainability practices and governance framework via an overhaul of the Group's practices so that these align with the updated Malaysian Code on Corporate Governance ("MCCG") 2021;
- The provision of flood relief support; and
- The refinement of product traceability activities to safeguard the credibility of the Amway brand.



## AMWAY'S APPROACH TO SUSTAINABILITY

Amway's agenda of Sustainability remains a key consideration in the Group's overall business strategy and is further reinforced by the 6 enduring Amway Values – Personal Worth, Partnership, Integrity, Achievement, Personal Responsibility and Free Enterprise. These shape the framework upon which Amway has formed its business models and strategies and will continue to guide the Group as it advances.



## Sustainability Framework

Currently, Amway's agenda of Sustainability is supported by its existing EES framework and aligned with 7 of the 17 United Nations' Sustainable Development Goals ("SDGs") that are most relevant to the Group. These SDGs serve as a "blueprint to achieve a better and more sustainable future for all" by 2030. By ensuring a focused alignment with the SDGs most relevant to the Group's business, this is helping Amway to better coordinate its support of the global sustainability agenda. Moreover, in adopting such a focused approach, Amway is ensuring that its collaborative efforts with its diverse stakeholders to deliver sustainable outcomes are on point.

## Sustainable Development Goals








Amway is committed to ensuring that its agenda of Sustainability is not only reflected within its daily operations and products but also in its partnerships with its employees, Amway Business Owners ("ABOs"), Amway Privileged Customers ("APCs") and local communities. By bolstering stakeholder engagement activities and consolidating resources and common synergies, Amway is looking to embed sustainable practices into the Group's operations, organisational culture and overall ecosystem in greater measure so that it can deliver long-term value.

In FY2021, the Board together with Senior Management began to proactively overhaul and strengthen Amway's sustainability practices to align them with the recommended practices under the MCCG 2021 and the sustainability requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The overarching intent of Practices 4.1 to 4.4 of the MCCG 2021 serves to address sustainability risks and opportunities in an integrated and strategic manner to support long-term strategy and success.

## SUSTAINABILITY STATEMENT (CONT'D)

In line with this, Amway implemented the following measures:

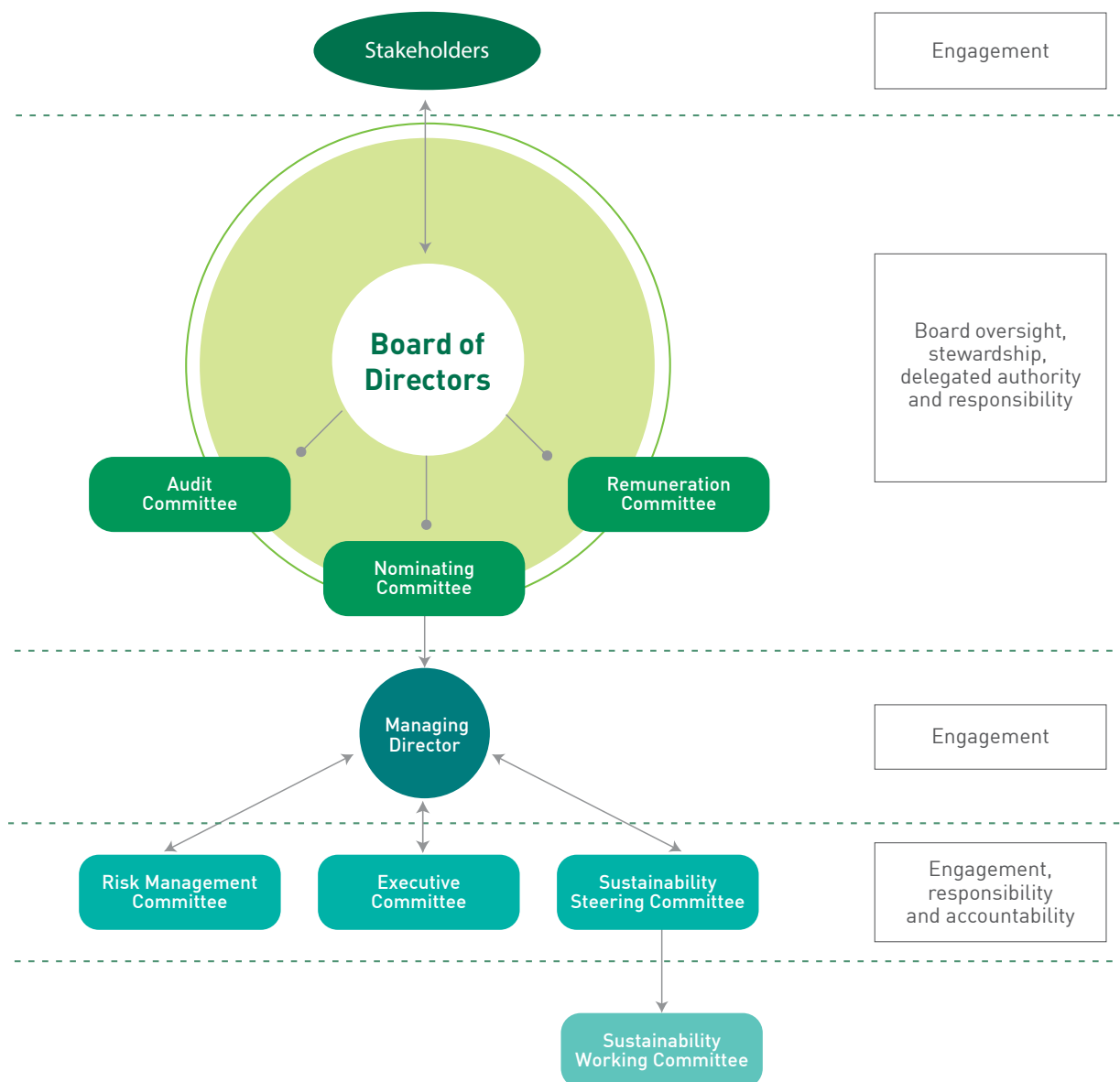
01	Formed a Sustainability Committee and appointed a sustainability consultant to assist the Group in establishing a groupwide Sustainability Framework that will be embedded into its strategies, policies and procedures;	
02	Implemented a gap analysis examining Amway's past disclosures against Bursa Securities and the Global Reporting Index's latest reporting requirements;	
03	Identified and evaluated Amway's EES impacts;	
04	Rolled out a stakeholder survey covering internal and external stakeholders; and	
05	Identified Amway's stakeholders and their relevant needs and expectations.	

These activities are setting the stage for the Group to establish its own comprehensive Sustainability Policy, which in turn, will guide Amway's effort to drive long-term corporate growth and profitability through the inclusion of comprehensive EES issues in its business model.

As Amway embraces FY2022 onwards, its Sustainability Focus will see it continue to carry on the process of enhancing its agenda of Sustainability. This will involve activities such as a materiality assessment and workshops to finalise the Group's Sustainability Strategy, the groupwide implementation of the Sustainability Policy, and the adoption of the Group Sustainability Framework by the Board together with all the relevant policies, procedures and resources in place. At the time of writing, the efforts to strengthen Amway's agenda of Sustainability are ongoing.

## Sustainability Leadership and Governance

Amway's Board of Directors and Senior Management have oversight for its agenda of Sustainability as well as for sustainability leadership and governance. Acknowledging that a strong sustainability strategy is essential for Amway's success as it has a material impact on the Group's business strategy and performance as well as its ability to create long-term value, its leadership is deeply committed to reinforcing its business framework with focused sustainable practices and initiatives. This is more important amidst the current operational and economic complexities of the new normal, following the COVID-19 pandemic.





## SUSTAINABILITY STATEMENT (CONT'D)

### Stakeholder Engagement

Amway's stakeholders are defined as individuals or interest groups who are influenced or impacted by its business activities and/or presence and vice versa. They include Amway's ABOs, APCs and employees, the investing community, regulators, as well as members of the communities that it operates in. Amway views them as valued resources that help the Group evaluate what is most material or most important on the EES fronts. The Group welcomes and appreciates their opinions and concerns as Amway's EES efforts, to some extent, are steered by their insightful and invaluable perspectives.

The Group is continuously working to ensure that it remains an inclusive organisation that is discerning of stakeholders' needs. The Group does this by actively engaging with stakeholders via a range of online communication channels and mediums that Amway has adopted since the onset of the pandemic.





### 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

- Electronic Annual Report\*
- Annual General Meeting ("AGM")
- Financial reports
- Analyst briefing
- Media releases
- Investor relations page on Amway's website

#### Focus Areas

1. Short and long-term business goals and performance
2. Return to shareholders



### 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

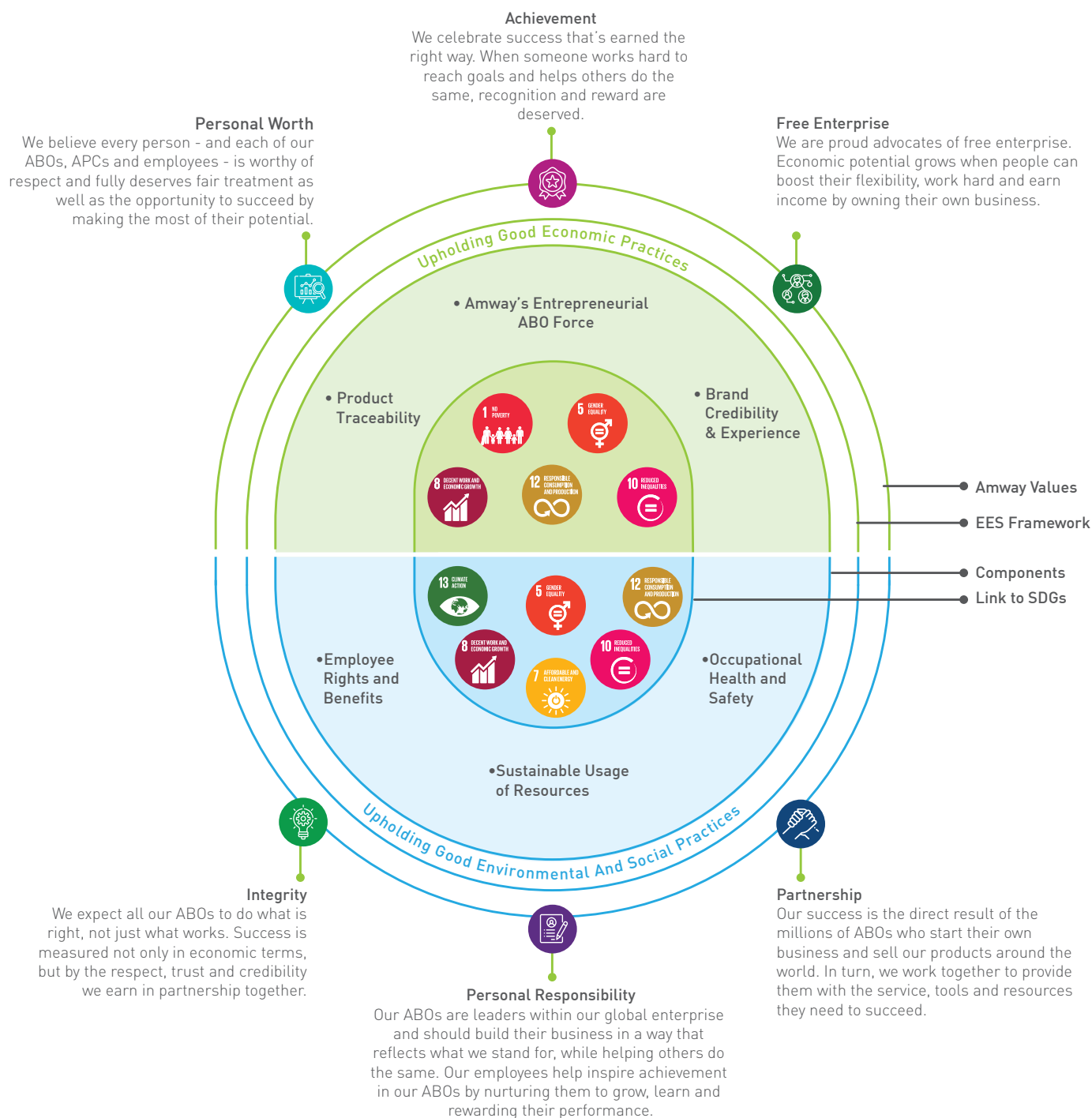
\*Amway's Annual Report 2021 is the third edition of its full electronic version since it embarked on its eAnnual Report initiative in 2019 as part of ongoing efforts to reduce its carbon footprint as well as paper usage.

## MATERIALITY MATTERS

Amway conducts its business with its stakeholders' best interests and the Group's ambitions on both a short-term to long-term basis. The Group's efforts are guided by its materiality matters which are the topics, aspects and disclosures that are most impactful on Amway's value creation process and the 6 Amway Values.

The Group's materiality topics are determined through a careful assessment that combines its understanding of the economic environment and business climate with the data and insights that it has garnered from its stakeholders. The following chart illustrates how the Group has integrated its materiality matters with its Amway Values and the 7 SDGs.

## SUSTAINABILITY STATEMENT (CONT'D)



Following the rollout of a stakeholder survey encompassing internal and external stakeholders, Amway is in the midst of updating the list of matters most important and material to the Group and its stakeholders.



## SUSTAINABILITY HIGHLIGHTS FOR 2021

For the year in review, Amway made good strides forward on the COVID-19 response as well as EES fronts. The Group's achievements in 2021 underscore the fact that sustainability is being embedded throughout Amway in greater measure.

### COVID-19 RESPONSE: KEEPING THOSE UNDER THE GROUP'S CARE SAFE

In FY2021, Amway adjusted to the pandemic by shifting gears. The Group made the shift from just functioning amidst an emergency setting, to equipping the organisation with the right tools to thrive in the new normal.

The Group continued to prioritise the safety and well-being of those under its care by leveraging the Amway Crisis Response Plan, which sought to safeguard its employees, entrepreneurial ABOs and APCs; ensure business continuity; and guide it on the EES fronts to ensure that Amway delivered value to its stakeholders.

#### Safeguarding Employees

To ensure that its employees remained safe amidst the pandemic, Amway continued to bring a host of measures into play that were initiated at the onset of the Movement Control Order ("MCO") in March 2020. These ongoing measures include:

- ✓ Deep cleansing of all facilities at scheduled times, including sanitising areas with misting equipment;
- ✓ 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.



Amway also introduced several new initiatives to safeguard its people. These included:

- ✓ Health and safety obligations at the workplace (New Normal @ Office);
- ✓ The Employee Assistance Programme (EAP) with The Mind Psychological Services & Training to provide workplace mental health support;
- ✓ Amway Vaccination Programme to the Group's Diamond Leaders, employees and business partners;
- ✓ Mental health talks to develop resilience in situations of change and to deal with back-to-office anxiety; and
- ✓ Self-test kits to conduct self-testing every month. Although such testing is not compulsory within the industry, Amway aims to ensure its people have the assurance and peace-of-mind that they have not contracted the virus nor pose a risk to others.



## SUSTAINABILITY STATEMENT (CONT'D)



### In Support of Entrepreneurial Amway Business Owners

In FY2021, given the ongoing social distancing SOPs and movement restrictions in place, Amway continued to successfully interact with enterprising ABOs and Leaders via virtual engagement sessions that included training sessions, workshops and rallies. The finer details of how Amway kept its community of ABOs and APCs safe and connected are spelled out in the Management Discussion & Analysis ("MD&A") section.

Amway also focused its efforts on helping its ABOs build more sustainable businesses. To this end, the Group replaced the interim relief measures that were introduced in FY2020, with more proactive initiatives aimed at creating long-term value. The Group also continued to invest heavily in entrepreneurial ABOs by rolling out incentive-fuelled campaigns that drove ABO recruitment and sales. For further details on these initiatives, please refer to the "Amway's Entrepreneurial ABO Force" section within this Sustainability Statement.

### Lending Vital Support to Communities

As part of the Group's community-based response to the pandemic, Amway reached out to impacted families within the community that had their livelihoods affected by the quarantine measures. The Group's efforts included partnering with the Department of Social Welfare to provide immunity-boosting health supplements to school-going children to strengthen their natural immune system and aid in their physical growth. Over 100 children from PPR Desa Rejang Setapak were the beneficiaries of Amway's Nutrilite health supplements for a period of 6 months.

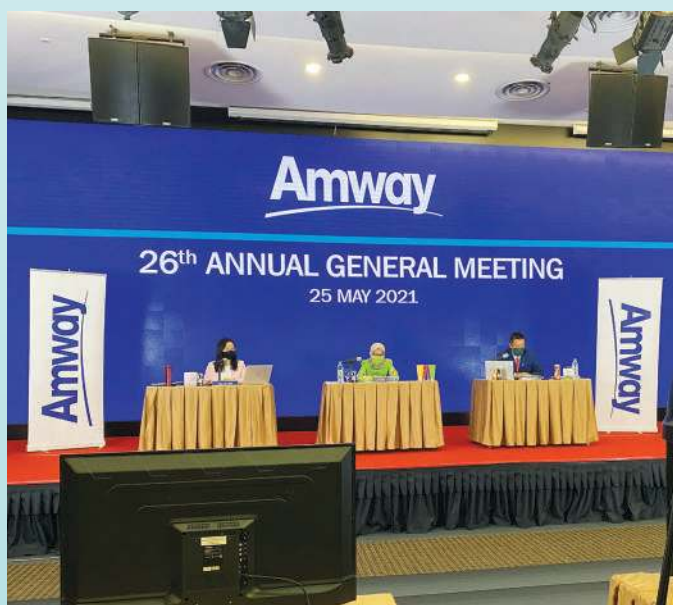
Amway also played a role in the nationwide White Flag programme organised by the Direct Selling Association of Malaysia ("DSAM") in collaboration with the Malaysia Retail Chain Association ("MRCA"). In Amway's capacity as Vice President, Board Member and Chair of the DSAM Subcommittees, it worked with DSAM, MRCA and their member companies to provide food aid to some 8,000 affected families.



## Supporting Flood Relief Efforts

Aside from pandemic-related assistance, Amway also reached out to flood-stricken communities under the Amway Special Flood Assistance programme. To ease the hardship of ABOs and APCs affected by the devastating floods in Malaysia, the Group rolled out a trade-in programme for those whose air and water purifiers were damaged by the floodwaters. Amway also offered one-to-one replacements on a goodwill basis for any unopened or unused eSpring, Atmosphere SKY and/or Atmosphere Mini products that were purchased in December 2021.

As part of their contribution to post-flood clean-up efforts, Amway employees supported the volunteer efforts in Hulu Langat, Selangor, initiated by the Ministry of International Trade and Industry ("MITI"), in collaboration with DSAM and 4 other ministries. On top of this, Amway together with several other direct selling companies under DSAM, provided support in the form of 200 boxes containing essential items to the Ministry of Domestic Trade and Consumer Affairs ("MDTCA") to aid flood victims.



## Engaging with Shareholders in the New Normal

To safeguard shareholders while engaging with them in the new normal during the pandemic, Amway went on to organise its second virtual Annual General Meeting ("AGM") on 25 May 2021. The Group's 26<sup>th</sup> AGM was live-streamed from the broadcast venue at the Van Andel & DeVos Training Centre at Amway's Headquarters in full compliance with regulatory requirements. Only key leadership members were physically present at the broadcast venue in strict compliance with SOPs. All other Board members, Company Secretary, auditors, advisors and shareholders participated virtually. There was encouraging response from shareholders with all present voting online using the Remote Participation and Voting facilities provided.



## SUSTAINABILITY STATEMENT (CONT'D)

### UPHOLDING GOOD ECONOMIC PRACTICES

Amway's economic practices are based on its vision of empowering individuals to reach their full potential by equipping them and providing them with the opportunities to achieve their goals. This concept has resulted in multitudes of individuals globally attaining better and more fulfilling lives for themselves and their families.

As Amway goes about its daily business of empowering entrepreneurs, it has committed to aligning with 5 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; Goal 10: Reduced inequalities; and Goal 12: Responsible consumption and production.

To bring these SDG aspirations to life in a practical manner, Amway is coupling education with an opportunity to nurture and empower its entrepreneurial ABOs with the relevant skills. This is enabling ABOs to unlock their potential, unleash free enterprise and create wealth, which in turn is leading to the creation of economic freedom and personal freedom. By supporting productive activities as well as enabling decent job creation, entrepreneurship, creativity and innovation in an unbiased manner, Amway is ensuring that all individuals have the opportunity to establish and drive viable and sustainable businesses. The fact that 60% of Amway's entrepreneurial ABO force today are women, shows that the Group is making good inroads in making its SDG aspirations a reality.

In support of SDG Goal 12 which advocates sustainable consumption and production patterns, Amway is leveraging the Nutrilite "9-step Traceability Process" which traces the journey of product ingredients right up to the point where it reaches the consumer. Not only does this underscore the purity, safety and sustainability of Nutrilite products, it also reinforces Amway's position as an ethical and credible brand.



## Amway's Entrepreneurial ABO Force

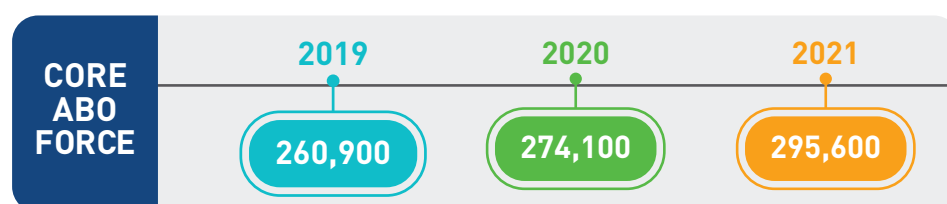
In FY2021, Amway continued to invest heavily in entrepreneurial ABOs by rolling out incentive-fuelled campaigns that drove ABO recruitment and sales as well as rewarded ABOs for building sustainable businesses.

Overall, these incentives aimed to:

- Increase the rewards for ABOs in proportion to their effort in the sale of products;
- Pay more meaningful early income;
- Encourage profitable structure earlier by rewarding ABOs as they sell products to customers and build a team who does the same;
- Recognise ABOs sooner on their journey towards sustainable selling and business-building activities; and
- Preserve leader income and equity with premium compensation opportunities.

As a result of the combined efforts of Amway and its ABOs', over 499,500 new ABOs and APCs joined Amway in FY2021 with the number of new applications growing by 62.5%.

### Amway's Core ABO Force 2019-2021



FY2021  
**>499,500**  
New ABOs & APCs



FY2021  
**↑ 62.5%**  
New Applications



The Group is greatly encouraged by the growth it has seen. While Amway's initiatives have certainly helped encourage new member activation, it is the proactive ABOs themselves who have driven this growth. Highly motivated, these passionate entrepreneurial ABOs have gone on to inspire others by presenting the opportunities that are possible with the Amway business model.

The Group will continue to explore opportunities to add more value to enterprising ABOs while helping them acquire and retain a community of engaged customers. One such initiative that Amway launched in FY2021 is its Core Plus+ initiatives programme which saw the number of ABOs who were earning bonuses increase by 30%. Amway's business model also continues to attract and support more "gig economy" entrepreneurs with its flexible and initiative-driven earning framework.

Amway desires to cultivate more successful ABOs with sustainable and profitable businesses, which will lead to better overall retention. For further details on our initiatives for our entrepreneurial ABOs, please refer to the sub-section titled "Paving a Pathway to Opportunity" in the MD&A section.

## SUSTAINABILITY STATEMENT (CONT'D)

### Brand Credibility and Experience

To reinforce Amway's position as an ethical and credible brand, the Group ensures that all product labels across its broad health and wellness portfolio meet the highest safety and quality standards. Strict monitoring is in place to ensure all existing and new products comply with local statutory requirements and are registered under the respective Government agencies. All Amway's products are the result of extensive research and development by renowned scientists. The Group also endeavours to ensure that all its materials and ingredients are sourced in an ethical manner and that best practices are employed in the sourcing and manufacturing processes.

### Product Traceability – An Increasingly Important Consideration

In an August 2021 survey conducted by Amway Global, it was reported that product traceability had become an increasingly important consumer consideration. Of the 1,000 participants who were surveyed in Malaysia, 66% reportedly showed an increased concern about the types of products that they consumed or applied topically. Consequently, 67% felt that they had become more conscious about how consumable health and wellness products were made and tested to prove their safety and quality. Meanwhile, 71% said they had looked for information on the sustainability of these products. In addition, respondents stated that the traceability of a product extended beyond the boundaries of safety, quality and sustainability – traceability also had a significant impact on people's trust of a company. In a similar vein, 9 out of 10 participants responded that they would have more trust in a company if its health and wellness products were easily traceable.



Back in FY2020, in a bid to meet consumer trends, Amway took its product assurance a step further by unveiling the Nutrilite "9-step Traceability Process" campaign. In FY2021, the Group continued to actively promote this as part of its brand reputation activities, leveraging Nutrilite's unique market positioning as the only global vitamin and dietary supplement brand to grow, harvest and process plants on their own certified organic farms\*. The Nutrilite traceability campaign took viewers to the source of where Nutrilite's ingredients are grown and tracks the testing and manufacturing process to the point where it reaches consumers. Through this brand campaign, Amway sought to increase consumers' trust by proving the purity, safety and effectiveness of Nutrilite products.

\*Source: Euromonitor International Limited (<https://www.euromonitor.com/amway-claims>)



## UPHOLDING GOOD ENVIRONMENTAL PRACTICES

As a responsible and conscientious corporate citizen, Amway acknowledges that it must be a good steward of the environment for current and future generations.

As such, the Group is committed to making continuous improvements in all that it produces as well as implementing sustainable practices by conserving energy, reducing waste and upholding sustainable operations that have little or no impact on the environment. As Amway focuses its efforts on upholding good environmental practices, it has aligned its initiatives with 3 of the United Nations' SDGs. These encompass Goal 7: Affordable and clean energy; Goal 12: Responsible consumption and production; and Goal 13: Climate action. The Group's sustainable usage of its energy resources to lower its carbon footprint and its recycling practices underscore its efforts to support these SDGs.

### Sustainable Usage of Resources

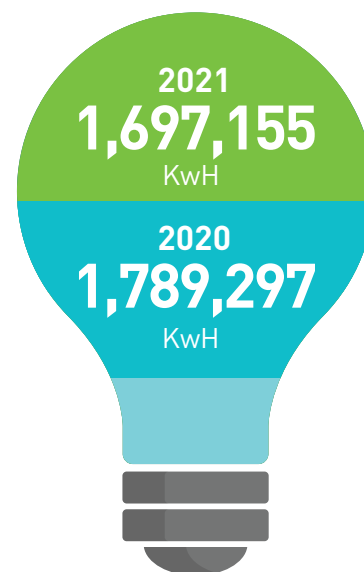
Amway is deeply committed to minimising wastage and generating savings throughout its operations. These measures underscore the Group's efforts to steward its resources while mitigating any negative impact its operations may have on the environment.

#### Power usage

In FY2021, Amway reduced its electricity usage to 1,697,155 Kwh (a total reduction of 92,142 Kwh), at both its Office Block and Warehouse Block (FY2020: total consumption of 1,789,297 Kwh at both blocks). The lower power consumption at the Office Block was due to COVID-19 SOPs where most employees had to work from home with only 30% allowed back at the office. The lower consumption at the Warehouse Block was due to Work-from-Home measures that saw the Call Centre Team and Warehouse Office Staff working remotely. Further energy savings were derived from effective management of the centralised air condition system at the Mezzanine floor and Call Centre.

#### Recycling

In FY2021, Amway recycled a total of 215 metric tonnes of recyclable items which included cartons, plastic, shrink wrap, paper, and metal. The quantum collected was double the 107 metric tonnes collected in FY2020. The Group will continue to explore other ways by which it can reduce the unnecessary wastage of resources.



**Amway's Recycling Efforts  
2019-2021**

## SUSTAINABILITY STATEMENT (CONT'D)

### UPHOLDING GOOD SOCIAL PRACTICES

In line with Amway's mission of "Helping People Live Better, Healthier Lives", it understands that its duty extends beyond simply creating or marketing products, to enriching the well-being of and creating sustainable opportunities for people groups, be these its employees, ABOs or communities. Today, Amway is fulfilling this mission by helping people, particularly its ABOs, employees and communities, achieve their full potential.

In upholding good social practices, the Group has aligned its initiatives with 3 of the United Nation's SDGs. These encompass Goal 5: Gender equality and women's empowerment; Goal 8: Decent work and economic growth; and Goal 10: Reduced inequalities. The Group's measures to align with these SDGs are evident in its daily practices and policies which underscore Amway's commitment to safeguarding people, ensuring good work-life balance, as well as upholding equal opportunity and non-discriminatory employment. The fact that women make up the majority of Amway's workforce, that almost half of the executive-level employees are female and that the Company's Chairperson is female, demonstrates how Amway is upholding gender equality and women empowerment in a tangible manner.



#### Employee Rights and Benefits

##### *Equal Opportunity Employment and Work Environment*

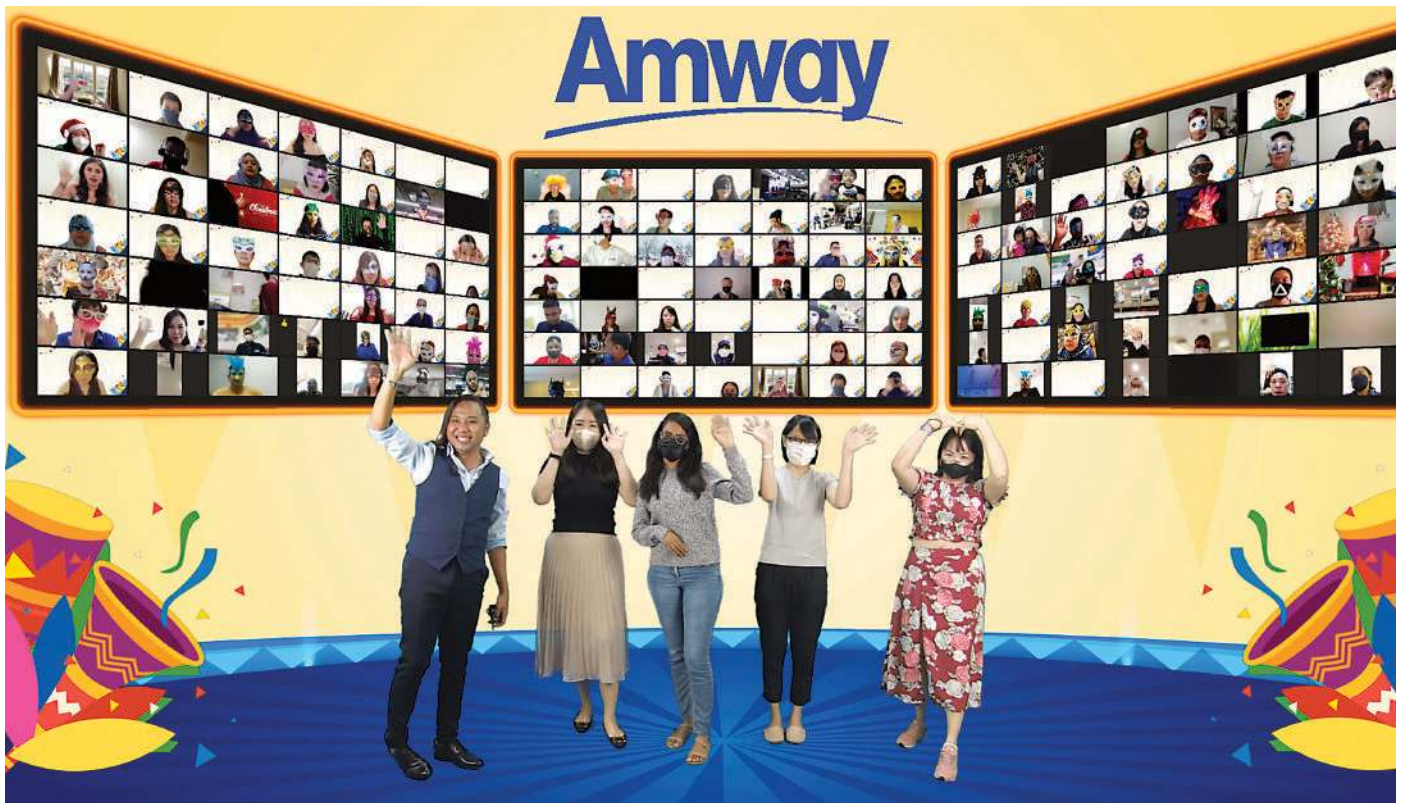
Amway's focus is on measuring and rewarding people on their ability to collaborate and support others. The Group provides its employees with competitive family-friendly benefits and goes to great lengths to inculcate a forward-thinking, people-oriented culture. It also endeavours to create a secure working environment that celebrates talent as well as every facet of diversity. Amway remains non-discriminatory in its recruitment and remuneration

**“Amway's commitment to its talent-related policies is reflected in the composition of its workforce. To date, Amway has 318 employees, of which female staff make up 58% of its workforce and 48% of its executive-level employees.”**

processes, choosing to prioritise merit and initiative as the basis by which one is rewarded. Amway's policies regarding the recruitment and retention of talent also revolve around its goal of catering to diverse consumer demography (i.e., beyond any specific age group, race or income level). In catering to the various ethnic and cultural groups in Malaysia, the Group is ensuring sustainable business growth.

Amway's commitment to its talent-related policies is reflected in the composition of its workforce. To date, Amway has 318 employees, of which female staff make up 58% of its workforce and 48% of its executive-level employees.

The Group provides a host of opportunities to the young (those 35 years of age and below) who comprise the majority of its workforce, as well as empowers its female staff to take up positions of authority within the organisation. This is also evident at the Board level, where 3 of its 8 Directors – representing 38% of the Board – are women (exceeding the minimum 30% recommendation for boards). Amway is also one of the few companies to have a woman lead the Board in her capacity as the Chairperson.



### *Creating Opportunities for All*

Amway believes everyone is entitled to an opportunity to be employed and has in place a policy of non-discrimination which guides how it treats its employees, ABOs, APCs and other stakeholders. This policy also ensures that the Group creates opportunities to employ persons regardless of their ethnicity, race, age, gender, nationality, cultural background, political affiliation, religious affiliation, marital status, education, disability or geographic representation.

### *Good Work-Life Balance*

As a Health and Wellness company, Amway is firmly committed to prioritising the welfare of its employees and to cultivating a conducive working environment that encourages a healthy work-life balance. In pre-pandemic times, some of its health and wellness initiatives included weekly yoga classes and access to the in-house gym at the Petaling Jaya Headquarters. Considering the limitations imposed by the ongoing pandemic, the Group curbed face-to-face recreational activities and substituted these with online classes including virtual yoga and high-intensity interval training.



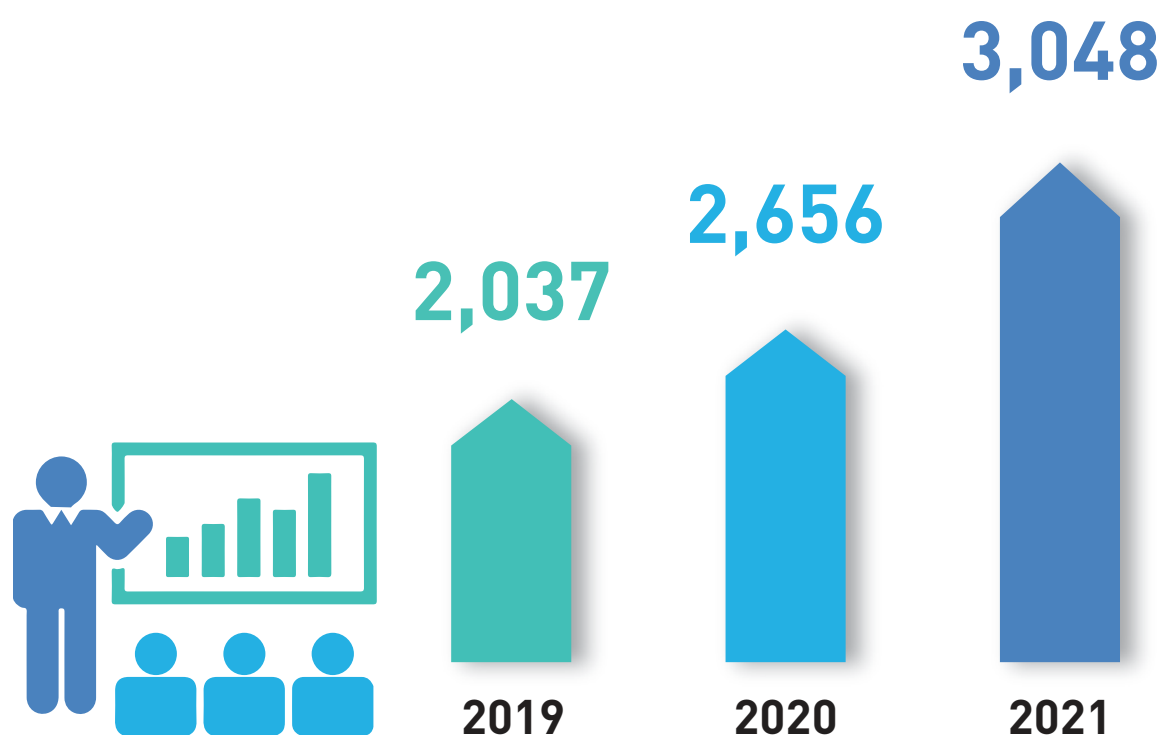
## SUSTAINABILITY STATEMENT (CONT'D)

### Training and Development

As Amway sets its sights on building a more sustainable and efficient business, it is strengthening the capacity and capabilities of its workforce with the relevant training and development activities. This strategy involves a 'top-down' approach whereby significant training resources are allocated to strengthen the capabilities of Amway's managers to enable them to effectively lead and inspire the teams under them.

As part of Amway's efforts to adapt to the new normal, the majority of FY2021's training sessions were conducted online with the aid of digital tools such as video conferencing platforms.

### Amway's Investment in Training and Development 2019-2021



**TOTAL TRAINING HOURS**

Amway invested over RM150,000 in training and development programmes in FY2021 which spanned over 3,000 hours of training covering several areas. The Group was able to cover more training hours in FY2021 in comparison to FY2020 as the majority of the training was in a virtual format which was more cost-effective.

The year's training sessions included the following:

### Amway's Training and Development Activities 2019-2021

TRAINING	DESCRIPTION
<b>Global Code of Conduct</b>	All employees are required to complete the mandatory Global Code of Conduct Training comprising 3 modules, namely Global Compliance Training, Harassment Prevention Training, and Information Security Training.
<b>Privacy Policy Training</b>	In line with the Global Code of Conduct Training, all staff are required to complete the privacy policy training including the Confidential Information Policy and Information Security Training.
<b>Founders' Growth Mindset</b>	To achieve Amway's A70 vision and create a culture where every person is empowered to learn, innovate and succeed, all staff are tasked with embedding the Founders' Growth Mindset into their daily lives. This involves assimilating the Founders' Growth Mindset principles and habits along with a vision for how Amway will look when these elements are lived to the fullest. This approach recognises the Group's success while acknowledging that Amway's staff need to keep growing and evolving as individuals and as a company.
<b>Anti-Bribery Anti-Corruption ("ABAC") Policy</b>	Amway sets out a zero-tolerance approach to bribery and corruption and provides principles, guidelines and requirements on relevant matters. Amway has taken the necessary steps to communicate and create awareness on the Group's ABAC Policy to all Amway's employees, ABOs and vendors, and to seek their commitment to comply with the Policy.
<b>Good Distribution Practice</b>	All employees are to complete the Code of Business Conduct training to ensure that a high level of professionalism and integrity is demonstrated in their dealings with suppliers and partners. This programme is supported by the Amway Senior Leadership.
<b>Modernisation and Digitisation towards A70</b>	UI/UX Design: Part of the A70 Strategy includes innovation and success on digital platforms. To ensure Amway's website is designed in the best manner possible for smoother user experiences, good design skills are needed to make Amway's website stand out amidst the competitive landscape.
<b>Employee Competency and Technical Training</b>	<p>Amway's vision is to encourage growth and the learning capabilities of employees. The Group does this through various courses/training sessions to help employees further their skill set, technical know-how and proficiency. This also supports the Love to Learn habit under the Amway Founders' Growth Mindset framework. FY2021's training included the following topics:</p> <ul style="list-style-type: none"> <li>• Presentation with MS;</li> <li>• Virtual Presentations;</li> <li>• Microsoft Visio 2016;</li> <li>• Strategies for Successful Negotiations for Leaders;</li> <li>• Managing Absenteeism; and</li> <li>• High-Level Communication Skills for Leaders.</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

### Amway Recognised as One of the Most Preferred Graduate Employers

Amway received recognition as “One of the Most Preferred Graduate Employers to Work for in 2022” when it was voted a Champion in the Multi-Level Marketing Category at the Graduates’ Choice Award (“GCA”) 2022 event. The GCA is Malaysia’s most authoritative graduate employer branding award and employers are given recognition for their dedication and efforts in enhancing their employer branding among public and private universities across Malaysia.

### Occupational Health and Safety

Amway is committed to upholding high standards of health and safety that are in line with national Occupational Health and Safety (“OSH”) requirements. The Group’s Health, Safety and Environmental (“HSE”) and OSH initiatives are part of its efforts to create a dynamic, safe and secure working environment for its employees. Amway has also set up an HSE unit that comprises committee members from every department.

To ensure the safety and well-being of its workforce and stakeholders, all of the Group’s procedures and measures have been issued in compliance with the guidelines published by the Ministry of Health and the World Health Organisation. The Group’s ongoing occupational health and safety initiatives in response to this crisis have been highlighted in detail in this Statement under the section titled: “COVID-19 Response: Keeping Those Under The Group’s Care Safe.”



### THE WAY FORWARD

Moving forward, Amway’s agenda of Sustainability will feature more prominently in the Group’s strategic undertakings. Recognising how important sustainability is to the Group’s long-term value creation efforts, Amway’s leadership is committed to embedding it into its operations and business strategies in a more focused and sustained manner.

The plan is to create a stronger culture of sustainability within the Group with a renewed emphasis on the Economic, Environmental, Social and Governance or EESG considerations in the decision-making and business processes. To this end, Amway’s Sustainability Focus will be strengthened so that, elements such as the Group’s Sustainability Policy, Sustainability Framework and all other relevant policies, procedures and resources can be adopted and brought into play in FY2022 and onwards.

As Amway adapts to the new normal and navigates the emerging new business landscape, the Group looks forward to exploring new business opportunities and developing strategies that will propel Amway forward in a sustainable manner.



## FY2021 Awards & Achievements



Reader's Digest - 17<sup>th</sup> Consecutive Year



2021 - GOLD AWARD FOR  
MALAYSIA UNDER VITAMINS/HEALTH  
SUPPLEMENTS CATEGORY



Reader's Digest - 16<sup>th</sup> Consecutive Year    Frost & Sullivan - 12<sup>th</sup> Consecutive Year



2021 - GOLD AWARD FOR  
MALAYSIA & ASIA UNDER WATER  
PURIFIER CATEGORY



ASIA PACIFIC HOME WATER  
TREATMENT COMPANY  
OF THE YEAR

## 2021 EVENT HIGHLIGHTS

### Strengthen Immunity: Breathe with Better Airways

Frequent colds, flu, cough and infections are red flags that signal a weak immune system and poor respiratory health. That is why Nutrilite launched the Nutrilite Botanical Beverage Mix Acerola with Licorice and Turmeric. Containing turmeric, liquorice and acerola cherries, this 'East Meets West. Traditional Meets Modern' nutritional beverage can help boost one's immune system.

Two expert speakers were invited to share their insights during the eRally which took place on 5 February 2021 via Nutrilite Malaysia's Facebook page. Traditional Chinese Medicine expert, CmDr Iko Chin, explained that traditional and herbal ingredients coupled with science findings were key to elevating one's health. He also pointed out that liquorice and turmeric are packed with anti-inflammatory, antioxidant and antibacterial properties. Amway China's Nutrition Investigation, Senior Scientist Dr Junot Kan, went on to explain that plenty of research



and investigation were conducted on this Nutrilite beverage. He stressed that the product's efficacy did not just lie within its active ingredients, but also in how the ingredients were meticulously sourced.

The eRally's 1,500-strong audience witnessed marketing and Nutrilite updates from Head of Marketing and Communications, Joanne Chong, and Nutrition Category Manager, Joyce Tan. At the end of the eRally, 10 lucky winners walked away with a box of the product each after correctly responding to a health quiz held during the event.

### Nutrilite Kids 'We Are Growers' Talk Show

The virtual Nutrilite Kids 'We Are Growers' eRally, held in a talk show format with parents and nutritionists, kicked off with the guest speakers debunking several children's nutrition myths. Nutritionist Lee Chih Ying said, "In a day, a child needs at least three servings of vegetables and two servings of fruits. If they do not consume this amount, health issues such as stunting, impaired brain development and low immunity levels may occur." One way to ensure a child's health is on track is by filling their nutritional gaps with supplements. The Nutrilite Kids 4-in-1 Plus and Nutrilite Kids Botanical Beverage Fruits and Vegetables are clear examples of this.

The eRally continued with a presentation from Nutrilite Research Institute Senior Research Scientist, Dr Holiday Durham Zanetti, who expounded on the merits of the products. The Nutrilite Kids 4-in-1 Plus is available in fast-melt powder form, while the Botanical Beverage is a

tropical-flavoured smoothie that comes in convenient and portable pouches. The talk show also featured Amway Business Owners ("ABOs") and their children who shared personal stories about their eating habits at home. Ten lucky winners walked away with a box of the Nutrilite Kids Botanical Beverage Fruits and Vegetable smoothie each after correctly answering a health quiz held during the event.



## Amway's Virtual National Leadership Conference 2021

The evening of Saturday, 7 August 2021, was abuzz with excitement as excited Amway Leaders gathered for the annual Virtual National Leadership Conference 2021 ("VNLC") that was held online for the second consecutive year. To kickstart the event, the VNLC2021 Dinner-At-Home IG Contest was held. It saw Leaders being invited to capture shots of themselves dressed in their best and having dinner, and then to share these shots on Instagram with the hashtag #amwaystartnow.

Following this, Doug Devos, Co-Chair of the Board of Directors for Amway, congratulated our leaders on being champions of change and pioneering an entrepreneurial spirit that is at the heart of Amway. This was followed by a motivating address by Milind Pant, Chief Executive Officer of Amway. Mike Duong, Managing Director of Amway Malaysia, Singapore and Brunei, then proceeded to give a speech and introduce the year's theme – "Start N.O.W (Nutrilite, Opportunity, Wellness Community)".

Next, Dr Sam Rehnborg, President of the Nutrilite Health Institute, shared his insights on the importance of nutrition and building wellness communities. The evening continued with insightful updates from the Marketing and Sales teams, followed by the highlight of the evening – the destinations for the Amway Leadership Seminar ("ALS") 2022 and Diamond Invitational ("DI") 2022 events – namely Istanbul as well as Santorini and Athens respectively!





## 2021 EVENT HIGHLIGHTS (CONT'D)

### Atmosphere Mini eRally

The evening of Saturday, 26 June 2021, was rife with excitement as viewers tuned in to Amway Malaysia's Facebook page for the Atmosphere Mini eRally, featuring speakers such as Dr. Wong Chee Kuan, Bill Luke (Amway's Director of Wellness Device Department), and inspiring leader, Dr. Ignatius Augustine. The eRally offered the audience the opportunity to learn how the Atmosphere Mini Air Treatment System helps improve indoor air quality indoors.

The livestream began with eye-opening facts about air pollution. Dr. Wong, who specialises in Internal Medicine and Respiratory Medicine at the University Malaya Specialist Centre ("UMSC"), spoke on how air pollution affects the body's respiratory system. Hence the need to invest in a good quality air purifier. However, not all air purifiers are built equal. Bill said, "The Atmosphere Mini has a Clean Air Delivery Rate or CADR of more than 130cfm,



which makes it powerful enough to clean rooms up to 200 sq. ft. in size with a 100% efficiency rate. Its particulate filter can effectively remove 99.99% of particles as small as 0.0024 microns." So, it is no wonder that Atmosphere is the world's No. 1 selling air purifier.

There were a whopping 3,000 shares and 6,800 comments left on why the Atmosphere Mini is loved by all. Those who joined the live event also had an opportunity to walk away with RM200 vouchers from the Why You Love Atmosphere Mini Contest that was held during the virtual event.

### Fight Fat, Take T eRally



The Nutrilite Green-T Plus Tablet eRally, which took place on 28 May 2021 and garnered almost 3,000 views, was streamed live for all ABOs to witness the launch of the latest health supplement and learn about its benefits. After a brief introduction by host Baki Zainal and in-house

Senior Nutrition and Wellness Trainer, Shamini Devi, the event kicked off with a song and dance by BodyKey user and local singer, Reyhana Yunus, who lent her voice for the premier of BodyKey's theme song and showed us the simple yet sassy dance moves with her crew. Taking on the challenge of losing weight sustainably in 60 days with BodyKey by Nutrilite, the event showcased Reyhana's weight transformation journey that resulted in her losing 7 kg (fat loss), 6.3% (body fat percentage) and an overall 8 kg (of her total weight).

This was followed by marketing and nutrition updates from Head of Marketing and Communications, Joanne Chong, and Nutrition Category Manager, Joyce Tan. ABOs then learnt from Nutrilite Principal Research Scientist, Dr Jina Hong, how ingredients such as Epigallocatechin Gallate ("EGCG") from green tea and brown algae perfected by the Green Select® Phytosome® technology, aid in losing weight sustainably. The eRally ended with useful business tips from Thailand Executive Diamond, Tanat Panichingon, a key advocate who built his Amway business with Nutrilite and BodyKey.

### ARTISTRY SKIN NUTRITION Balancing & Hydrating Solutions eRally

ARTISTRY's first event for 2021 involved the introduction of the ARTISTRY SKIN NUTRITION Balancing and Hydrating Solutions with an eRally hosted by celebrity emcee, Nadia Heng. At the event's onset, Head of Marketing and Communications, Joanne Chong, delved into the convergence of Nutrilite and ARTISTRY. Then VIP guest speakers from Amway Global went on to explore the two skincare solutions and the scientific advancements behind them. Jesse Leverett, Global Discovery, R&D Scientist, spoke about the innovative science behind ARTISTRY SKIN NUTRITION, which translates science into beauty through a new understanding of skin health. For this, ARTISTRY merged over 60 years of beauty expertise with over 85 years of knowledge on health, nutrition and phytonutrients from Nutrilite.



Next, a virtual tour of the revamped ARTISTRY Product Pavilion showed elements that emphasise ARTISTRY SKIN NUTRITION's close connection to nature, including vibrant displays of Phyto Force and the hero ingredient, White Chia Seed. Following this, Global Brand Manager, Maggie Pepoy shared her insights on the new products, taking a closer look at the beneficial ingredients that went into each formula, how to use them, and which skin nutritional requirements they fulfilled. Lastly, five panellists also shared their personal experience using the products.

### ARTISTRY SKIN NUTRITION Renewing & Firming Solutions eRally



Heng, unveiled the new range on Facebook Live. In-house Senior Nutrition and Wellness Trainer, Shamini Devi, explained how the convergence between ARTISTRY and Nutrilite resulted in a skincare range that enforces healthy beauty from the inside out and the outside in. Next, ARTISTRY Skincare Expert, Brooke Failey, delved into how age phenotypes impact the skin and why skin needs a mixture of both preventative and reparative benefits to look its best. Following this, Jesse Leverett, Global Discovery R&D Scientist, dispelled the myth of chronological ageing by mapping out the decline in skin health, proving that its progression is non-linear. Rounding up the eRally were three panellists sharing their positive reviews of the ARTISTRY SKIN NUTRITION Renewing and Firming Solutions.

Following the success of the ARTISTRY SKIN NUTRITION Balancing and Hydrating Solutions eRally, the ARTISTRY SKIN NUTRITION Renewing and Firming Solutions was launched. This eRally, hosted by celebrity emcee Nadia

## 2021 EVENT HIGHLIGHTS (CONT'D)

### Amway Helps School Goers Stay Safe and Healthy

In November 2021, school-going children from PPR Desa Rejang Setapak received health supplements to build strong body defence. This was made possible as Amway Malaysia embarked on a programme with the Department of Social Welfare. The initiative was aimed at improving children's body defence while empowering urban families and educating them about the importance of strengthening natural resistance and growth development. Some 100 children from PPR Desa Rejang Setapak received Nutrilite health supplements from Amway. They will continue to receive the supplements for a period of six months.

"We hope this initiative will help strengthen the children's natural defence and growth development as well as contribute towards their overall health during this pandemic," said Mike Duong, Managing Director of Amway Malaysia, Singapore and Brunei. The pilot programme involved 35 families from PPR Desa Rejang Setapak. During the presentation of the Nutrilite health supplements, the Amway team shared the importance of building stronger immunity and eating healthier to reduce the risk of infection.



### ARTISTRY Beauty Talk 2021



The ARTISTRY Beauty Talk celebrated the new ARTISTRY INTENSIVE SKINCARE Blooming Sleeping Mask. Hosted by celebrity emcee Nadia Heng, the event kicked off with Joanne Chong, Head of Marketing and Communications, who explored the K-Beauty trend and delved into the benefits of Fermentia Cica (a hero ingredient of the skincare industry) and the Blooming Sleeping Mask. Next, Founders Crown Ambassador Eva Wong, revealed the secrets of her youthful skin with several tips on skincare, emphasising the importance of leading a healthy lifestyle in order to achieve a healthier ageless complexion.

Following this, Research Scientist, Jenny Lee, explained the science and technology behind the Blooming Sleeping Mask before elaborating on the benefits of Fermentia Cica and demonstrating how the T-shaped massager was specially developed for a holistic experience. Hae Jo, Director of East COE, joined the call to encourage everyone to use the mask every day as he did. Finally, Wong shared how to grow one's beauty business by investing in one's passion and turning it into an opportunity, how to boost sales by being a product of the product, and how to inspire the next generation of beauty entrepreneurs.



## PY2021 New Achievers Virtual Recognition



On 11 December 2021, Amway recognised 3,000 pins during the PY2021 New Achievers Virtual Recognition, an event which honoured the efforts of the first batch of Amway's achievers. Over 13,000 viewers joined host Sharizan Borhan in not only congratulating this year's achievers, but also sharing their good wishes, sending virtual flowers and watching the inspirational sharing from the achievers at [www.amwaypy2021recognition.com](http://www.amwaypy2021recognition.com). The website received close to 30,000 visitors as at end December 2021.

Managing Director of Amway Malaysia, Singapore and Brunei, Mike Duong, welcomed the achievers and viewers in a welcome speech that encapsulated the continuous efforts and commitment shown by the achievers and ABOs throughout 2021. This was followed by a keynote speech from Asha Gupta, Regional President, Asia and Chief Strategy and Corporate Development Officer, who congratulated the achievers and acknowledged the resilience of ABO Leaders in Malaysia and Brunei as well as their businesses.

Next, the achievers, ranging from the Bronze pin to Founders Sapphire, were duly recognised for their hard work. This was followed by recorded sessions from the Emerald and Founders Emerald achievers who shared their personal journey with Amway and the ways they have adapted their businesses before and after the COVID-19 pandemic. The grand finale for the night were the riveting speeches delivered by exclusive guest speakers who shared their experience on how they attracted Gen Ys into the business and how others can do the same.

# CORPORATE INFORMATION



## COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)  
SSM PC No. 202008001472

Kuan Hui Fang (MIA 16876)  
SSM PC No. 202008001235

## AUDITORS

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

## COMPANY WEBSITE

[www.amway.my](http://www.amway.my)

## REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : 03-2783 9191  
Fax : 03-2783 9111

## PRINCIPAL BANKERS

Public Bank Berhad  
Standard Chartered Bank  
Malaysia Berhad

## STOCK EXCHANGE LISTING

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

## SHARE REGISTRAR

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  
Tel : 03-2783 9299  
Fax : 03-2783 9222

## PRINCIPAL BUSINESS ADDRESS

28, Jalan 223  
46100 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7946 2800  
E-mail : [ir@amway.com](mailto:ir@amway.com)

## DIRECTORS' PROFILES

### TAN SRI FAIZAH BINTI MOHD TAHIR

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 was a member of the Audit Committee from 8 May 2014 and a member of the Remuneration Committee from 29 May 2019 until her resignation from both committees on 25 August 2021.

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 Chairperson of the 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 2021.



**Position:**  
Chairperson and Senior  
Independent Non-Executive Director



**Gender:**  
Female



**Nationality:**  
Malaysian



**Age:**  
71



## DIRECTORS' PROFILES (CONT'D)



**Position:**  
Managing Director



**Gender:**  
Male



**Nationality:**  
American



**Age:**  
48

### MICHAEL JONATHAN DUONG

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 2021.

## LOW HAN KEE

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 was appointed as a member of the Audit Committee on 25 August 2021.

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 2021.



Position:  
Non-Independent  
Non-Executive Director



Gender:  
Male



Nationality:  
Malaysian



Age:  
62

## DIRECTORS' PROFILES (CONT'D)



**Position:**  
Non-Independent  
Non-Executive Director



**Gender:**  
Male



**Nationality:**  
American



**Age:**  
60

### SCOTT RUSSELL BALFOUR

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 titled "Korean Labor and Employment Laws".

Mr. Scott Balfour joined Alticor Inc in 1998 and retired on 8 October 2021 from the position of Vice President and Deputy General Counsel, International Legal and Business Conduct and Rules – Asia and Greater China. He is currently serving as a consultant for Alticor providing ongoing support to the Asia region. During his tenure as the Vice President and Deputy General Counsel, Mr. Scott Balfour coordinated and oversaw 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. He also led several legal and business conduct and rules teams in the markets that were 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, 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 2021.



## DATO' ABDULLAH THALITH BIN MD THANI

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 a member of the Audit Committee.

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 2021.



Position:  
Independent  
Non-Executive Director



Gender:  
Male



Nationality:  
Malaysian



Age:  
67

## DIRECTORS' PROFILES (CONT'D)



**Position:**  
Independent  
Non-Executive Director



**Gender:**  
Male



**Nationality:**  
Malaysian



**Age:**  
73

### ABD MALIK BIN A RAHMAN

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, a member of the Nominating Committee and was appointed a member of the Remuneration Committee on 25 August 2021.

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").

Over the course of his career, En. Abd Malik held senior management positions at several companies in diverse industries including the Oil & Gas, Manufacturing, Fast Moving Consumer Goods, Multi-level Marketing and Port Logistics segments.

He was formerly the Chairman of Affin Hwang Investment Bank Berhad, and formerly served as an Independent Director of Affin Bank Berhad, Affin Hwang Asset Management Berhad, Boustead Heavy Industries Corporation Berhad, CYL Corporation Berhad, Innity Corporation Berhad and Lee Swee Kiat Group Berhad.

En. Abd Malik is currently an Independent Director of Mah Sing Group Berhad and also serves on the boards of several private limited companies.

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 2021.

## DATIN SERI AZREEN BINTI ABU NOH

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 both the Audit Committee and Remuneration Committee.

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 contributions 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 2021.



Position:  
Independent  
Non-Executive Director



Gender:  
Female



Nationality:  
Malaysian



Age:  
52



## DIRECTORS' PROFILES (CONT'D)



**Position:**  
Non-Independent  
Non-Executive Director



**Gender:**  
Female



**Nationality:**  
Malaysian



**Age:**  
61

### AIDA BINTI MD DAUD

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 2021.

## KEY MANAGEMENT PROFILES

### Ng Ai Lee Chief Financial Officer

Nationality : Malaysian  
Gender : Female  
Age : 50

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 23 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 : 48

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. 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 over 20 years of related industry experience having helmed marketing and communication positions previously with well-established multinational FMCG companies.

### Wong Choom Yee Head of Human Resources

Nationality : Malaysian  
Gender : Female  
Age : 52

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 21 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 & Communications

Nationality : Malaysian  
Gender : Female  
Age : 47

Ms. Chong Sew Peng was appointed Amway Malaysia's Head of Marketing & Communications in June 2020. 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 : 47

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, the company's contribution towards the Direct Selling industry and sustainability related matters. En. Mohamad Zaihan graduated from RMIT University with a major in Media Studies. He has more than 20 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.

During the financial year ended 31 December 2021 ("FY2021"), the Board continued to provide oversight on corporate governance, and by working closely together with Senior Management, further refined its corporate governance practices in line with the updated Malaysian Code on Corporate Governance 2021 ("MCCG 2021") issued by the Securities Commission Malaysia in April 2021.

Following the issuance of the MCCG 2021, the Board conducted a gap analysis between the corporate governance practices in the Group and the best practices set out in the MCCG 2021 and implemented various measures to further strengthen its corporate governance standards. In August 2021, the Board approved the updated Board Charter, Terms of Reference of the respective Board committees, as well as other relevant policies and procedures in line with the corporate governance standards set out in the MCCG 2021.

This Corporate Governance Overview Statement ("CG Overview Statement") has been prepared in accordance with Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and is intended to provide an overview on how the Group applied the following three (3) key principles as set out in the MCCG 2021 during FY2021:

- (i) Board leadership and effectiveness;
- (ii) Effective audit and risk management; and
- (iii) 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 FY2021 standalone Corporate Governance Report ("CG Report"). The CG Report provides a detailed account of how Amway has applied each of the practices set out in the MCCG 2021 and where there are departures, provides explanations for alternative practices or remedial plans. Hence, this CG Overview Statement should be read together with the standalone CG Report which is published at the same time as Amway's Annual Report 2021 and can be accessed via [www.amway.my](http://www.amway.my).

As at 31 December 2021, Amway has complied with thirty-five (35) out of the total forty-two (42) recommended practices applicable for non-Large Companies under the MCCG 2021. The seven (7) practices that Amway has departed from are highlighted in the table below, while the reasons for the departure from these practices as well as the alternative practices or remedial plans are summarised underneath. For the finer details of the reasons and alternative practices for these departures, please refer to the standalone CG Report.



PRACTICE	DESCRIPTION
Practice 1.4	The Chairman of the Board should not be a member of the Audit Committee ("AC"), Nomination Committee ("NC") or Remuneration Committee ("RC").
Practice 4.1	The Board, together with Management, takes responsibility for the governance of sustainability in the Company including setting its sustainability strategies, priorities and targets. The Board takes into account sustainability considerations when exercising its duties, which include among other things, the development and implementation of company strategies, business plans, major plans of action and risk management. Strategic management of material sustainability matters should be driven by Senior Management.
Practice 4.2	The Board ensures that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.
Practice 4.3	The Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.
Practice 4.4	Performance evaluations of the Board and Senior Management include a review of the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.
Practice 5.7	The Board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the listed company as a whole. The Board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.
Practice 8.2	The Board discloses on a named basis the top five Senior Management's remuneration component including salary, bonuses, benefits-in-kind and other emoluments in bands of RM50,000.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Practice 1.4

On 25 August 2021, to align with Practice 1.4 of the MCCG 2021, the Board Chairperson, Tan Sri Faizah Binti Mohd Tahir, resigned as a member of both the AC and RC upon conclusion of the respective Board Committee meetings. On 17 November 2021, subsequent to her resignation as an AC member, Tan Sri Faizah participated in the AC meeting by way of invitation. This was deemed a departure from the practice as it did not align with the explanatory note on the application of Practice 1.4. This explanatory note states that if the Board Chairperson is not a member of the Board Committees but does participate in any of the Board Committees' meetings by way of invitation, then this practice is to be deemed a departure. Moving forward into FY2022, Tan Sri Faizah will no longer be attending any of the Board Committee meetings by way of invitation in line with the explanatory note pertaining to the application of Practice 1.4.

### Practices 4.1, 4.2, 4.3 and 4.4

During FY2021, the Group formed a Sustainability Committee and appointed a consultant to assist in establishing a group-wide Sustainability Framework to integrate the principles of sustainability into the Group's strategies, policies and procedures. The establishment of the Group's Sustainability Framework together with the related policies and procedures is currently ongoing and is targeted for completion and adoption by the Board in FY2022. Please refer to the Sustainability Statement within Amway's Annual Report 2021 for further information.

### Practice 5.7

The Company was not in a position to disclose the information recommended in Practice 5.7 in its Statement Accompanying Notice of the 26<sup>th</sup> Annual General Meeting since the Notice was issued to shareholders on 23 April 2021, whereas the updated MCCG 2021 was only issued by the Securities Commission Malaysia on 28 April 2021.

Moving forward, the Company will provide the relevant information as set out in Practice 5.7 in its Statement Accompanying Notice of the 27<sup>th</sup> Annual General Meeting scheduled to be issued to shareholders on 22 April 2022.

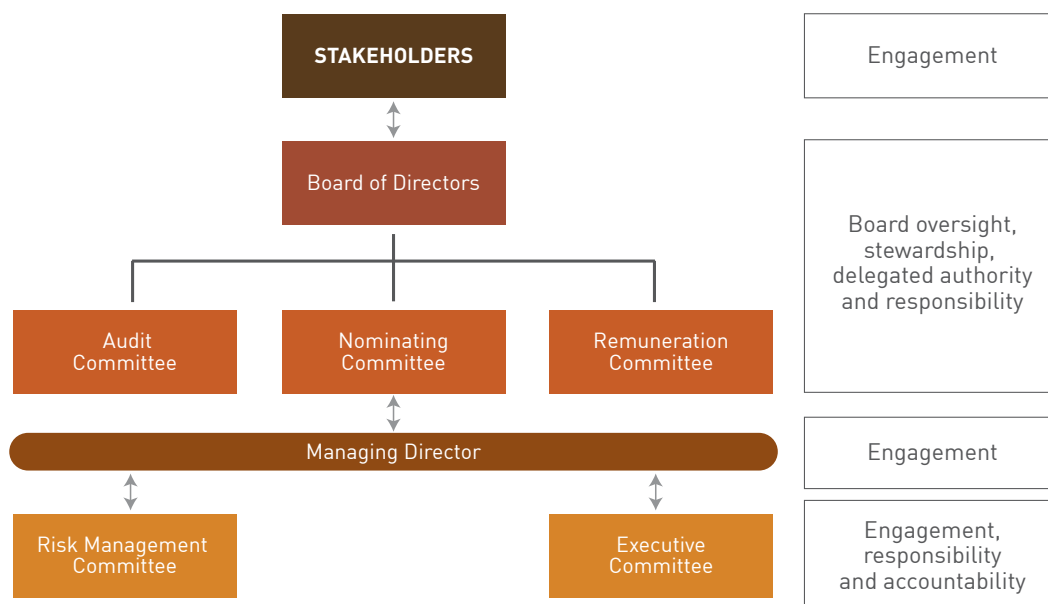
### Practice 8.2

In the best interests of the Group, Amway will continue its current alternative practice of disclosing the total remuneration of its top five Key Senior Management on an aggregate basis.

## 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, challenging and adopting Management's strategic plan proposals 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;
- Ensuring all Directors are able to understand financial statements and form a view on the information presented;
- 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; ensuring the establishment of appropriate roles for the Board and Board Committees, as well as implementing succession planning;
- Reviewing and determining the remuneration of the Board, Managing Director ("MD") and Key Senior Management to ensure that the compensation offered is competitive and aligned with the Group's remuneration packages;
- Ensuring a collaborative and constructive relationship between the Board and Senior Management; and
- Overseeing the development and implementation of an investor relations programme for the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Effective leadership and management are also established via Amway's set of guidelines, policies, procedures and 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 which include the following:

- Board Charter;
- Board and Key Senior Management Diversity Policy;
- Policy on Succession Planning for Board and Key Senior Management;
- Remuneration Policy for Board and Key Senior Management;
- Code of Conduct and Ethics, Whistleblower Policy, and Anti-Bribery and Corruption Policy;
- Enterprise Risk Management Policy, Internal Audit Charter and Policy on External Auditors; and
- Investor Relations Policy.

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

### **Sustainability Management**

The Board recognises the growing importance of sustainability in business and in creating long term value for stakeholders. Ultimately, the Board, together with Management, are responsible for the governance of sustainability in the Group, including the formulation of strategies, priorities and targets.

During FY2021, Amway formed a Sustainability Committee and appointed a consultant to assist in establishing a group-wide Sustainability Framework to integrate the principles of sustainability into the Group's strategies, policies and procedures. The plan is to create a culture of sustainability within the Group, with a focus on incorporating the economic, environmental, social and governance or EESG considerations into the decision making and business processes, as well as to address material sustainability risks and opportunities. The establishment of the Group's Sustainability Framework together with policies and procedures is currently ongoing and is targeted for completion and adoption by the Board in FY2022.

Details of the Group's sustainability management efforts and activities are disclosed in the Sustainability Statement in this Annual Report.



## 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, their 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](http://www.amway.my).

## ROLES AND RESPONSIBILITIES OF KEY POSITIONS

### Chairperson

- Leads the Board in establishing and instilling good corporate governance practices in the Group;
- Maintains regular dialogue with the MD over operational matters and consults with the remaining Board members promptly over any matters with major concern;
- Leads Board meetings and discussions and acts as a facilitator at Board meetings to ensure that no member, whether executive or non-executive, dominates discussions; that the appropriate discussions take place; and that relevant opinions amongst members are forthcoming. The Chairperson shall ensure that discussions result in logical and understandable outcomes;
- Encourages active participation at Board meetings and allows dissenting views to be freely expressed;
- Sets the Board agenda and ensures Board members receive complete and accurate information in a timely manner;
- Manages the interface between the Board and Management;
- Ensures general meetings support meaningful engagement between the Board, Key Senior Management and shareholders; and
- Represents the Board to shareholders and ensures effective communications with stakeholders.

### Independent Directors

- Safeguard the interests of all shareholders, not only the interests of a particular group, and ensure all relevant matters and issues are objectively and impartially considered by the Board in the decision-making process.
- 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/or Management; and
- Monitor the areas of discussion, notably on those where potential conflicts of interest situations may arise.

### Non-Executive Directors

- Act 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

- Develops and ensures the execution of day-to-day operational strategies together with the Management team;
- Develops strategies, business plans, targets, annual operating plans and budgets to be adopted by the Board;
- Implements, monitors and provides effective leadership to the Management team towards the achievement of the approved plans, budgets, strategic objectives and direction set by the Board;
- Develops and maintains the Group's risk management systems, including internal control mechanisms and ensures the Group is operating within the risk appetite set by the Board;
- Manage resources within budgets approved by the Board;
- Effectively represents the interest of the Group with major customers, regulatory bodies, and industries at large, to ensure general goodwill towards the Group and cooperation in planned development;
- Assures that the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- Provides accurate and timely information to the Board and Board Committees to enable them to carry out their responsibilities; and
- Acts within specific authorities delegated by the Board and ensures that the limits of authority accorded by the Board are observed.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### 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 including sustainability, performance reviews, capital expenditure, limits of authority, risk management, the appointment of external auditors, announcements to Bursa Securities, approval of 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 needed 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 includes 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

Separate meetings are held for Board and Board Committees. The meeting agenda and papers are circulated to the Directors at least five (5) business days prior to Board and Board Committee meetings. This is to allow sufficient time for the Directors 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 and Board Committee meetings are circulated to Directors for their perusal prior to confirming these minutes at the commencement of the following meeting.

The Key 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 also engaged in all announcements made by the Group to Bursa Securities.

## BOARD ACTIVITIES AND TASKS IN FY2021

The following is a summary of key 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"> <li>• Deliberated on and approved the Group's financial budget and forecasts;</li> <li>• Deliberated on and approved the capital expenditure budget;</li> <li>• Deliberated on and approved the unaudited quarterly financial results and annual audited financial statements; and</li> <li>• Approved the interim and special dividends for FY2021.</li> </ul>
Strategic Plans and Sustainability	<ul style="list-style-type: none"> <li>• Reviewed the business strategies and operating plans;</li> <li>• Oversaw the conduct of the Group's business;</li> <li>• Reviewed and monitored the ongoing impact of COVID-19 on the Group's business operations, together with the continuing measures and initiatives undertaken to safeguard the health of employees, Amway Business Owners ("ABOs") and Amway Privileged Customers as well as to support ABOs' businesses and communities; and</li> <li>• Reviewed the succession planning and remuneration of the Board and Key Senior Management.</li> </ul>
Corporate Governance and Risk Management	<ul style="list-style-type: none"> <li>• Reviewed Board effectiveness;</li> <li>• Reviewed the respective term of office and performance of the AC, NC and RC;</li> <li>• Reviewed and approved the changes in composition of the AC and RC;</li> <li>• Reviewed the Group's corporate governance framework to better align with the Listing Requirements of Bursa Securities and MCCG 2021;</li> <li>• Reviewed the gap analysis between the corporate governance practices in the Group and the best practices set out in the MCCG 2021, as well as the action plans to comply with the practices and guidance;</li> <li>• Reviewed and approved the updates to the following in line with the changes in the requirements of the MCCG 2021: <ul style="list-style-type: none"> <li>- Board Charter;</li> <li>- Terms of References of the AC, NC and RC;</li> <li>- Board and Key Senior Management Diversity Policy;</li> <li>- Policy on Succession Planning for Board and Key Senior Management;</li> <li>- Remuneration Policy for Board and Key Senior Management;</li> <li>- Policy on External Auditors;</li> <li>- Internal Audit Charter;</li> <li>- Whistleblower Policy;</li> <li>- Code of Conduct and Ethics; and</li> <li>- Investor Relations Policy.</li> </ul> </li> <li>• Reviewed and adopted the enhancements to the Group's Enterprise Risk Management Framework;</li> <li>• Reviewed principal business risks and ensured the implementation of mitigating measures and internal controls; and</li> <li>• Reviewed internal audit findings and management responses.</li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

In November 2021, the Non-Executive Directors held a private session among themselves without the presence of the MD and Senior Management to discuss strategic, governance and operational issues. No significant issues were noted from the discussion.

### 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.

- Tan Sri Faizah Binti Mohd Tahir (Chairperson and 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 FY2021, 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 and none of the Directors are politicians.

For more details on the Board composition, please refer to the Directors’ Profiles on pages 63 to 70 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 is in line with Amway’s Board and Key Senior Management Diversity Policy of having at least 30% women representation on the Board and Practice 5.9 of the MCCG 2021 that requires the Board to have at least 30% women Directors.

Moreover, in tandem with the application of guidance to Practice 5.10 of the MCCG 2021, the Board is supportive in ensuring that there is a healthy representation of women in Key Senior Management positions and strives to have at least 20% of women participation. Presently, this target has been achieved whereby three (3) out of five (5) Key Senior Management positions, or 60%, are held by women.

Collectively, the Board brings a diverse range of skills, expertise, qualifications, backgrounds and experiences to Amway. The current Board composition reflects both healthy 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, risk management, 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 FY2021, the Board composition exceeded the one-third (1/3) requirement of Independent Directors as set out under the Listing Requirements and also in line with Practice 5.2 of the MCGG 2021 and Board Charter, whereby at least half of the Board comprises Independent Directors.

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 FY2021, 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](mailto:Faizah.Tahir@Amway.com).

## CONFLICTS OF INTEREST

In the event of conflicts of interest, the Board has established processes for declaring and monitoring actual and potential conflicts and is guided by the Code of Conduct and Ethics.

The Code of Conduct and Ethics is available at [www.amway.my](http://www.amway.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### 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	KEY RESPONSIBILITIES
AC	<ul style="list-style-type: none"> <li>Oversees the financial reporting process;</li> <li>Assesses the effectiveness of the system of internal control and risk management processes;</li> <li>Assesses the suitability, objectivity and independence of Internal and External Auditors, and the performance of the audit functions;</li> <li>Reviews related party transactions and any conflicts of interest that may arise within the Group; and</li> <li>Reviews the effectiveness of anti-corruption and whistle-blowing processes and receives reports and recommendations for improvements from Internal Auditors.</li> </ul>
NC	<ul style="list-style-type: none"> <li>Reviews the size and composition of the Board and Board Committees, while keeping in mind the need to refresh the composition of the Board periodically;</li> <li>Assesses the effectiveness and performance of the Directors, Board and its Committees;</li> <li>Reviews the tenure of Directors;</li> <li>Proposes new nominees to the Board and Board Committees;</li> <li>Assesses the independence of the Independent Directors; and</li> <li>Ensures succession plans for the Board and Senior Management are in place.</li> </ul>
RC	<ul style="list-style-type: none"> <li>Reviews and recommends Directors' fees and allowances of the Non-Executive Directors taking into account their responsibilities and time commitment; and</li> <li>Reviews and recommends the remuneration packages of the Executive Director and Key Senior Management based on individual performance and that of the Group.</li> </ul>

The Chairman of each Committee reports to the Board to keep the Board members apprised of matters discussed at the Committee level.

Supporting the Board Committees are the Risk Management Committee (“RMC”) and the Executive Committee (“EXCOM”).

## MANAGEMENT GOVERNANCE FRAMEWORK

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

## THE AC

The Board’s AC comprises exclusively of five (5) Non-Executive Directors, the majority of whom are Independent Directors.

For the period from 1 January 2021 to the AC meeting held on 25 August 2021, the AC comprised the following:

- 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).

Upon conclusion of the AC meeting on 25 August 2021, Tan Sri Faizah Binti Mohd Tahir who is also the Board Chairperson, resigned from the AC and Mr. Low Han Kee was appointed as a member of the AC on the same day. This change was made in line with Practice 1.4 of the MCCG 2021 which stipulates that the Chairperson of the Board should not be a member of the AC, NC or RC.

From the conclusion of the AC meeting on 25 August 2021 until present, the composition of the AC is as follows:

- En. Abd Malik Bin A Rahman (Chairman, INED);
- Dato’ Abdullah Thalith Bin Md Thani (Member, INED);
- Datin Seri Azreen Binti Abu Noh (Member, INED);
- Mr. Scott Russell Balfour (Member, Non-INED); and
- Mr. Low Han Kee (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 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](http://www.amway.my).

The activities undertaken by the AC during FY2021 are spelt out in the AC Report within this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### THE NC

The Board's NC exclusively comprises 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 performance of the Directors on an ongoing basis. In addition, the NC, in consultation with the MD and the Head of Human Resources, shall provide input and guidance on the development and succession plans for Key Senior Management. In this regard, the NC is guided by the Group's Policy on Succession Planning for Board and Key Senior Management.

The Terms of Reference of the NC can be found at our website [www.amway.my](http://www.amway.my).

The NC held two (2) meetings during FY2021 and the main activities undertaken during the year 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 as well as 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 MD;
- Assessed the independence of the Independent Directors based on the criteria set out in the Listing Requirements;
- Reviewed the character, experience, integrity, competency and time to effectively discharge the roles of the MD and Chief Financial Officer ("CFO");
- Reviewed the tenure of the Directors;
- Reviewed and recommended the amendments to the Terms of Reference of the NC, the Policy on Succession Planning for Board and Key Senior Management, as well as the Board and Key Senior Management Diversity Policy to ensure these aligned with the MCCG 2021;
- Accepted the resignation of Tan Sri Faizah Binti Mohd Tahir as a member of the AC and RC, and recommended the appointment of Mr. Low Han Kee and En. Abd Malik Bin A Rahman as her replacement respectively; and
- Reviewed and recommended the re-election of Mr. Low Han Kee, Dato' Abdullah Thalith Bin Md Thani and En. Abd Malik Bin A Rahman who were subject to retirement by rotation.

All recommendations of the NC were reported by the NC Chairman at the Board Meeting and approved by the Board.



## THE RC

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

For the period from 1 January 2021 to the RC meeting held on 25 August 2021, the RC comprised of the following:

- 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).

Upon conclusion of the RC meeting on 25 August 2021, Tan Sri Faizah Binti Mohd Tahir who is also the Board Chairperson, resigned from the RC and En. Abd Malik Bin A Rahman was appointed as a member of the RC on the same day. This change was made in tandem with Practice 1.4 of the MCCG 2021 whereby the Chairperson of the Board should not be a member of the AC, NC or RC.

From the conclusion of the RC meeting on 25 August 2021 until present, the composition of the RC is as follows:

- Mr. Scott Russell Balfour (Chairman, Non-INED);
- En. Abd Malik Bin A Rahman (Member, 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 that appropriately reflect the different roles and responsibilities of the Executive Director, Non-Executive Directors and Key Senior Management with the aim of attracting and retaining high-calibre and experienced individuals to support the Group's growth plans going forward. To this end, the Board is guided by the Remuneration Policy for Board and Key Senior Management.

The Terms of Reference of the RC can be found at our website [www.amway.my](http://www.amway.my).

The RC held two (2) meetings during FY2021 and the main activities undertaken during the year included the following:

- Reviewed and recommended the remuneration packages for the MD and Key Senior Management;
- Reviewed and recommended the Director's fees, allowances and benefits for the Non-Executive Directors; and
- Reviewed and recommended the amendments to the Terms of Reference of the RC and Remuneration Policy for the Board and Key Senior Management to be in line with the MCCG 2021.

All recommendations of the RC were reported by the RC Chairman at the Board Meeting and approved by the Board.

## 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 FY2021.

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

In accordance with the 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 in listed issuers.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### ATTENDANCE OF BOARD AND BOARD COMMITTEES

The following table outlines the attendance of the Board Members for Board meetings and Board Committee meetings held during FY2021:

DIRECTORS	NUMBER OF MEETINGS HELD			
	BOARD	AC	RC	NC
<b>Non-Executive Directors</b>				
Tan Sri Faizah Binti Mohd Tahir (Resigned as AC and RC member on 25 August 2021)	4/4	3/3 <sup>(1)</sup>	2/2	N/A
Dato' Abdullah Thalith Bin Md Thani	4/4	4/4	N/A	2/2
Mr. Low Han Kee (Appointed as AC member on 25 August 2021)	4/4	1/1 <sup>(2)</sup>	N/A	N/A
Mr. Scott Russell Balfour	4/4	4/4	2/2	2/2
En. Abd Malik Bin A Rahman (Appointed as RC member on 25 August 2021)	4/4	4/4	N/A <sup>(3)</sup>	2/2
Datin Seri Azreen Binti Abu Noh	4/4	4/4	2/2	N/A
Pn. Aida Binti Md Daud	4/4	N/A	N/A	N/A
<b>Executive Director</b>				
Mr. Michael Jonathan Duong	4/4	N/A	N/A	N/A

**Notes:**

- (1) Only 3 meetings held prior to her resignation as an AC member.  
 (2) Only 1 meeting held after his appointment as an AC member.  
 (3) No meeting was held after his appointment as a RC member.

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 FY2021 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.

None of the Directors has any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries.

Having conducted the BEE in FY2021, the Board is satisfied with the outcome of this exercise. 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 FY2021.

## 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 among others the following criteria:

- The candidate's independence in the case of the appointment of an INED;
- The size and composition requirements of the Board and its Committees (if the candidate is proposed to be appointed to any of the Board Committees);
- The candidate's track record, skills, knowledge, expertise, experience, age, professionalism, integrity, ability to understand financial statements and form a view on the information presented 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 ongoing 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, Tan Sri Faizah Binti Mohd Tahir, Scott Russell Balfour and Datin Azreen Binti Abu Noh are subject to stand for re-election at the forthcoming AGM. The Board, via the NC, has assessed the said Directors based on their aptitude, experience, integrity, competence and time commitment. The Board recommends and supports their re-election at the 27<sup>th</sup> AGM.

As at 31 December 2021, 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 5.3 of the MCCG 2021 which stipulates that the tenure of an Independent Director should not exceed a term limit of nine years.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### 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 completed the Mandatory Accreditation Programme within the stipulated timeframe as required by the Listing Requirements.

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

Over the course of FY2021, Amway's Directors attended conferences, seminars and training programmes which included the following:

#### CORPORATE GOVERNANCE/RISK MANAGEMENT

1. Disrupting Governance-Reinventing Board Supervision in an Agile World
2. Corporate Governance Revisited: The Co-existence of Ethics & Law Sets You F.R.E.E.
3. Risk, Strategy and Governance – How Integrated Thinking Can Support the Board in Creating Long-Term Value
4. Implementing Amendments in the Malaysian Code on Corporate Governance 2021
5. Board and Audit Committee Priorities 2021
6. Anti-Bribery and Corruption Training
7. Raising Defences: Section 17A, MACC Act
8. Dawn Raid: Don't Be Caught Unprepared
9. The New Reality of Cyber Hygiene
10. Shariah Awareness – Strengthening Shariah Culture
11. Securities Commission's Audit Oversight Board Conversation with Audit Committee

#### STRATEGIC/LEADERSHIP/BUSINESS INTELLIGENCE/SUSTAINABILITY

1. The Economy under the MCO and State of Emergency
2. Rising above Covid Reimagining Work in Malaysia & Beyond
3. Navigating Through Uncertain Times: An Investor's Guide to Making Informed Decision
4. Growth Recovery Leveraging on Analytics Driven Forward Based Insights
5. Value Creation Strategies: An Innovative Take on Creating Impactful, Healthy Companies
6. Risk, Strategy and Governance – How Integrated Thinking Can Support the Board in Creating Long-Term Value
7. Sustainability Training for the Board of Directors
8. Environmental, Social and Governance ("ESG") Reporting Health Check
9. Awareness Training on Sustainability
10. Leadership Sharing on the ESG
11. Setting the ESG Agenda to Achieve Sustainable Long-Term Value
12. Climate Change: CEO Engagement on the Relevance of Science Based Targets



**FINANCE**

1. Sustainable Finance: Making Better Financial Decisions
2. The 2021 Capital Markets and the Importance of Bursa
3. Shariah Investing Dialogue with Public Listed Companies 2021
4. Special Voluntary Disclosure Programme, Tax Audits & Investigations
5. 2022 Malaysian Budget

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

**III. REMUNERATION****REMUNERATION POLICIES**

The remuneration of the Directors is determined based on their responsibilities and time commitment. Meanwhile for Key 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 on the Board), remuneration is based on the achievement of 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.

The Remuneration Policy for Board and Key Senior Management is available at [www.amway.my](http://www.amway.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Remuneration of the Directors for FY2021 is as follows:

GROUP	FEES	SALARIES AND OTHER EMOLUMENTS	BONUS	ALLOWANCES	BENEFITS -IN-KIND	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Executive Director</b>						
Mr. Michael Jonathan Duong	-	1,673.2	1,130.5	-	443.8	3,247.5
<b>Non-Executive Directors<sup>(1)</sup></b>						
Tan Sri Faizah Binti Mohd Tahir <sup>(2)</sup>	122.5	-	-	10.8	3.5	136.8
Dato' Abdullah Thalith Bin Md Thani	79.4	-	-	12.0	1.0	92.4
Mr. Low Han Kee <sup>(3)</sup>	67.7	-	-	6.0	5.1	78.8
Mr. Scott Russell Balfour	-	-	-	-	-	-
En. Abd Malik Bin A Rahman <sup>(4)</sup>	84.6	-	-	12.0	7.5	104.1
Datin Seri Azreen Binti Abu Noh	76.9	-	-	12.0	-	88.9
Pn. Aida Binti Md Daud	65.5 <sup>(5)</sup>	-	-	4.8	1.2	71.5
<b>Total</b>	<b>496.6</b>	<b>1,673.2</b>	<b>1,130.5</b>	<b>57.6</b>	<b>462.1</b>	<b>3,820.0</b>

Remuneration of the Directors for FY2021 is as follows:

COMPANY	FEES	SALARIES AND OTHER EMOLUMENTS	BONUS	ALLOWANCES	BENEFITS -IN-KIND	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Executive Director</b> <sup>(6)</sup>						
Mr. Michael Jonathan Duong	-	-	-	-	-	-
<b>Non-Executive Directors</b>						
Tan Sri Faizah Binti Mohd Tahir <sup>(2)</sup>	122.5	-	-	10.8	3.5	136.8
Dato' Abdullah Thalith Bin Md Thani	79.4	-	-	12.0	1.0	92.4
Mr. Low Han Kee <sup>(3)</sup>	67.7	-	-	6.0	5.1	78.8
Mr. Scott Russell Balfour	-	-	-	-	-	-
En. Abd Malik Bin A Rahman <sup>(4)</sup>	84.6	-	-	12.0	7.5	104.1
Datin Seri Azreen Binti Abu Noh	76.9	-	-	12.0	-	88.9
Pn. Aida Binti Md Daud	65.5 <sup>(5)</sup>	-	-	4.8	1.2	71.5
<b>Total</b>	<b>496.6</b>	<b>-</b>	<b>-</b>	<b>57.6</b>	<b>18.3</b>	<b>572.5</b>

Notes:

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

(2) Resigned as an AC member and RC member on 25 August 2021.

(3) Appointed as an AC member on 25 August 2021.

(4) Appointed as a RC member on 25 August 2021.

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 27<sup>th</sup> AGM for the payment of Directors’ fees and benefits for the Directors of the Company for FY2022.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. AUDIT COMMITTEE

Matters of audit and risk are managed by the AC, which comprises the majority of Independent Directors. The Terms of Reference of the AC is available at [www.amway.my](http://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 report announcements 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 & 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 FY2021, 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”). In this regard, the Group has established a Policy on External Auditors which serves as a guide for the AC on the selection, appointment, re-appointment and assessment of the External Auditors’ suitability, objectivity and independence to safeguard the quality and reliability of the Group’s audited financial statements in providing a true and fair view of the Group’s financial position and performance. 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 assesses the level of service provided by the External Auditors through the AC Evaluation Form, and takes 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/or revised applicable financial reporting standards and auditing standards and their impact on the Group's financial statements.

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 FY2021. The AC is satisfied that EY continue to possess the competency, objectivity, 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 coming 27<sup>th</sup> AGM. The following is a summary of the fees paid or payable by the Group to the External Auditors:

FEES	FY2021	FY2020
Audit fees (RM)	304,969	299,091
Non-audit fees (RM)	14,279	13,957

## 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. These include 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, assess, establish mitigation plans and monitor the significant 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 KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG"), an independent external professional firm. The internal audit function was previously undertaken by Deloitte Risk Advisory Sdn. Bhd. for a period of six (6) years up to FY2020. Further details on the key features of the risk management framework and the tasks undertaken by the RMC and KPMG during FY2021 are set out in the Statement on Risk Management and Internal Control of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board is supported by a risk management framework that focuses on the assessment of risk and which ultimately determines the Group's risk appetite. The responsibility for managing risk resides at all levels within the Group and is mainly managed at the operational level and guided by the approved risk management policy and guidelines.

During FY2021, an independent external professional consultant was appointed to undertake an enhancement review on the Group's Enterprise Risk Management ("ERM") framework and to facilitate the updating of the Group's risk register to address existing and new risks. The AC reviewed the consultant's findings and their proposed enhancements to the ERM framework and recommended these to the Board for approval and adoption.

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, plus 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 STAKEHOLDERS

The Board is committed to undertake active engagement with its key stakeholders in order to meet their expectations and address their concerns as well as the impact of the Group's business on them. The Board also recognises the need for timely, comprehensive and accurate disclosures of 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.

The Group has put in place various channels of communication with stakeholders, which include quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars when necessary, an annual briefing to the financial community and the AGM. In order to facilitate an 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, press releases and the Company's Annual Report may be accessed. In addition, stakeholders can also email the Group at [ir@amway.com](mailto:ir@amway.com), however, any information that may be regarded as undisclosed material information about the Group will not be given to any single stakeholder or stakeholder group.

During FY2021, a briefing session with investors and analysts was held on 26 February 2021 following the issuance of the Group's Fourth Quarter and Full Year 2020 financial results on 24 February 2021. 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. 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.

The Notice of the 26<sup>th</sup> AGM was issued to shareholders on 23 April 2021, in effect being 32 days in advance of the scheduled AGM that was held on 25 May 2021. This is in line with Practice 13.1 of the MCGG 2021, where notice to shareholders should be given at least 28 days in advance of the AGM.

In view of the ongoing COVID-19 pandemic and as part of the Group's safety measures, the Company's 26<sup>th</sup> AGM was held in a virtual manner for the second consecutive year through live streaming from the broadcast venue to facilitate remote shareholders' participation and online electronic poll voting. Shareholders were encouraged to attend and speak in the form of real time submission of typed texts and vote remotely at the AGM using the Remote Participation and Voting facilities ("RPV") from Tricor Investor & Issuing House Services Sdn. Bhd ("Tricor"). As the AGM was conducted online, Tricor has put in place information security measures to prevent cyberattacks and data breaches, which include hosting the RPV facilities on a secured cloud platform.

Shareholders were encouraged to submit questions to the Board in advance before the AGM via Tricor's TIIH Online website and the questions received were addressed at the AGM. All questions received in advance and those posed real time during the AGM were made visible to all the meeting participants.

At the 26<sup>th</sup> AGM, the Chairperson, MD and CFO were present at the broadcast venue and the remaining Directors, Company Secretary, External Auditors and advisors participated through video conferencing to facilitate vigorous discussion with shareholders. 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 Company replied to questions received in advance of the meeting and those posed during the meeting.

The minutes of the 26<sup>th</sup> AGM together with the Company's response to questions received in advance and those raised during the AGM was made available to shareholders at the Company's website at [www.amway.my](http://www.amway.my) within 30 business days after the AGM.

## SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

About 340 shareholders and proxies participated in the virtual AGM held on 25 May 2021. About 30 proxy forms and certificates of corporate representatives were received, representing about 87% of the Company's total issued share capital.

Online electronic poll voting was conducted for all resolutions set out in the Notice of AGM. The Directors addressed questions raised by the shareholders on the proposed resolutions before putting the resolution to a vote. Coopers Professional Scrutineers Sdn. Bhd. was appointed as the independent scrutineer 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.

This CG Overview Statement was approved by the Board of Directors on 23 February 2022.

## 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 2021 ("FY2021").

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") for the primary purpose of assisting 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. In addition, 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. This team is capable of assessing the business and operational risks of the Group as well as of benchmarking these against their global affiliates' efficiencies and controls to ensure good corporate governance practices are implemented throughout the Group.

During the year under review, to further strengthen the Group's first line of defence in managing day-to-day operational risks, a new in-house Compliance Officer post was created. The Compliance Officer is tasked primarily with carrying out audits on operational processes to ensure adherence with internal Standard Operating Procedures as well as with identifying internal control gaps and recommending improvements.

### COMPOSITION & MEETINGS

The AC comprises five (5) Non-Executive Directors, with a majority of them being 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. The AC also fulfils the requirements of Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Listing Requirements of Bursa Securities.

For the period 1 January 2021 up until the AC meeting held on 25 August 2021, the AC comprised the following:

- 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).

Upon conclusion of the AC meeting on 25 August 2021, Tan Sri Faizah Binti Mohd Tahir resigned from the AC and Mr. Low Han Kee was appointed as a member of the AC on the same day. This change was made to align with the recommendation of Practice 1.4 of the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") which states that the Chairperson of the Board should not be a member of the AC, Nomination Committee ("NC") or Remuneration Committee ("RC").

From the conclusion of the AC meeting on 25 August 2021 until present, the AC composition is as follows:

- En. Abd Malik Bin A Rahman (Chairman, INED);
- Dato' Abdullah Thalith Bin Md Thani (Member, INED);
- Datin Seri Azreen Binti Abu Noh (Member, INED);
- Mr. Scott Russell Balfour (Member, Non-INED); and
- Mr. Low Han Kee (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 which is in line with Practice 9.1 of the MCCG 2021 issued by the Securities Commission Malaysia in April 2021.

The AC held four (4) meetings during FY2021 which were attended by all members. The Managing Director ("MD"), Senior Management, External and Internal Auditors, as well as advisors, 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	4/4
MEMBERS OF THE AC	ATTENDANCE
Tan Sri Faizah Binti Mohd Tahir	3/3 <sup>(1)</sup>
Dato' Abdullah Thalith Bin Md Thani	4/4
Datin Seri Azreen Binti Abu Noh	4/4
Mr. Scott Russell Balfour	4/4
Mr. Low Han Kee	1/1 <sup>(2)</sup>

Notes:

(1) Only three meetings held prior to her resignation as an AC member.

(2) Only one meeting held after his appointment as an AC member.

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.

## ROLES AND RESPONSIBILITIES

The AC operates under written Terms of Reference ("TOR") containing provisions that address the requirements imposed by Bursa Securities. These TOR provide for the AC's oversight of financial compliance matters in addition to a number of other responsibilities. The TORs were updated in August 2021 to incorporate the relevant recommended practices as set out in the MCCG 2021.

The TOR can be viewed at the Company's website at [www.amway.my](http://www.amway.my).

During FY2021, the AC focused on matters of governance, financial reporting, budgeting, internal audit, risk management and external audit.

## AUDIT COMMITTEE REPORT (CONT'D)

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.

### SUMMARY OF WORK OF THE COMMITTEE

In FY2021, the AC undertook the following activities in the discharge of its roles and responsibilities:

#### FINANCIAL REPORTING

- Reviewed the quarterly financial results and annual audited financial statements prior to recommending them to the Board for approval. In conducting 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 the appropriate accounting policies had been applied throughout the financial year and whether Management had made appropriate estimates and judgements regarding 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.

#### EXTERNAL AUDIT

- Discussed with the External Auditors 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 regarding to the independence of the External Auditors throughout the audit engagement;
- Reviewed the proposed audit fee for FY2021 and recommended to the Board for approval;
- Reviewed and approved the provision of non-audit services and fees by the External Auditors in accordance with the Group's Policy on 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. In conducting the assessment, the AC had taken the following into consideration, among other criteria:

- Independence and objectivity;
- Competency, quality of service and non-audit services rendered by the External Auditors;
- Rigour and quality of the audit;
- Effectiveness and timeliness of communicating and reporting to the AC;
- Level of understanding of the Group's business;
- Adequacy of resources used; and
- Appropriateness of audit fee to support a quality audit.

Having assessed and deliberated on the matter, the AC was satisfied that the External Auditors continued to possess the competency, objectivity, 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 coming 27<sup>th</sup> Annual General Meeting.

The AC is satisfied that the FY2021 audit fees amounting to RM304,969 (FY2020: RM299,091) and non-audit fees of RM14,279 (FY2020: RM13,957) paid or payable by the Group to Ernst & Young PLT is appropriate to support a quality audit.

## OVERSIGHT OF THE GROUP'S INTERNAL AUDIT FUNCTION

With effect from FY2021, the internal audit function was outsourced to KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG"), an independent external professional firm. KPMG was appointed to take over from Deloitte Risk Advisory Sdn. Bhd. ("DRA") who had undertaken the internal audit role for the past six (6) years.

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 FY2021, 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 KPMG's audit progress against the approved audit plan;
- Deliberated on the internal audit reports prepared by KPMG, which highlighted the audit observations, effects or potential risks, recommendations and Management's comments. 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 the internal auditors based on the AC Evaluation, considering the scope, adequacy and effectiveness (including the methodology, competency and resources) of the internal audit function; and
- Held one (1) private session with DRA without the presence of MD and Senior Management in February 2021 in connection with their audit for FY2020 and one (1) private session with KPMG in August 2021 in respect of the FY2021 audit.

## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF ACTIVITIES UNDERTAKEN BY THE INTERNAL AUDIT FUNCTION

For the financial year under review, the KPMG team of four (4) was headed by the engagement partner, En. Mohd Khaidzir Shahari, who is a Chartered Accountant, Malaysian Institute of Accountants; Certified Global Management Accountant; Certified Internal Auditor, The Institute of Internal Auditors Inc; and Chartered Member, Institute of Internal Auditors Malaysia. En. Khaidzir has over 25 years of experience in undertaking internal audit and risk management engagements for various government and public-listed companies including those in the consumer markets (retail and distribution management). KPMG has also established an internal process which requires individual declarations that the assigned KPMG team is free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The internal audit performed are based on the KPMG Internal Audit Methodology, a risk-based internal audit methodology which is aligned with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The risk-based audit plan covers the review of key operational and financial activities, including the effectiveness of internal control practices, as well as compliance with Group policies and procedures, relevant laws and regulations. The audits and reviews focus on high-risk areas to evaluate the efficiency and effectiveness of the controls in place to mitigate risks.

In FY2021, KPMG conducted three (3) review cycles on the Group's internal controls in accordance with the internal audit plan approved by the AC. All major findings as well as significant control issues and concerns and the corresponding root causes (where applicable) were reported directly to the AC. Management also shared the actions taken based on improvement opportunities identified in the reports while KPMG performed follow-up activities on the status of implementation by Management on the observations raised in preceding audits and reported to the AC periodically to ensure prompt resolution.

During FY2021, KPMG audited several key areas, including the following:

#### Shop operations:

- Safety at shops, including operational guidelines to address COVID-19 related safety measures;
- Adherence to cash handling policies;
- The recruitment process for shop personnel;
- Product placement and display;
- Controls and mechanism for product returns;
- Policy and procedures to manage product write-off; and
- Timeliness in responding to customer complaints.

#### eCommerce operations:

- Governance structure and user access management relating to the Hybris Core system;
- The registration process for Amway Business Owners and Amway Privileged Customers;
- Product Catalogue maintenance and updating of product price changes on the eCommerce platform;
- Controls to manage product discounts or rebates;
- Product availability management;
- Accurate and timely recording of sales revenue from eCommerce operations; and
- Customer complaint and query management.



Procurement to payment:

- Segregation of duties in key procurement processes;
- Supplier/vendor pre-qualification and selection processes;
- Maintenance of approved supplier/vendor listing;
- Procedures to address and minimise emergency purchases or over-reliance on a single supply/vendor;
- Supplier/vendor performance evaluation; and
- Payment and approval processes.

Recurrent related party transaction ("RRPT"):

- Disclosure of related party relationships and transactions; and
- Compliance with shareholders' mandate on RRPT.

Anti-bribery and corruption management:

- Effectiveness of the whistle-blowing hotline;
- Due diligence control prior to engaging with third parties;
- Contract management process including communication and reiteration of anti-bribery and corruption requirements to third parties; and
- Anti-corruption and bribery training provided to internal and external stakeholders.

Based on the above scope of work, KPMG concluded that the Group's system of internal controls is adequate except for shop operations where some areas require improvements. All the necessary actions required to improve the internal controls have been implemented within the agreed timeline.

The total cost incurred in outsourcing the internal audit function to KPMG for FY2021 amounted to RM135,000.

## AUDIT COMMITTEE REPORT (CONT'D)

### OTHER MATTERS CONSIDERED BY THE AC

During FY2021, the AC also undertook the following:

- Reviewed the proposed interim and special dividends as well as the solvency tests undertaken by Management before making a recommendation to the Board;
- 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 & 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 the report from the independent external professional consultant appointed to undertake an enhancement review on the Group's Enterprise Risk Management ("ERM") framework as well as to facilitate the updating of the Group's risk register to address current and new risks. The AC deliberated on the enhancements to the ERM framework proposed by the consultant as well as made recommendations to the Board for approval and adoption;
- Reviewed the Group's risk profile and risk register quarterly;
- Reviewed the internal compliance audit reports prepared by the in-house Compliance Officer focusing on operational processes and compliance with internal Standard Operating Procedures;
- Reviewed and recommended to the Board for approval the amendments to the TOR of the AC, Whistleblower Policy, Internal Audit Charter and Policy on External Auditors to be in line with the recommended practices set out in the MCCG 2021; and
- Discussed Bursa Securities' Sustainability Disclosure Review 2020: Key Observations and Recommendations, as well as Management's proposed sustainability roadmap.

## AC TRAINING AND EDUCATION

During the year in review, the AC members attended relevant training programmes, which includes among others, the areas of corporate governance, risk management, strategic, leadership, sustainability and finance to enhance their knowledge and 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 FY2021, the Company complied with the Listing Requirements, and as such, there are no breaches to be reported to Bursa Securities pursuant to paragraph 15.16 of the Listing Requirements.

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 NC, the Board has assessed the performance of the AC and its members for FY2021 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.

# 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 10.1 and 10.2 of the Malaysian Code on Corporate Governance 2021 ("MCCG 2021"). 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").

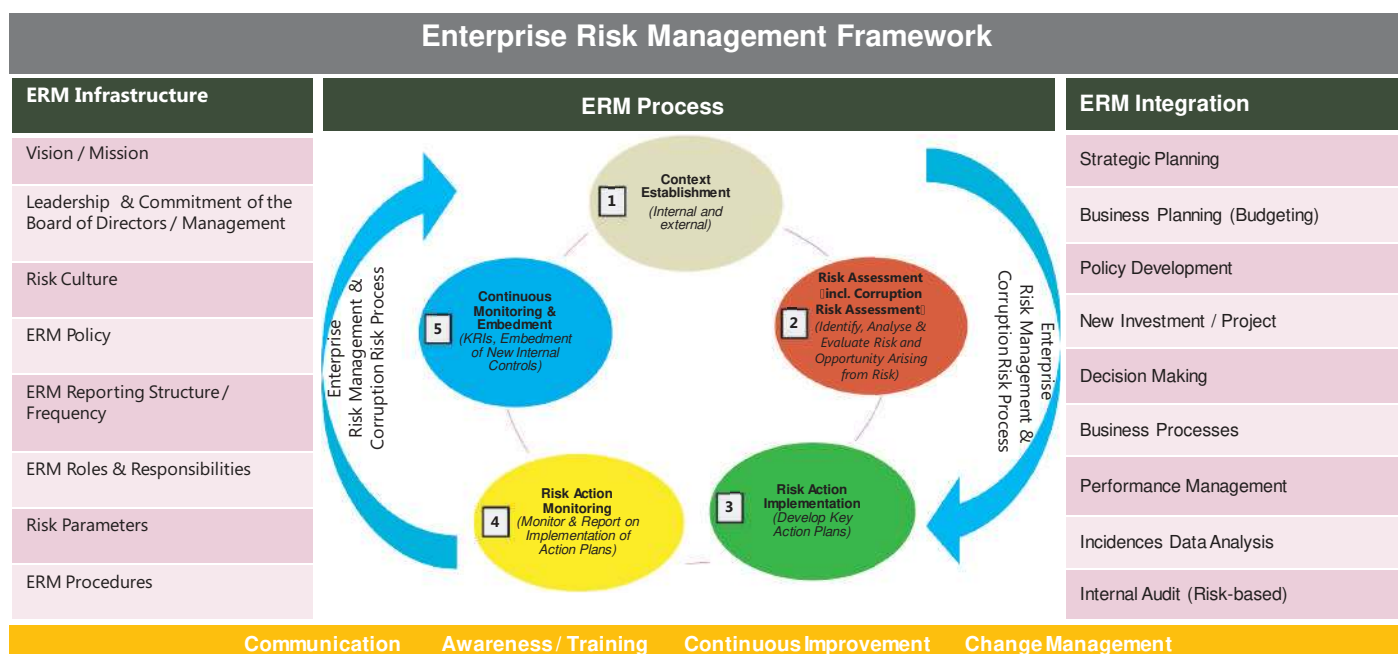
## BOARD RESPONSIBILITY

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, establish mitigation plans and monitor 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.

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 is guided by an approved risk management policy as well as guidelines.

## ENTERPRISE RISK MANAGEMENT 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, as well as uncontrollable events such as natural disasters.

During the financial year ended 31 December 2021 ("FY2021"), an independent external professional consultant was appointed to perform an enhancement review of the Group's ERM framework and to facilitate the updating of the Group's risk register to address existing and new risks. The enhancements to the ERM framework proposed by the consultant, to further strengthen the overall risk management structure, reporting and risk analysis, were approved and adopted by the Board in May 2021.

The ERM framework involves multiple levels across the Group. It begins with the respective business units and departments and is thereafter channelled upwards ultimately 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.

*The remainder of this page was intentionally left blank*

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

LEVEL	BUSINESS UNIT / OWNER	ROLES AND RESPONSIBILITIES
1 <sup>st</sup> 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>The identification of potential new risks and a reassessment of existing risks are performed on a quarterly basis based on the severity and likelihood of the said risks occurring. At the same time, the appropriate mitigation plans are identified. For each of the risks identified, the Head of Department or manager is assigned to ensure that appropriate risk response actions are conducted in a timely manner.</p> <p>During FY2021, to further strengthen the Group's first line of defence in managing day-to-day operational risks, a new in-house Compliance Officer post was created. The Compliance Officer is tasked primarily with carrying out audits on the operational processes to ensure adherence with internal Standard Operating Procedures as well as with identifying internal control gaps and recommending improvements.</p>
2 <sup>nd</sup> Level	RMC	<p>The RMC meets quarterly to review the Group's Corporate Risk Register in accordance with the policy and guidance enshrined in the ERM framework.</p> <p>The key responsibilities of the RMC include:</p> <ul style="list-style-type: none"> <li>• Reviewing and assessing the Group's risk profile and mitigation plans to address significant risks;</li> <li>• Monitoring significant risks through the review of risk-related performance measures and progress of action plans;</li> <li>• Ensuring risk management processes are integrated into all core business processes; and</li> <li>• Providing a consolidated risk and assurance report to the AC and Board to support its system of risk management and internal control.</li> </ul> <p>The results of these risk management activities undertaken by the RMC are reported quarterly to the AC by the Managing Director.</p>

LEVEL	BUSINESS UNIT / OWNER	ROLES AND RESPONSIBILITIES
3 <sup>rd</sup> 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. It also assists the AC in reviewing the effectiveness of the internal controls as well as provides an independent view of specific risks and control issues, the state of internal controls, trends and events.</p> <p>The internal audit function reports directly to the AC on a regular basis and its role is defined based on an approved risk-based internal audit plan.</p> <p>The Company's internal audit function is outsourced to an independent external professional firm, currently KPMG Management &amp; Risk Consulting Sdn. Bhd. ("KPMG"). KPMG took over the internal audit function in January 2021 from Deloitte Risk Advisory Sdn. Bhd., who had been undertaking the role for the past six (6) years.</p> <p>The external audit function, performed by Ernst &amp; 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>

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

The Group's risk profile is expressed using a risk impact and likelihood matrix as follows.

<b>Likelihood</b>	<b>Magnitude of Impact</b>				
	<b>Insignificant (1)</b>	<b>Minor (2)</b>	<b>Moderate (3)</b>	<b>Major (4)</b>	<b>Catastrophic (5)</b>
<b>Almost Certain (5)</b>	<b>Medium</b>	<b>Medium</b>	<b>High</b>	<b>Extreme</b>	<b>Extreme</b>
<b>Likely (4)</b>	<b>Medium</b>	<b>Medium</b>	<b>High</b>	<b>High</b>	<b>Extreme</b>
<b>Possible (3)</b>	<b>Low</b>	<b>Medium</b>	<b>Medium</b>	<b>High</b>	<b>High</b>
<b>Unlikely (2)</b>	<b>Low</b>	<b>Low</b>	<b>Medium</b>	<b>Medium</b>	<b>High</b>
<b>Rare (1)</b>	<b>Low</b>	<b>Low</b>	<b>Medium</b>	<b>Medium</b>	<b>High</b>

### 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:

<b>COVID-19 PANDEMIC</b>	<b>CONTROLS &amp; MITIGATION MEASURES IN PLACE</b>
The COVID-19 pandemic which resulted in lockdown and movement restriction 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.	The Group continues to roll out various measures and initiatives to ensure business continuity, as well as to safeguard the safety and well-being of employees, Amway Business Owners ("ABOs") and Amway Privileged Customers. In addition, proactive measures to support our ABOs' businesses and the community are ongoing.



**PROLIFERATION OF ECOMMERCE**

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.

**CONTROLS & MITIGATION MEASURES IN PLACE**

The Group continues to collaborate 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.

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.

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.

**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.

**INTERNAL AUDIT FUNCTION**

The Company's internal audit function has been outsourced to an independent external professional firm, namely KPMG. 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 FY2021, KPMG conducted three (3) 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### 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 Conduct and Ethics

The Group maintains a written Code of Conduct and 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 Conduct and 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 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. En. Abd Malik Bin A Rahman may be contacted via email at [AmwayMalaysiaAuditChair@gmail.com](mailto:AmwayMalaysiaAuditChair@gmail.com).

#### (d) Anti-Bribery and Corruption Policy

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 Group has established a Group-wide Anti-Bribery and Corruption ("ABAC") Policy in line with the Guidelines on Adequate Procedures issued by the Prime Minister's Department and Subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

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. Training is provided to Directors and employees to raise awareness of the Group's stand on bribery and corruption as well as the ABAC Policy.

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 Operating Procedures ("SOPs") 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. During FY2021, the Group appointed an external professional consultant to assist in updating the SOPs to ensure they remained current and relevant. As such, the SOPs were reviewed and updated during FY2021.

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 SOPs are reviewed by the internal auditors and in-house Compliance Officer.

**(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 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### (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 todate 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.

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:

- Undertakes vulnerability assessment activities including system penetration tests for Amway;
- Performs 24x7x365 real-time threat monitoring, alert analysis and response; and
- Conducts 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 provides continuous training to employees to raise awareness of information security risks. For the year in review, the ISR Team undertook the following:

- Conducted a mandatory employee online training session titled "Information Security Need to Know" which covered, among other things, phishing emails, usage of public Wi-Fi, safe web browsing, downloading suspicious files, creating strong passwords, multi-factor authentication 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.

The Group has also put in place a cyber liability insurance policy to protect against losses arising from cyberthreats. 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 2021 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 23 February 2022.



## 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 2021.

### 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 2021 are as follows:

FEES	Company (RM)	Group (RM)
Audit fees	47,354	304,969
Non-audit fees	14,279	14,279

### 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 2021 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.

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Annual General Meeting ("AGM") held on 25 May 2021, 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 2021 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	465,205
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	5,035
Amway (Singapore) Pte. Ltd. ("Amway (S)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	Sale of products to Amway (S)	64

### 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.



# FINANCIAL STATEMENTS

DIRECTORS' REPORT	117
STATEMENT BY DIRECTORS	122
STATUTORY DECLARATION	122
INDEPENDENT AUDITORS' REPORT	123
STATEMENTS OF COMPREHENSIVE INCOME	128
STATEMENTS OF FINANCIAL POSITION	129
STATEMENTS OF CHANGES IN EQUITY	130
STATEMENTS OF CASH FLOWS	131
NOTES TO THE FINANCIAL STATEMENTS	133

# 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 2021.

## 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	36,781	44,352

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 2020 were as follows:

In respect of the financial year ended 31 December 2020 as reported in the directors' report of that year:

	RM'000
(i) Fourth interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 24 February 2021 and paid on 26 March 2021; and	8,219
(ii) Special interim tax exempt (single-tier) dividend of 7.5 sen per share, on 164,385,645 ordinary shares, declared on 24 February 2021 and paid on 26 March 2021.	12,329
	20,548

## DIRECTORS' REPORT (CONT'D)

### DIVIDENDS (CONT'D)

In respect of the financial year ended 31 December 2021:

	RM'000
(i) First interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 25 May 2021 and paid on 25 June 2021;	8,219
(ii) Second interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 25 August 2021 and paid on 27 September 2021; 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 17 November 2021 and paid on 17 December 2021.	8,219
	24,657
	45,205

On 23 February 2022, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2021, 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 4.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM6,575,000.

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 2022.

### 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 RM18,704 and the total amount of sum insured was RM40,350,000. 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 1.1.2021	Acquired	Sold	As at 31.12.2021
<b>Amway (Malaysia) Holdings Berhad</b>				
Abd Malik Bin A Rahman	-	1,000	-	1,000
<b>Amway (B) Sdn. Bhd.</b>				
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.

## DIRECTORS' REPORT (CONT'D)

### IMMEDIATE, ULTIMATE AND PENULTIMATE HOLDING COMPANIES

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

### OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate 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 6 April 2022.

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 128 to 184 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 2021 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 6 April 2022.

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 128 to 184 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 6 April 2022.

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 2021 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 128 to 184.

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 2021, 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)*

##### Revenue

*(Refer to Notes 2.12, 4 to the financial statements)*

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.

Our audit procedures included, amongst others:

- (a) Involved our information technology specialists to test the IT General Controls of the sales ordering system;
- (b) Tested the accuracy of data interface between the sales ordering system and the general ledger to ensure the completeness and accuracy of revenue recognised;
- (c) Analysed the three-way relationship between revenue, receivable and cash and performed procedures to corroborate the occurrence of revenue by tracing sample of sales to cash receipts;
- (d) Performed controls testing over the Group's revenue and cash collections processes; and
- (e) Performed substantive procedures including review of the Group's revenue recognition policies, cut-off test, review of credit memos and its compliance with MFRS 15.

##### Commissions, incentives, seminars and bonuses

*(Refer to Notes 2.17, 24(c) to the financial statements)*

These are the significant cost elements in the Group's financial statements and the Group offers various commissions, incentives, seminars and bonuses to its Amway Business Owners ("ABOs") as part of its sales and marketing strategy. As at 31 December 2021, the total related accruals of the Group amounted to RM174,003,000 representing 55% and 54% of current liabilities and total liabilities respectively.

Our audit procedures included, amongst others:

- (a) Tested the IT General Controls and application controls of the bonus system;
- (b) Tested the completeness and accuracy of the data interfaced from bonus system to general ledger;
- (c) Reviewed the estimation process and management's assessment to ensure it is supportable and appropriate; and
- (d) Traced the accruals of the bonus and commission to payment subsequent to year end.

##### Inventories

*(Refer to Notes 2.7, 18 to the financial statements)*

As of 31 December 2021, the total inventories of the Group amounted to RM150,019,000 representing 36% and 28% of current assets and total assets respectively.

Our audit procedures included, amongst others:

- (a) Attended and observed the inventory counts at selected warehouse and shops and performed inventory roll-forward procedures when the inventory counts were performed before the financial year end; and
- (b) Performed costing and net realisable value (NRV) test to ensure that inventories were correctly valued and stated at lower of cost or net realisable value at the reporting date.

## 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

Kuala Lumpur, Malaysia  
6 April 2022

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

# STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Revenue</b>	4	<b>1,485,912</b>	1,153,478	<b>45,084</b>	44,729
Cost of sales	5	<b>(1,219,619)</b>	(928,330)	-	-
<b>Gross profit</b>		<b>266,293</b>	225,148	<b>45,084</b>	44,729
Other income	6	<b>3,824</b>	10,509	<b>1,495</b>	2,031
Distribution expenses		<b>(69,724)</b>	(59,679)	-	-
Selling and administrative expenses		<b>(150,065)</b>	(113,036)	<b>(1,890)</b>	(913)
Finance costs	7	<b>(600)</b>	(614)	-	-
<b>Profit before tax</b>	8	<b>49,728</b>	62,328	<b>44,689</b>	45,847
Income tax expense	11	<b>(12,947)</b>	(15,432)	<b>(337)</b>	(481)
<b>Profit net of tax, representing profit attributable to owners of the parent</b>		<b>36,781</b>	46,896	<b>44,352</b>	45,366
<b>Other comprehensive income/(loss):</b>					
Foreign currency translation, representing other comprehensive income/ (loss) for the year, net of tax		<b>95</b>	(12)	-	-
<b>Total comprehensive income for the year, attributable to owners of the parent</b>		<b>36,876</b>	46,884	<b>44,352</b>	45,366
<b>Earnings per share attributable to owners of the parent (sen per share)</b>					
- Basic and diluted	12	<b>22.37</b>	28.53		

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



# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	53,769	56,908	-	-
Intangible assets	15	20,167	24,375	-	-
Right-of-use assets	25	9,152	7,747	-	-
Investment in subsidiaries	16	-	-	86,202	86,202
Deferred tax assets	17	40,765	24,166	-	-
		123,853	113,196	86,202	86,202
<b>Current assets</b>					
Inventories	18	150,019	162,426	-	-
Tax recoverable		85	64	85	64
Trade and other receivables	19	25,272	33,672	28	20
Contract assets	20	483	970	-	-
Cash and cash equivalents	21	236,840	173,698	88,539	88,937
		412,699	370,830	88,652	89,021
<b>Total assets</b>		536,552	484,026	174,854	175,223
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	22	166,436	166,436	166,436	166,436
Foreign currency translation reserve		725	630	-	-
Retained earnings	23	48,767	57,191	7,799	8,652
<b>Total equity attributable to owners of the parent</b>		215,928	224,257	174,235	175,088
<b>Non-current liability</b>					
Lease liabilities	25	6,298	5,049	-	-
<b>Current liabilities</b>					
Trade and other payables	24	276,272	223,291	619	135
Contract liabilities	20	22,805	22,170	-	-
Lease liabilities	25	3,182	2,921	-	-
Current tax payable		12,067	6,338	-	-
		314,326	254,720	619	135
<b>Total liabilities</b>		320,624	259,769	619	135
<b>Total equity and liabilities</b>		536,552	484,026	174,854	175,223

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 2021

	Attributable to equity holders of the Company			
	<--- Non-distributable --->		Distributable	
	Share capital RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>Group</b>				
<b>At 1 January 2021</b>	<b>166,436</b>	<b>630</b>	<b>57,191</b>	<b>224,257</b>
Total comprehensive income	-	95	36,781	36,876
<b>Transaction with owners</b>				
Dividends on ordinary shares (Note 13)	-	-	(45,205)	(45,205)
<b>At 31 December 2021</b>	<b>166,436</b>	<b>725</b>	<b>48,767</b>	<b>215,928</b>
<b>At 1 January 2020</b>	166,436	642	55,500	222,578
Total comprehensive income	-	(12)	46,896	46,884
<b>Transaction with owners</b>				
Dividends on ordinary shares (Note 13)	-	-	(45,205)	(45,205)
<b>At 31 December 2020</b>	166,436	630	57,191	224,257

	Non-distributable Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
<b>Company</b>			
<b>At 1 January 2021</b>	<b>166,436</b>	<b>8,652</b>	<b>175,088</b>
Total comprehensive income	-	44,352	44,352
<b>Transaction with owners</b>			
Dividends on ordinary shares (Note 13)	-	(45,205)	(45,205)
<b>At 31 December 2021</b>	<b>166,436</b>	<b>7,799</b>	<b>174,235</b>
<b>At 1 January 2020</b>	166,436	8,491	174,927
Total comprehensive income	-	45,366	45,366
<b>Transaction with owners</b>			
Dividends on ordinary shares (Note 13)	-	(45,205)	(45,205)
<b>At 31 December 2020</b>	166,436	8,652	175,088

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 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	<b>49,728</b>	62,328	<b>44,689</b>	45,847
Adjustments for:				
Property, plant and equipment				
- depreciation (Note 14)	<b>4,630</b>	4,958	-	-
- gain on disposals (Note 6)	<b>(23)</b>	(5,688)	-	-
- written off (Note 8)	<b>70</b>	83	-	-
Amortisation of intangible assets (Note 15)	<b>8,703</b>	1,467	-	-
Depreciation of right-of-use assets (Note 25)	<b>3,351</b>	3,331	-	-
Gain on lease modification (Note 25)	<b>(2)</b>	-	-	-
Finance costs (Note 7)	<b>600</b>	614	-	-
Interest income (Note 6)	<b>(3,763)</b>	(4,383)	<b>(1,495)</b>	(2,031)
Dividend income (Note 4)	-	-	<b>(45,084)</b>	(44,729)
Effects of rent concession received (Note 25)	-	(30)	-	-
Net allowance of expected credit loss (Note 19)	<b>55</b>	59	-	-
(Reversal)/allowance for inventory obsolescence (Note 8)	<b>(3,045)</b>	414	-	-
Inventories written-off (Note 8)	<b>3,965</b>	1,781	-	-
Net changes in provision for assurance-type warranties (Note 24)	<b>3,233</b>	804	-	-
Unrealised foreign exchange (gains)/loss (Note 8)	<b>(56)</b>	61	-	-
Operating profit/(loss) before working capital changes	<b>67,446</b>	65,799	<b>(1,890)</b>	(913)
Decrease/(Increase) in inventories	<b>11,487</b>	(47,530)	-	-
Decrease/(increase) in receivables and contract assets	<b>8,165</b>	(16,051)	<b>(8)</b>	11
Increase/(decrease) in payables and contract liabilities	<b>45,868</b>	70,709	<b>484</b>	(406)
Net changes in related companies balance	<b>12,197</b>	(12,738)	-	-
Net changes in penultimate holding company balance	<b>(6,850)</b>	3,641	-	-
Cash generated from/(used in) operations	<b>138,313</b>	63,830	<b>(1,414)</b>	(1,308)
Finance cost paid	<b>(496)</b>	(519)	-	-
Tax paid	<b>(23,838)</b>	(16,730)	<b>(358)</b>	(574)
Real property gains tax ("RPGT") paid	<b>(183)</b>	(253)	-	-
Net cash generated from/(used in) operating activities	<b>113,796</b>	46,328	<b>(1,772)</b>	(1,882)

# STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021 (Cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment (Note 14)	(1,561)	(5,946)	-	-
Purchase of intangible assets (Note 15)	(4,495)	(14,237)	-	-
Proceeds from disposals of property, plant and equipment	23	8,143	-	-
Dividend received (Note 4)	-	-	45,084	44,729
Interest received (Note 6)	3,763	4,383	1,495	2,031
Net cash (used in)/generated from investing activities	(2,270)	(7,657)	46,579	46,760
<b>Cash flows from financing activities</b>				
Payment of principal portion of lease liabilities (Note 25)	(3,274)	(3,154)	-	-
Dividends paid (Note 13)	(45,205)	(45,205)	(45,205)	(45,205)
Net cash used in financing activities	(48,479)	(48,359)	(45,205)	(45,205)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>63,047</b>	<b>(9,688)</b>	<b>(398)</b>	<b>(327)</b>
<b>Effects of foreign exchange rate changes</b>	<b>95</b>	<b>(12)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>173,698</b>	<b>183,398</b>	<b>88,937</b>	<b>89,264</b>
<b>Cash and cash equivalents at end of year (Note 21)</b>	<b>236,840</b>	<b>173,698</b>	<b>88,539</b>	<b>88,937</b>

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 2021

## 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 2021 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 April 2022.

## 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 2021, the Group and the Company adopted the following amended MFRS mandatory for annual financial periods beginning on or after the dates stated below:

	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021	1 April 2021

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 2021 (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' beyond 30 June 2021

On 28 May 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. For the previous financial year ended 31 December 2020, the Group and the Company have early adopted the Amendments to MFRS 16 "COVID-19 Related Rent Concessions", with the date of initial application of 1 January 2020.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the MASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. For the financial year ended 31 December 2021, the Group has not received COVID-19-related rent concessions.

### 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
Amendments to MFRS 3: Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 116: Proceeds Before Intended Use	1 January 2022
Annual Improvements to MFRS: MFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
Annual Improvements to MFRS: MFRS 9 Financial Instruments – Fees in the '10 percent test' for derecognition of financial liabilities	1 January 2022
Annual Improvements to MFRS: MFRS 141 Agriculture – Taxation in fair value measurements	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
MFRS 17 and Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.4 Basis of consolidation (Cont'd)

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

#### (a) Business combinations

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

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).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.4 Basis of consolidation (Cont'd)

#### (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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.5 Intangible assets (Cont'd)

#### (b) Other intangible assets (Cont'd)

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.

#### (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 the amortisation 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.5 Intangible assets (Cont'd)

#### (b) Other intangible assets (Cont'd)

##### (ii) Research and development - Internally developed software (Cont'd)

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
-------------------------------	---------

### 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
Buildings	2.50%
Building improvements	6.67%
Leasehold fixtures and improvements	33.33%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.6 Property, plant and equipment and depreciation (Cont'd)

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.

### 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	2 to 9 years
Other equipment	4 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.8 Leases (Cont'd)

#### (a) Group as a lessee (Cont'd)

##### (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. 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

For any potential future increases in variable lease payments that depend on an index or rate, these 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.

The Group applied 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 2022; 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.8 Leases (Cont'd)

#### (a) Group as a lessee (Cont'd)

##### (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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.10 Income taxes (Cont'd)

#### (b) Deferred tax (Cont'd)

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 statement of financial position.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.12 Revenue recognition (Cont'd)

#### (a) Sale of consumable products (Cont'd)

##### (i) Variable consideration (Cont'd)

- **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.

##### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.12 Revenue recognition (Cont'd)

#### (a) Sale of consumable products (Cont'd)

##### (iii) Option to acquire future goods at discounted price (Cont'd)

The Group also has an Amway Privileged Customers ("APCs") loyalty points programme, which allows APCs to accumulate points that can be redeemed for future goods at a discounted price. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

#### (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; 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.13 Foreign currencies (Cont'd)

#### (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:

	2021 RM	2020 RM
United States Dollar	<b>4.1640</b>	4.0200
Thailand Baht	<b>0.1250</b>	0.1340
Singapore Dollar	<b>3.0854</b>	3.0418
Brunei Dollar	<b>3.0854</b>	3.0418

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (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 2021 (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

##### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (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) (Cont'd)

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 2021 (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.22 Fair Value Measurement

The Group measures financial instruments, such as, derivatives financial assets, if any, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) in the principal market for the asset or liability; or
- (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to or by the Group and the Company.

The fair value of an asset or liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participants that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

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

### 2.23 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.24 Current and non-current classification

The Group presents assets and liabilities in 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 2021 (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.

## 4. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers	<b>1,485,912</b>	1,153,478	-	-
Revenue from other source:				
- Dividend income from a subsidiary	-	-	<b>45,084</b>	44,729
	<b>1,485,912</b>	1,153,478	<b>45,084</b>	44,729

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 4. REVENUE (CONT'D)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Group	
	2021 RM'000	2020 RM'000
Sales of consumer products	<b>1,467,690</b>	1,134,553
Sign up and renewal fees and other service fees	<b>18,222</b>	18,925
	<b>1,485,912</b>	1,153,478
Timing of revenue recognition:		
At point in time	<b>1,470,766</b>	1,137,673
Over time	<b>15,146</b>	15,805
	<b>1,485,912</b>	1,153,478

## 5. COST OF SALES

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

## 6. OTHER INCOME

Included in other income are the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income on deposits with licensed bank	<b>3,763</b>	4,383	<b>1,495</b>	2,031
Effects of rent concession received (Note 25)	-	30	-	-
Gain on disposal of property, plant and equipment	<b>23</b>	5,688	-	-
Gain on lease modification	<b>2</b>	-	-	-

## 7. FINANCE COSTS

	Group	
	2021 RM'000	2020 RM'000
Unwinding of discount on provisions (Note 24)	<b>104</b>	95
Interest on lease liabilities (Note 25)	<b>496</b>	519
	<b>600</b>	614

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 8. PROFIT BEFORE TAX

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Employee benefits expense (Note 9)	<b>43,070</b>	40,098	-	-
Executive directors' remuneration excluding benefits-in-kind (Note 10)	<b>2,804</b>	2,569	-	-
Non-executive directors' remuneration excluding benefits-in-kind (Note 10)	<b>555</b>	555	<b>555</b>	555
Auditors' remuneration				
- statutory	<b>305</b>	299	<b>47</b>	46
- other services	<b>14</b>	14	<b>14</b>	14
Net (reversal)/allowance for inventory obsolescence	<b>(3,045)</b>	414	-	-
Inventories written off	<b>3,965</b>	1,781	-	-
Expenses relating to short term lease and leases of low-value assets (Note 25)	<b>416</b>	185	-	-
Variable lease payments (Note 25)	<b>60</b>	43	-	-
Net realised loss/(gain) on foreign exchange	<b>83</b>	65	-	(2)
Net unrealised (gain)/loss on foreign exchange	<b>(56)</b>	61	-	-
Property, plant and equipment				
- depreciation (Note 14)	<b>4,630</b>	4,958	-	-
- gain on disposal	<b>(23)</b>	(5,688)	-	-
- written off	<b>70</b>	83	-	-
Amortisation of intangible assets (Note 15)	<b>8,703</b>	1,467	-	-
Depreciation of right-of-use assets (Note 25)	<b>3,351</b>	3,331	-	-
Net allowance of expected credit loss on receivable (Note 19)	<b>55</b>	59	-	-
Net changes in provision for assurance-type warranties (Note 24)	<b>3,233</b>	804	-	-
Support charges paid/payable to related companies (Note 28)	-	20,799	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021 RM'000	2020 RM'000
Wages, salaries and bonus	<b>32,821</b>	31,801
Defined contribution plan	<b>4,867</b>	4,713
Social security contributions	<b>253</b>	184
Other benefits	<b>5,129</b>	3,400
	<b>43,070</b>	40,098

Included in employee benefits expense of the Group are executive directors' remuneration (excluding benefits-in-kind) amounting to RM2,804,000 (2020: RM2,569,000) as further disclosed in Note 10.

## 10. DIRECTORS' REMUNERATION

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive directors' remuneration (Note 9)				
- Other emoluments	<b>2,804</b>	2,569	-	-
Non-executive directors' remuneration				
- Fees	<b>497</b>	497	<b>497</b>	497
- Other emoluments	<b>58</b>	58	<b>58</b>	58
	<b>555</b>	555	<b>555</b>	555
Total directors' remuneration	<b>3,359</b>	3,124	<b>555</b>	555
Estimated monetary value of benefits-in-kind	<b>462</b>	416	<b>18</b>	12
Total directors' remuneration including benefits-in-kind	<b>3,821</b>	3,540	<b>573</b>	567



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive:				
- Salaries and other emoluments	<b>1,673</b>	1,620	-	-
- Bonus	<b>1,131</b>	949	-	-
- Estimated monetary value of benefits-in-kind	<b>444</b>	404	-	-
	<b>3,248</b>	2,973	-	-
Non-Executive:				
- Fees	<b>497</b>	497	<b>497</b>	497
- Allowances	<b>58</b>	58	<b>58</b>	58
- Estimated monetary value of benefits-in-kind	<b>18</b>	12	<b>18</b>	12
	<b>573</b>	567	<b>573</b>	567
Total directors' remuneration	<b>3,821</b>	3,540	<b>573</b>	567

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	
	2021	2020
<b>Executive directors:</b>		
RM2,700,001 - RM3,300,000	<b>1</b>	1
<b>Non-executive directors:</b>		
RM0 - RM50,000	<b>1</b>	1
RM50,001 - RM100,000	<b>4</b>	5
RM100,001 - RM150,000	<b>2</b>	1
	<b>8</b>	8

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 11. INCOME TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense:				
- Malaysian income tax	<b>28,750</b>	19,831	<b>337</b>	481
- Foreign tax	<b>789</b>	467	-	-
- Real property gain tax	-	436	-	-
	<b>29,539</b>	20,734	<b>337</b>	481
Under provision in prior years				
- Malaysian income tax	<b>7</b>	543	-	-
	<b>29,546</b>	21,277	<b>337</b>	481
Deferred tax (Note 17):				
- Relating to origination and reversal of temporary differences	<b>(16,944)</b>	(5,778)	-	-
- Under/(over) provision in prior years	<b>345</b>	(67)	-	-
	<b>(16,599)</b>	(5,845)	-	-
Total income tax expense	<b>12,947</b>	15,432	<b>337</b>	481

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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% (2020:18.5%).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (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:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	<b>49,728</b>	62,328	<b>44,689</b>	45,847
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	<b>11,935</b>	14,959	<b>10,725</b>	11,003
Effect of difference in tax rate and tax structure in other jurisdiction	<b>(247)</b>	(128)	-	-
Income not subject to tax	<b>(140)</b>	(489)	<b>(10,820)</b>	(10,735)
Expenses not deductible for tax purposes	<b>1,047</b>	1,563	<b>432</b>	213
Effect of income subject to real property gains tax	-	(949)	-	-
Under provision of tax expense in prior years	<b>7</b>	543	-	-
Under/(over) provision of deferred tax expense in prior years	<b>345</b>	(67)	-	-
Income tax expense	<b>12,947</b>	15,432	<b>337</b>	481

## 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.

	2021	Group 2020
Profit attributable to ordinary equity holders of the Company (RM'000)	<b>36,781</b>	46,896
Weighted average number of ordinary shares in issue (number '000)	<b>164,386</b>	164,386
Basic and diluted earnings (sen per share)	<b>22.37</b>	28.53

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 2021 (Cont'd)

## 13. DIVIDENDS ON ORDINARY SHARES

	Sen per share	Total amount RM'000	Date of payment
<b>Recognised in the financial year ended 31 December 2021</b>			
Interim tax exempt (single-tier):			
Fourth interim 2020	5.00	8,219	26 March 2021
Special interim 2020	7.50	12,329	26 March 2021
First interim 2021	5.00	8,219	25 June 2021
Second interim 2021	5.00	8,219	27 September 2021
Third interim 2021	5.00	8,219	17 December 2021
		<b>45,205</b>	
<b>Recognised in the financial year ended 31 December 2020</b>			
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
		<b>45,205</b>	

On 23 February 2022, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2021, 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 4.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM6,575,000.

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 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 14. PROPERTY, PLANT AND EQUIPMENT

	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
<b>Group</b>								
<b>At 31 December 2021</b>								
<b>Cost</b>								
At 1 January 2021	20,074	31,667	20,798	7,469	40,766	1,024	1,894	123,692
Additions	-	-	281	21	1,253	6	-	1,561
Disposals	-	-	-	-	(235)	-	-	(235)
Write-offs	-	-	-	-	(604)	-	(61)	(665)
Transfer in/(out)	-	-	1,024	-	803	-	(1,827)	-
At 31 December 2021	20,074	31,667	22,103	7,490	41,983	1,030	6	124,353
<b>Accumulated depreciation</b>								
At 1 January 2021	6,854	7,125	15,946	6,172	29,948	739	-	66,784
Charge for the year (Note 8)	268	633	646	644	2,264	175	-	4,630
Disposals	-	-	-	-	(235)	-	-	(235)
Write-offs	-	-	-	-	(595)	-	-	(595)
At 31 December 2021	7,122	7,758	16,592	6,816	31,382	914	-	70,584
<b>Net carrying amount</b>	<b>12,952</b>	<b>23,909</b>	<b>5,511</b>	<b>674</b>	<b>10,601</b>	<b>116</b>	<b>6</b>	<b>53,769</b>

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 RM47,463,000 (2020: RM45,815,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
<b>Group</b>									
<b>At 31 December 2020</b>									
<b>Cost</b>									
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
<b>Accumulated depreciation</b>									
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
<b>Net carrying amount</b>	-	13,220	24,542	4,852	1,297	10,818	285	1,894	56,908



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 15. INTANGIBLE ASSETS

	Computer Software RM'000	Development Costs RM'000	Goodwill RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2021</b>				
<b>Cost</b>				
At 1 January 2021	1,069	22,673	4,782	28,524
Additions	-	4,495	-	4,495
Write-offs	(3)	-	-	(3)
At 31 December 2021	1,066	27,168	4,782	33,016
<b>Accumulated amortisation</b>				
At 1 January 2021	1,047	1,615	1,487	4,149
Amortisation (Note 8)	17	8,686	-	8,703
Write-offs	(3)	-	-	(3)
At 31 December 2021	1,061	10,301	1,487	12,849
<b>Net carrying amount</b>	<b>5</b>	<b>16,867</b>	<b>3,295</b>	<b>20,167</b>
<b>At 31 December 2020</b>				
<b>Cost</b>				
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
<b>Accumulated amortisation</b>				
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
<b>Net carrying amount</b>	<b>22</b>	<b>21,058</b>	<b>3,295</b>	<b>24,375</b>

Included in the cost of intangible assets of the Group are cost of fully amortised intangible assets which are still in use amounting to RM1,416,085 (2020: RM1,016,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (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 stronger sales demands.
- (ii) The CGU will continue its operation indefinitely with terminal growth rate of nil (2020: nil).
- (iii) A pre-tax discount rates of 13% (2020: 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	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	86,202	86,202

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 16. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Proportion of ownership interest		Principal activities
	2021 %	2020 %	
<b>Held by the Company:</b>			
Amway (Malaysia) Sdn. Bhd., incorporated in Malaysia	100	100	Distribution of consumer products principally under the “AMWAY” trademark
<b>Held by Amway (Malaysia) Sdn. Bhd.:</b>			
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.

<sup>^</sup> 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of financial year	24,166	18,321	-	-
Recognised in profit or loss (Note 11)	16,599	5,845	-	-
At end of financial year	40,765	24,166	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	40,765	24,166	-	-
Deferred tax liabilities	-	-	-	-
	40,765	24,166	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 17. DEFERRED TAX (CONT'D)

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 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			-
At 1 January 2021	(2,619)	(1,859)	(4,478)
Recognised in profit or loss	(3)	(337)	(340)
	(2,622)	(2,196)	(4,818)
Less: Set-off of deferred tax assets			4,818
At 31 December 2021			-

### Deferred tax assets of the Group:

	Lease liabilities RM'000	Contract liabilities RM'000	Accrued expenses and others RM'000	Total RM'000
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
At 1 January 2021	1,913	5,267	21,464	28,644
Recognised in profit or loss	362	206	16,371	16,939
	2,275	5,473	37,835	45,583
Less: Set-off of deferred tax liabilities				(4,818)
At 31 December 2021				40,765

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 18. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
<b>Consumer products:</b>		
At cost	148,075	161,585
At net realisable value	1,944	841
	<b>150,019</b>	162,426

During the financial year, inventories recognised as cost of sales amounted to RM692,440,000 (2020: RM571,330,000).

## 19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Trade receivables</b>				
Third parties	22,470	25,564	-	-
Due from related companies	297	166	-	-
	<b>22,767</b>	25,730	-	-
Less : Allowance for expected credit loss	(718)	(663)	-	-
Trade receivables, net	<b>22,049</b>	25,067	-	-
<b>Other receivables</b>				
Due from penultimate holding company	2	-	-	-
Due from related companies	50	850	-	-
Sundry receivables	232	2,173	7	-
Deposits	1,630	1,384	4	3
Prepayments	1,309	4,198	17	17
	<b>3,223</b>	8,605	<b>28</b>	20
<b>Total trade and other receivables</b>	<b>25,272</b>	33,672	<b>28</b>	20
Add: Cash and cash equivalents (Note 21)	236,840	173,698	88,539	88,937
Less: Prepayments	(1,309)	(4,198)	(17)	(17)
<b>Total financial assets, carried at amortised cost</b>	<b>260,803</b>	203,172	<b>88,550</b>	88,940

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 19. TRADE AND OTHER RECEIVABLES (CONT'D)

### (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 (2020: 90) days. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The Group maintains its ageing within 30 days by monitoring the installments payments from Amway Business Owners ("ABOs") and any amounts which are due and not settled will be offset against the ABOs' bonuses.

#### Ageing analysis of trade receivables

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

	Group	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	<b>22,049</b>	25,067
Impaired	<b>718</b>	663
	<b>22,767</b>	25,730

#### 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	
	2021 RM'000	2020 RM'000
At beginning of financial year	<b>663</b>	604
Net change for the year (Note 8)	<b>55</b>	59
At end of financial year	<b>718</b>	663

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 19. TRADE AND OTHER RECEIVABLES (CONT'D)

### (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 (2020: 30 to 90) days from the date of invoice. The non-trade amounts due from related companies are mainly in respect of 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).

## 20. CONTRACT BALANCES

	Group	
	2021 RM'000	2020 RM'000
Contract assets	483	970
Contract liabilities	(22,805)	(22,170)

### (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	
	2021 RM'000	2020 RM'000
Deferred annual and renewal fees (Note (i))	7,774	7,293
Deferred product sales (Note (ii))	10,609	13,062
Others (Note (iii))	4,422	1,815
	22,805	22,170

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 20. CONTRACT BALANCES (CONT'D)

### (b) Contract liabilities (Cont'd)

#### (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 RM7,293,000 (2020: RM8,530,000).

	Group	
	2021 RM'000	2020 RM'000
<b>At 1 January</b>	<b>7,293</b>	8,530
Deferred during the year	<b>15,627</b>	14,568
Recognised as revenue during the year	<b>(15,146)</b>	(15,805)
<b>At 31 December</b>	<b>7,774</b>	7,293

#### (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 RM13,062,000 (2020: RM3,291,000).

#### (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 Group also offers a loyalty programme where accumulated points that can be redeemed for future goods at a discounted price. The amount allocated to the loyalty programme is deferred, and recognised as revenue when the points are redeemed. 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 RM1,815,000 (2020: RM1,480,000).

	Group	
	2021 RM'000	2020 RM'000
<b>At 1 January</b>	<b>1,815</b>	1,480
Deferred during the year	<b>4,422</b>	1,815
Recognised as revenue during the year	<b>(1,815)</b>	(1,480)
<b>At 31 December</b>	<b>4,422</b>	1,815

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash on hand and at banks	<b>117,701</b>	112,081	<b>86,539</b>	86,937
Deposits with licensed banks	<b>119,139</b>	61,617	<b>2,000</b>	2,000
Total cash and cash equivalents	<b>236,840</b>	173,698	<b>88,539</b>	88,937

The weighted average effective interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Licensed banks	<b>1.69%</b>	1.74%	<b>1.70%</b>	1.80%

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2021 Days	2020 Days	2021 Days	2020 Days
Licensed banks	<b>33</b>	35	<b>88</b>	91

## 22. SHARE CAPITAL

	Group / Company			
	Number of ordinary shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000

### Issued and fully paid

Share capital at beginning and end of financial year	<b>164,386</b>	164,386	<b>166,436</b>	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 2021 without any restrictions.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Trade payables</b>				
Third parties	15,161	47,952	-	18
Due to related companies	50,376	37,404	-	-
	<b>65,537</b>	85,356	-	18
<b>Other payables</b>				
Due to:				
- Penultimate holding company	-	6,848	-	-
- Related companies	133	1,576	-	-
Sundry payables	6,566	11,902	273	-
Accruals	196,733	111,558	346	117
Refund liabilities	535	597	-	-
Provisions (Note (e))	6,768	5,271	-	-
Real property gain tax ("RPGT") payable	-	183	-	-
	<b>210,735</b>	137,935	<b>619</b>	117
<b>Total trade and other payables</b>	<b>276,272</b>	223,291	<b>619</b>	135
Less : Provision (Note (e))	(6,768)	(5,271)	-	-
<b>Total financial liabilities carried at amortised cost</b>	<b>269,504</b>	218,020	<b>619</b>	135

### (a) Trade payables

Amounts due to third parties are non-interest bearing and the normal credit term granted to the Group and Company range from 30 to 90 (2020: 30 to 90) days.

### (b) Due to related companies (trade and non-trade)

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 (2020: 90) days from the date of invoice. The non-trade amounts due to related companies are mainly in respect of payments made on behalf. These amounts are to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 24. TRADE AND OTHER PAYABLES (CONT'D)

### (c) Accruals

Included in the accruals of the Group is an amount of RM174,003,000 (2020: RM86,012,000) on distributors' bonuses, seminars and other expenses, in which bonuses related accruals are trade in nature.

### (d) 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.

### (e) 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.

Movements of provision are as follows:

	Restoration cost RM'000	Assurance- type warranties RM'000	Total RM'000
<b>Group</b>			
<b>At 1 January 2021</b>	<b>1,956</b>	<b>3,315</b>	<b>5,271</b>
Net change for the year	(30)	3,233	3,203
Utilisation during the year	-	(1,810)	(1,810)
Unwinding of discount (Note 7)	104	-	104
<b>At 31 December 2021</b>	<b>2,030</b>	<b>4,738</b>	<b>6,768</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 24. TRADE AND OTHER PAYABLES (CONT'D)

### (e) Provisions (Cont'd)

Provisions for restoration costs (Cont'd)

Movements of provision are as follows: (Cont'd)

	Restoration cost RM'000	Assurance- type warranties RM'000	Total RM'000
<b>Group</b>			
<b>At 1 January 2020</b>	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
<b>At 31 December 2020</b>	1,956	3,315	5,271

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 2 and 9 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.

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
<b>At 1 January 2021</b>	<b>7,079</b>	<b>668</b>	<b>7,747</b>
Additions	868	-	868
Depreciation expenses (Note 8)	(3,050)	(301)	(3,351)
Modification	3,868	20	3,888
<b>At 31 December 2021</b>	<b>8,765</b>	<b>387</b>	<b>9,152</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 25. LEASES (CONT'D)

### The Group as lessee (Cont'd)

	Premises RM'000	Other Equipment RM'000	Total RM'000
<b>At 1 January 2020</b>	8,036	982	9,018
Depreciation expenses (Note 8)	(3,017)	(314)	(3,331)
Modification	2,060	-	2,060
<b>At 31 December 2020</b>	7,079	668	7,747

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021 RM'000	2020 RM'000
<b>At 1 January</b>	<b>7,970</b>	9,094
Additions	<b>898</b>	-
Accretion of interest	<b>496</b>	519
Payments	<b>(3,770)</b>	(3,673)
Effects of rent concession received (Note 6)	<b>-</b>	(30)
Modification	<b>3,886</b>	2,060
<b>At 31 December</b>	<b>9,480</b>	7,970
Current	<b>3,182</b>	2,921
Non-current	<b>6,298</b>	5,049

The following are the amounts recognised in profit or loss:

	2021 RM'000	2020 RM'000
Depreciation expense of right-of-use assets (Note 8)	<b>3,351</b>	3,331
Gain on lease modification (Note 6)	<b>(2)</b>	-
Interest on lease liabilities (Note 7)	<b>496</b>	519
Effects of rent concession received (Note 6)	<b>-</b>	(30)
Expenses relating to short term lease and leases of low-value assets (Note 8)	<b>416</b>	185
Variable lease payments not included in lease liabilities (Note 8)	<b>60</b>	43
<b>Total amount recognised in profit or loss</b>	<b>4,321</b>	4,048

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 25. LEASES (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:

	2021 RM'000	2020 RM'000
Extension options expected not to be exercised within 5 years	468	535

Total cash outflows for all leases including lease liabilities, short-term leases, leases of low-value assets and variable lease payments in the financial year ended 31 December 2021 for the Group amounted to RM4,246,000 (2020: RM3,901,000), in which RM3,274,000 (2020: RM3,154,000) 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

	Group 2021 RM'000	2020 RM'000
<b>Capital expenditure in respect of</b>		
Development costs and property, plant and equipment:		
- Approved and contracted for	296	4,385
- Approved and not contracted for	14,639	21,581
	<b>14,935</b>	<b>25,966</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 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.

	2021 RM'000	Group 2020 RM'000
Sales of goods:		
Amway (Singapore) Pte. Ltd. (i)	(64)	[295]
Purchases:		
Access Business Group International L.L.C. (i)	465,205	431,440
Support charges:		
Alticor Inc. (ii)	-	20,799
Royalties paid/payable:		
Access Business Group International L.L.C. (i)	5,035	4,386

- (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 2021 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.; and
- (ii) penultimate holding company.

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

	2021 RM'000	Group 2020 RM'000
Short-term employee benefits	6,152	5,937
Post-employment benefits:		
- Defined contribution plan	457	471
Non-executive directors' remuneration:		
- Directors' fees and others	573	567
	7,182	6,975

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 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.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>				
Deposits with licensed banks	<b>119,139</b>	61,617	<b>2,000</b>	2,000

### (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 currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Thailand Baht ("THB").

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (Cont'd)

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Foreign currency risk (Cont'd)

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

	Group 2021 RM'000	2020 RM'000
<b>Due from related companies</b>		
Singapore Dollar	50	62
<b>Due to related companies</b>		
Thailand Baht	(36)	-
<b>Cash and bank balances</b>		
United States Dollar	934	635

#### 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 2021 (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 2021

##### Financial liabilities

##### Group

Trade and other payables (excluding provisions) (Note 24)	269,504	-	269,504
Lease liabilities	3,591	6,833	10,424
Total undiscounted financial liabilities	273,095	6,833	279,928

##### Company

Trade and other payables (Note 24)	619	-	619
------------------------------------	-----	---	-----

	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
------------------------------------	-----	---	-----



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (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 and the accounting policy on the impairment of financial asset (ECL) is disclosed in Note 2.21.

## 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 2021 and 31 December 2020.

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 2021 (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 2021 and 31 December 2020. The Group is not subjected to any externally imposed capital requirements.

## 32. Significant events during the financial year

The ongoing threat of COVID-19 and evolving variants will continue to create uncertainty around the world and potentially threaten both global and national economic recovery. However, Malaysia is better protected now through comprehensive vaccinations organised under the National COVID-19 Immunisation Programme.

The Group's various initiatives and investments (i.e., launch of Amway Privileged Customer, new sales incentive programmes, new product launches and promotions, and sign-up fee reduction) have provided solid fundamentals and led to strong revenue growth in 2021. The resilience of the ABOs and the Group's ongoing investment in eCommerce were additional keys to the successful year. While top line sales were up, profitability declined weighed down primarily by new sales incentive cost and ABOs related expenses.

# PARTICULARS OF PROPERTIES

AS AT 31 DECEMBER 2021

## 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	12	22,673	9 March 2006
26 & 26A, Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan	7,934	Office, Warehouse and Shop	Leasehold expiring 26 March 2069	12	20,060	19 November 2004

# GROUP'S PHYSICAL PRESENCE

AS AT 31 DECEMBER 2021

## 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

## 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, Jalan Bercham Bistari 1,  
Medan Bercham Bistari,  
31400 Ipoh,  
Perak Darul Ridzuan

### JOHOR BAHRU

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 Kepyayan  
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 27<sup>th</sup> 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 Wednesday, 25 May 2022 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 2021 together with the Directors' and the Auditors' Reports thereon.  | <b>(Please refer to Note 1 of the Explanatory Notes)</b> |
| 2. To re-elect Datin Seri Azreen Binti Abu Noh who is retiring pursuant to Clause 76(3) of the Constitution of the Company ("the Constitution").  | <b>Ordinary Resolution 1</b>                             |
| 3. To re-elect Mr Scott Russell Balfour who is retiring pursuant to Clause 76(3) of the Constitution.   | <b>Ordinary Resolution 2</b>                             |
| 4. To re-elect Tan Sri Faizah Binti Mohd Tahir who is retiring pursuant to Clause 76(3) of the Constitution.  | <b>Ordinary Resolution 3</b>                             |
| 5. To approve the Directors' fee of up to RM122,000 payable to Tan Sri Faizah Binti Mohd Tahir, the Chairperson and the Senior Independent Non-Executive Director for the financial year ending 31 December 2022.               | <b>Ordinary Resolution 4</b>                             |
| 6. To approve the Directors' fee of up to RM83,800 payable to Dato' Abdullah Thalith Bin Md Thani, the Nominating Committee Chairman and the Independent Non-Executive Director for the financial year ending 31 December 2022. | <b>Ordinary Resolution 5</b>                             |
| 7. To approve the Directors' fee of up to RM76,100 payable to Mr Low Han Kee, the Non-Independent Non-Executive Director for the financial year ending 31 December 2022.  | <b>Ordinary Resolution 6</b>                             |
| 8. To approve the Directors' fee of up to RM92,750 payable to En Abd Malik Bin A Rahman, the Audit Committee Chairman and the Independent Non-Executive Director for the financial year ending 31 December 2022.                | <b>Ordinary Resolution 7</b>                             |
| 9. To approve the Directors' fee of up to RM81,300 payable to Datin Seri Azreen Binti Abu Noh, the Independent Non-Executive Director for the financial year ending 31 December 2022.   | <b>Ordinary Resolution 8</b>                             |
| 10. To approve the Directors' fee of up to RM69,500 payable to Pn Aida Binti Md Daud, the Non-Independent Non-Executive Director for the financial year ending 31 December 2022.  | <b>Ordinary Resolution 9</b>                             |

## NOTICE OF ANNUAL GENERAL MEETING

11. To approve the Directors' benefits of up to RM124,550 for the financial year ending 31 December 2022.

**Ordinary Resolution 10**

12. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 11**

### As Special Business

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

13. 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 12**

"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 22 April 2022, 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;

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."



## NOTICE OF ANNUAL GENERAL MEETING

14. 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  
22 April 2022

## 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 27<sup>th</sup> 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 27<sup>th</sup> 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 27<sup>th</sup> 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 2022**. 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 27<sup>th</sup> 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 27<sup>th</sup> AGM.

## NOTICE OF ANNUAL GENERAL MEETING

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 Monday, **23 May 2022 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.

## NOTICE OF ANNUAL GENERAL MEETING

15. It is important that you read the Information for Shareholders on 27<sup>th</sup> AGM.
16. Shareholders are advised to check the Company's website at [www.amway.my](http://www.amway.my) and announcements from time to time for any changes to the administration of the 27<sup>th</sup> AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the 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

Please refer to the Statement Accompanying the Notice of AGM for information.

3. Ordinary Resolutions 4 to 10

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at the general meeting.

The proposed payment of Directors' Fees under Ordinary Resolutions 4 to 9 comprises Directors' Fees and Board Committee Fees.

The Directors' Fees tabled for approval are based on the current composition of the Board of Directors ("the Board"). The total amount of Directors' Fees of RM525,450 have been revised for the financial year ending 31 December 2022, taking into consideration the market rate and the complexity of operation and industry.

The proposed Directors' benefits under Ordinary Resolution 10 is based on the current number of Directors on the Board and scheduled Board and Committee Meetings for the financial year ending 31 December 2022. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

4. Ordinary Resolution 11

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 27<sup>th</sup> AGM are disclosed in the Corporate Governance Overview Statement of this Annual Report.

## NOTICE OF ANNUAL GENERAL MEETING

### Explanatory Note on Special Business

#### 1. Ordinary Resolution 12

This Resolution, if passed, will allow the Group to renew its existing mandate obtained at the 26<sup>th</sup> AGM held on 25 May 2021 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 22 April 2022 for further details.

## STATEMENT ACCOMPANYING THE NOTICE OF 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 27<sup>th</sup> Annual General Meeting.

Datin Seri Azreen Binti Abu Noh, Mr Scott Russell Balfour and Tan Sri Faizah Binti Mohd Tahir ("Retiring Directors") are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 27<sup>th</sup> AGM. Their profiles can be found on pages 69, 66 and 63 of the Annual Report 2021.

The Nominating Committee ("NC") conducts a Board Effectiveness Evaluation ("BEE") once a year to determine whether the Board, Board committees and Directors are performing and discharging their duties effectively. The Board is satisfied with the overall results of the BEE conducted for the financial year ended 31 December 2021.

The Retiring Directors meet the criteria prescribed under Paragraph 2.20A of the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors. None of the Retiring Directors has any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries.

The NC and Board have also conducted an assessment on Datin Seri Azreen Binti Abu Noh and Tan Sri Faizah Binti Mohd Tahir's independence and are satisfied that they have complied with the criteria prescribed by the MMLR.

Each Retiring Director brings a wide range of experience, skills, insights and perspectives to the Board which complements the Company's strategy and continues to be important and relevant to the long-term sustainable goals and success of the Company.

The Board (save for the Retiring Directors who have abstained from deliberation on discussions relating to their own re-election at the NC and Board meetings), believes that the contribution, commitment and performance of the Retiring Directors continue to be valuable and effective, and strongly support their re-election as Directors.

# ANALYSIS OF SHAREHOLDINGS

AS AT 17 MARCH 2022

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	433	8.20	8,589	0.01
100-1,000	2,171	41.09	1,415,640	0.86
1,001-10,000	2,356	44.60	7,864,843	4.79
10,001-100,000	297	5.62	7,089,257	4.31
100,001-8,219,281	22	0.41	15,834,600	9.63
8,219,282 and above	4	0.08	132,172,716	80.40
Total	5,283	100.00	164,385,645	100.00

## SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

Name Of Shareholders	Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%
GDA B.V. ("GDA")	84,990,283	51.70	-	-
Amway Nederland Ltd. ("Amway Nederland")	-	-	*i 84,990,283	51.70
Amway International Inc. ("Amway International")	-	-	*ii 84,990,283	51.70
Alticor Inc. ("Alticor")	-	-	*iii 84,990,283	51.70
Solstice Holdings Inc. ("SHI")	-	-	*iv 84,990,283	51.70
Alticor Global Holdings Inc. ("AGH")*vi	-	-	*v 84,990,283	51.70
AmanahRaya Trustees Berhad				
- Skim Amanah Saham Bumiputera	21,667,000	13.18	-	-
Kumpulan Wang Persaraan (Diperbadankan)	14,481,700	8.81	548,600	0.33
Employees Provident Fund Board	11,033,733	6.71	-	-

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 17 MARCH 2022

#### SHAREHOLDINGS OF DIRECTORS

(As per Register of Directors' Shareholdings)

Name Of Directors	No. of Shares held	%
Tan Sri Faizah Binti Mohd Tahir	-	-
Michael Jonathan Duong	-	-
Low Han Kee	-	-
Scott Russell Balfour	-	-
Dato' Abdullah Thalith Bin Md Thani	-	-
Abd Malik Bin A Rahman	1,000 (Direct)	Neg.
Datin Seri Azreen Binti Abu Noh	-	-
Aida Binti Md Daud	-	-

#### THIRTY LARGEST SHAREHOLDERS

	No. of Shares held	%
1. GDA B.V.	84,990,283	51.70
2. AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	21,667,000	13.18
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	2,950,000	1.79
7. AmanahRaya Trustees Berhad - Public Dividend Select Fund	1,125,300	0.68
8. Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	548,600	0.33
9. AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - Ambank (M) Berhad for Ho Teik Chuan @ Ho Sonney (SMART)	537,000	0.33
10. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chew Er Hong (E-KPG)	375,600	0.23

## ANALYSIS OF SHAREHOLDINGS

### AS AT 17 MARCH 2022

#### THIRTY LARGEST SHAREHOLDERS (CONT'D)

	No. of Shares held	%
11. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Sey Liang (KLC/KEN)	225,100	0.14
12. Koo Sing Huat	222,900	0.14
13. Chua Soon Gin	199,700	0.12
14. Teo Chiang Hong	195,000	0.12
15. Ang Lay Pheng	160,000	0.10
16. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Skyture Capital Sdn Bhd (KL C/PIV)	135,000	0.08
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. Boh Plantations Sdn Berhad	122,500	0.07
21. New Tong Fong Plywood Sdn Bhd	120,000	0.07
22. Yeoh Saik Khoo Sendirian Berhad	114,500	0.07
23. Maybank Nominees (Tempatan) Sdn Bhd - Chua Eng Ho Wa'a @ Chua Eng Wah	105,200	0.06
24. Maisarah Binti Ramli	104,000	0.06
25. Amanahraya Trustees Berhad - ARB for Yayasan Tun Ismail Mohamed Ali (Berdaftar)	103,500	0.06
26. Lim Ng Kiat	101,000	0.06
27. Hong Weng Hwa	97,900	0.06
28. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Thong Kook (E-ss2)	95,900	0.06
29. Khoo Loon See	90,000	0.05
30. V Sivanesaratnam A/L Vallipuram.	90,000	0.05
	148,381,116	90.26

# INFORMATION FOR SHAREHOLDERS ON 27<sup>TH</sup> ANNUAL GENERAL MEETING

Date : Wednesday, 25 May 2022  
 Time : 9.30 a.m.  
 Broadcast : Van Andel & DeVos Training Centre  
 Venue : Amway (Malaysia) Sdn. Bhd.  
 28, Jalan 223, 46100 Petaling Jaya  
 Selangor Darul Ehsan, Malaysia

## PRECAUTIONARY MEASURES AGAINST THE COVID-19

The 27<sup>th</sup> 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 whereby listed issuers are encouraged to continue leveraging technology in conducting general meetings beyond Movement Control Order.

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 27<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting.

We strongly encourage you to attend the 27<sup>th</sup> 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 27<sup>th</sup> AGM.

Due to the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 27<sup>th</sup> AGM at short notice to comply with guidelines or procedures as may be issued by the Government from time to time. 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. Kindly check the Company's website or announcements for the latest updates on the status of the 27<sup>th</sup> AGM.

## REMOTE PARTICIPATION AND VOTING

The RPV facilities are available on Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor")'s TIH Online website at <https://tiah.online>.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 27<sup>th</sup> 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 27<sup>th</sup> AGM using the RPV facilities:

## INFORMATION FOR SHAREHOLDERS

### ON 27<sup>TH</sup> ANNUAL GENERAL MEETING

#### Before the 27<sup>th</sup> AGM Day

Procedure	Action
(i) Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access to website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” and select <b>“Create Account by Individual Holder”</b>. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a TIIH Online user, 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 27<sup>th</sup> AGM is available for registration at TIIH Online.</li> </ul>
(ii) Submit your request to attend 27 <sup>th</sup> AGM remotely	<ul style="list-style-type: none"> <li>Registration is open from Friday, 22 April 2022 until the day of 27<sup>th</sup> AGM on Wednesday, 25 May 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 27<sup>th</sup> AGM to ascertain their eligibility to participate in the 27<sup>th</sup> AGM using the RPV.</li> <li>Login with your user ID (i.e. e-mail address) and password and select the corporate event: <b>(Registration) Amway (Malaysia) Holdings Berhad 27<sup>th</sup> AGM</b></li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>The system will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the Record of Depositors as at 17 May 2022, the system will send you an <b>e-mail after 23 May 2022 to approve or reject</b> 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></li> </ul>

#### On the 27<sup>th</sup> AGM Day

Procedure	Action
(i) Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 27<sup>th</sup> AGM at any time from 8.30 a.m. i.e. 1 hour before the commencement of meeting at 9.30 a.m. on Wednesday, 25 May 2022.</li> </ul>
(ii) Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: <b>(Live Stream Meeting) Amway (Malaysia) Holdings Berhad 27<sup>th</sup> AGM</b> to engage in the proceedings of the 27<sup>th</sup> AGM remotely.</li> <li>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 27<sup>th</sup> AGM.</li> </ul>

## INFORMATION FOR SHAREHOLDERS

### ON 27<sup>TH</sup> ANNUAL GENERAL MEETING

Procedure		Action
(iii)	Online remote voting	<ul style="list-style-type: none"> <li>Voting session commences from 9:30 a.m. on Wednesday, 25 May 2022 until a time when the Chairperson announces the closure of the session.</li> <li>Select the corporate event: <b>(Remote Voting) Amway (Malaysia) Holdings Berhad 27<sup>th</sup> AGM</b> or if you are on the live stream meeting page, you can select <b>“GO TO REMOTE VOTING PAGE”</b> button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(iv)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairperson on the conclusion of the 27<sup>th</sup> AGM, the Live Streaming will end.</li> </ul>

#### Notes to users of the RPV facilities:

- (i) Should your registration for RPV be approved, we will make available to you the right to join the live stream meeting and 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](mailto: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 2022 shall be eligible to attend, speak and vote at the 27<sup>th</sup> 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 27<sup>th</sup> 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 27<sup>th</sup> AGM yourself, please do not submit any Proxy Form for the 27<sup>th</sup> AGM. You will not be allowed to participate in the 27<sup>th</sup> 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 27<sup>th</sup> AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 23 May 2022 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](mailto:is.enquiry@my.tricorglobal.com).

## INFORMATION FOR SHAREHOLDERS

### ON 27<sup>TH</sup> ANNUAL GENERAL MEETING

(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:

Procedure	Action
(i) Steps for Individual Shareholders	
Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a TIIH Online user, you are not required to register as a user again.</li> </ul>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company on Friday, 22 April 2022, login with your username (i.e. email address) and password.</li> <li>Select the corporate event: <b>Amway (Malaysia) Holdings Berhad 27<sup>th</sup> AGM - "Submission of Proxy Form"</b>.</li> <li>Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li> <li>Review and confirm your proxy(ies) appointment.</li> <li>Print the Proxy Form for your record.</li> </ul>
(ii) Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects <b>"Create Account by Representative of Corporate Holder"</b>.</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <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"> <li>Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>Select the corporate exercise name: <b>"Amway (Malaysia) Holdings Berhad: Submission of Proxy Form"</b>.</li> <li>Agree to the Terms &amp; Conditions and Declaration.</li> <li>Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxy(ies) by inserting the required data.</li> <li>Submit the proxy appointment file.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select "Submit" to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>



## INFORMATION FOR SHAREHOLDERS

### ON 27<sup>TH</sup> ANNUAL GENERAL MEETING

#### VOTING AT MEETING

The voting at the 27<sup>th</sup> 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 27<sup>th</sup> 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 TIIH Online.

#### RESULTS OF THE VOTING

The resolutions proposed at the 27<sup>th</sup> AGM and the results of the voting will be announced at the 27<sup>th</sup> AGM and subsequently via an announcement made by the Company through Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com).

#### PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

The Board recognises that the 27<sup>th</sup> AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 27<sup>th</sup> AGM, shareholders may in advance, before the 27<sup>th</sup> AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than **Monday, 23 May 2022**. The Board of Directors will endeavour to address the questions received at the 27<sup>th</sup> AGM.

#### ANNUAL REPORT

The Annual Report is available on:

The Company's website - <https://www.amway.my/about-amway/investor-relations/annual-reports-announcements>; and Bursa Securities' website - [www.bursamalaysia.com](http://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 27<sup>th</sup> AGM since the meeting is being conducted on a 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).

*This page was intentionally left blank*

**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

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 27<sup>th</sup> 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 Wednesday, 25 May 2022 at 9.30 a.m. or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
1. Re-election of Datin Seri Azreen Binti Abu Noh as Director	Ordinary Resolution 1		
2. Re-election of Mr Scott Russell Balfour as Director	Ordinary Resolution 2		
3. Re-election of Tan Sri Faizah Binti Mohd Tahir as Director	Ordinary Resolution 3		
4. Approval of Directors' fee of up to RM122,000 payable to Tan Sri Faizah Binti Mohd Tahir, the Chairperson and the Senior Independent Non-Executive Director for the financial year ending 31 December 2022	Ordinary Resolution 4		
5. Approval of the Directors' fee of up to RM83,800 payable to Dato' Abdullah Thalith Bin Md Thani, the Nominating Committee Chairman and the Independent Non-Executive Director for the financial year ending 31 December 2022	Ordinary Resolution 5		
6. Approval of the Directors' fee of up to RM76,100 payable to Mr Low Han Kee, the Non-Independent Non-Executive Director for the financial year ending 31 December 2022	Ordinary Resolution 6		
7. Approval of the Directors' fee of up to RM92,750 payable to En Abd Malik Bin A Rahman, the Audit Committee Chairman and the Independent Non-Executive Director for the financial year ending 31 December 2022	Ordinary Resolution 7		
8. Approval of the Directors' fee of up to RM81,300 payable to Datin Seri Azreen Binti Abu Noh, the Independent Non-Executive Director for the financial year ending 31 December 2022	Ordinary Resolution 8		
9. Approval of the Directors' fee of up to RM69,500 payable to Pn Aida Binti Md Daud, the Non-Independent Non-Executive Director for the financial year ending 31 December 2022	Ordinary Resolution 9		
10. Approval of the Directors' benefits of up to RM124,550 for the financial year ending 31 December 2022	Ordinary Resolution 10		
11. Re-appointment of Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration	Ordinary Resolution 11		
12. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 12		

(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 \_\_\_\_\_ 2022

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 27<sup>th</sup> 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 27<sup>th</sup> 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 27<sup>th</sup> 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 2022**. 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 27<sup>th</sup> 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 27<sup>th</sup> 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 **Monday, 23 May 2022 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.

fold here along dotted line

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

fold here along dotted line





AMWAY (MALAYSIA) HOLDINGS BERHAD  
199501011153 (340354-U)  
28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan  
Tel : 03-7946 2800

[www.amway.my](http://www.amway.my)