

THE HEALTHIER WAY

















THE HEALTHIER WAY

This year's cover design, which carries the theme, "The Healthier Way", underscores Amway's efforts to help Malaysians live healthier, betterquality lives by according them a more robust Health and Wellness portfolio as well as a more attractive entrepreneurship value proposition.

Today, our enhanced Health and Wellness offering encompasses a range of innovative, technology-infused, and reliably-sourced health and wellness-centric products. To support our entrepreneurial Amway Business Owners, we continue to invest in discretionary incentives, digital platforms, marketing campaigns, as well as home delivery and back-end infrastructure, all of which are providing them added value.

As Amway and our core brands strategically align ourselves with the nation's health ambitions, the stage is set for us to continue delivering sustainable long-term value. As we propel closer towards achieving our 50th anniversary vision of being the leading Health and Wellness company for entrepreneurial business owners, as well as draw nearer to celebrating Nutrilite's 90th year of health innovation, we are confident of truly making a holistic and tangible impact on Malaysians.



Scan here to get access to the soft copy of our reports and contact information:

www.amway.my

28th ANNUAL GENERAL MEETING



Wednesday, 24 May 2023



9.30 a.m



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



Refer to pages 188 to 192 for Annual General Meeting Information.

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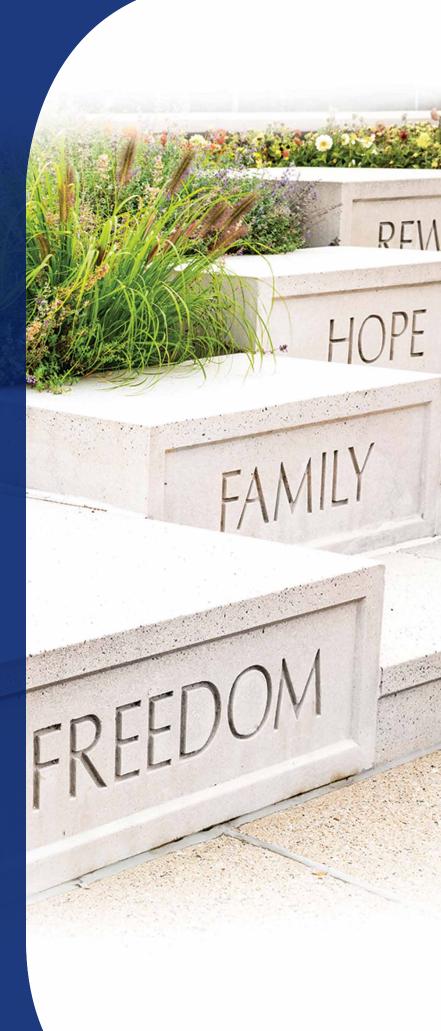


MISSION

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

VISION

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





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



RM1,514.8 mil

2021: RM1,485.9 mil



PROFIT BEFORE TAX

RM103.1 mil

2021: RM49.7 mil



NET PROFIT

RM76.9 mil

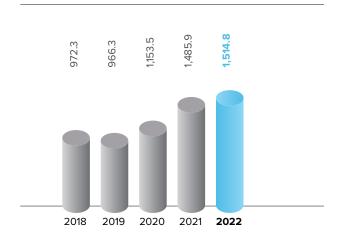
2021: RM36.8 mil

| 2022 | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | Full Year |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------|
| Sales Revenue (RM' Million) | 391.2 | 354.6 | 371.8 | 397.2 | 1,514.8 |
| Profit Before Tax (RM' Million) | 26.7 | 20.0 | 24.5 | 31.9 | 103.1 |
| Net Profit (RM' Million) | 20.2 | 15.0 | 18.8 | 22.9 | 76.9 |
| Net Earnings Per Share (Sen) | 12.3 | 9.1 | 11.4 | 14.0 | 46.8 |
| Net Dividend Per Share (Sen) | 5.0 | 5.0 | 5.0 | 23.0 | 38.0 |

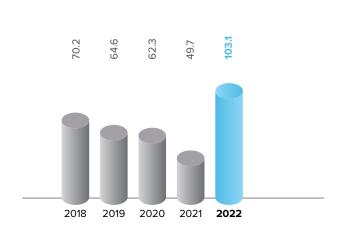
| 2021 | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | Full Year |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------|
| Sales Revenue (RM' Million) | 353.7 | 355.9 | 383.9 | 392.4 | 1,485.9 |
| 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 |

5-YEAR FINANCIAL HIGHLIGHTS

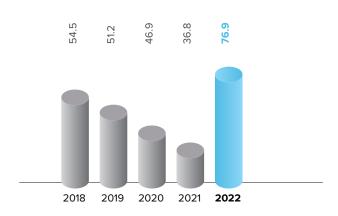
SALES REVENUE (RM' Million)



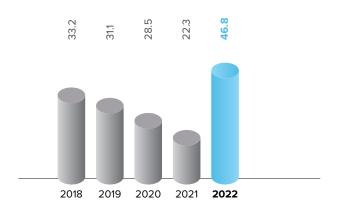
PROFIT BEFORE TAX (RM' Million)



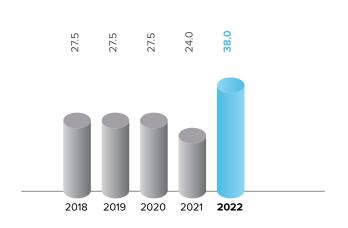
NET PROFIT (RM' Million)



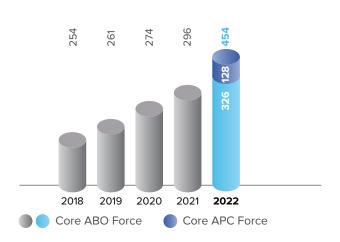
NET EARNINGS PER SHARE (Sen)



NET DIVIDEND PER SHARE (Sen)



TOTAL CORE FORCE (ABO + APC) ('000)



CHAIRPERSON'S STATEMENT



RM1,514.8 million

SALES REVENUE FY2022



RM103.1 million

PROFIT BEFORE TAX (PBT) FY2022



LAUNCHED THE
"ENHANCED
EMPLOYEE
ASSISTANCE
PROGRAMME"

FOR POST-COVID
ASSISTANCE

Dear Valued Shareholders,

It is my pleasure and privilege 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 2022 ("FY2022").



I am pleased to report that Amway and its subsidiaries (collectively known as "the Group") successfully weathered the year's economic headwinds to deliver modest sales growth and commendable profits in FY2022.

As Malaysia emerged from the hardships of the COVID-19 pandemic to make the official transition to the endemic phase in early April 2022, it also had to contend with a host of issues including a global shortage of workers, the weakening Ringgit, rising inflation, and political uncertainty, among other things. Against this backdrop, Amway focused on leveraging the previous investments made in our Amway Business Owners ("ABOs") and business infrastructure to strengthen our ABO force and bolster their businesses.

In maintaining an entrepreneurial-focused growth mindset and tapping ongoing initiatives on the employee, entrepreneurial business ownership, health and wellness product offering, eCommerce platform, contactless omnichannel delivery, as well as governance and social responsibility fronts, Amway went on to cement its market position. Today, the Group is well-positioned to continue delivering sustainable value creation in its position as the leading health and wellness company for entrepreneurial business owners in Malaysia.

PERFORMANCE OVERVIEW

Over the course of the pandemic, the Group's total core force size grew considerably to reach almost half a million entrepreneurs and loyal customers by the end of FY2022. The rapid growth was largely attributable to the Amway Privileged Customers ("APC") programme that was launched in early FY2021. Following this hypergrowth, we were faced with the colossal task of ensuring that all our ABOs were adequately equipped to grow their businesses sustainably.

As such, in FY2022, we adopted a more moderate sustainable pace of growth, and focused our efforts on empowering our entrepreneurial ABOs by equipping them with the right training and sales tools.

As the Group's sales growth rate normalised after two consecutive years of hypergrowth, Amway posted sales revenue amounting to RM1,514.8 million in FY2022, a 1.9% increase as compared to the RM1.485.9 million garnered in the preceding year. This figure – our highest revenue attained to date – was mainly attributable to the strong demand for health and wellness as well as personal care products.

The Group's profit before tax ("PBT") rose by a stellar 107.3% to RM103.1 million as compared to the RM49.7 million posted in FY2021. This was primarily attributable to price increases and the normalisation of investments in ABO sales incentives as sales growth returned to normal.

The finer details on the Group's operational and financial performance can be found in the Management Discussion & Analysis ("MD&A") section within this Annual Report.





Today, the Group is well-positioned to continue delivering sustainable value creation in its position as the leading health and wellness company for entrepreneurial business owners in Malaysia.

THE YEAR IN REVIEW

A Purposeful Shift in Focus

Right from the onset of COVID-19, we had been making radical and rapid changes to the Group's operations to mitigate the impact of the pandemic. These changes included:

- The accelerated rollout of digital registration and sales platforms;
- The implementation of contactless delivery channels;
- The introduction of several incentive and savings programmes; and
- A host of other effective measures.

Swiftly implemented, these proactive measures – particularly the expansion of Core Plus+ discretionary incentives for ABOs and the APC programme – all helped Amway deliver remarkably positive results and garner an unprecedented influx of new Amway entrepreneurs amidst the pandemic.

For FY2022, as the risks from the pandemic waned following the comprehensive and fast-tracked vaccination rollouts under Malaysia's National Immunisation Programme, we shifted our primary efforts to shoring up our entrepreneurial ABOs and helping them strengthen their businesses. In doing so, we ensured that our ABOs' businesses were firmly built on solid, healthy frameworks that were capable of delivering sustainable returns for the long-term.

CHAIRPERSON'S STATEMENT (CONT'D)

Continuing to Keep People Safe

Throughout the pandemic, Amway did its best to look out for the well-being of our employees, ABOs and customers by proactively providing them the necessary support, whether it was in the form of vaccinations, safe work environments, work-from-home support, online facilities, contactless delivery, or community support, among other things.

As Malaysia formally made the transition to the endemic phase on 1 April 2022, the Group launched the "Work by Design 2.0" initiative which enabled employees to tap into the flexibility of a hybrid working arrangement. As larger numbers of employees returned to the workplace after spending considerable time in work-from-home arrangements, we established safety guidelines within our office premises. Under these guidelines, employees were to be fully vaccinated, wear face masks, perform tests every two weeks with self-test kits provided by the Company, as well as ensure strict social distancing in communal areas including the pantry, meeting rooms, gym and lifts.

The pandemic highlighted the importance of inculcating resilience and a positive mental state during a crisis. With the issue of mental well-being gaining prominence worldwide, Amway did its part to ensure the well-being of its workforce, by introducing the "Enhanced Employee Assistance Programme" which allows employees to seek therapy and counselling treatment. To further drive awareness about mental health and work-life balance. we organised the "Each Mind Matters Webinar for People Managers". All these measures helped our people adjust to "normal" work life again while keeping them safe in terms of their physical and mental well-being.



Upskilling and Strengthening Our ABO Family

In line with our focus on upskilling and strengthening our entrepreneurial ABOs, we launched several programmes during the year in review. One of these included the "Foundation in Nutrition & Wellness Certificate" programme. This programme, which was initially rolled out exclusively to leaders in April 2022, sought to empower participants both as individuals and as nutrition and wellness business owners by according them knowledge on nutrition and the various aspects of building a wellness business. Following overwhelming demand, we opened up the programme to all ABOs in August 2022.

In the same manner, we organised the ARTISTRY Beauty Camp to inspire entrepreneurial ABOs to grow their ARTISTRY businesses, where we also launched the new ARTISTRY SKIN NUTRITION Vitamin C+HA3 Daily Serum.

Over the course of 2022, with pandemic restrictions lifted, we took the opportunity to gather our leaders and ABOs together again in annual face-to-face events and activities. Among the year's highlights, was the National Leadership Conference and Dinner 2022 which saw a record-breaking attendance at this annual event which had been put on hold for two years due to the pandemic. We also held the Global Award Recognition ("GAR") Founders Crown Ambassador ("FCA") Recognition Rally and Achievers Day event. Attended by some 10,000 people, the event celebrated our two GAR Founders Crown Ambassadors, a rank accomplished by only a handful of ABOs in the country.

In Support of the National Health and Wellness Agenda

As Malaysia transitions from the pandemic to the endemic phase, the Government has begun looking at healthcare and wellness through more in-depth and long-term lenses. The alarming statistics surrounding non-communicable diseases such as diabetes, cholesterol, high blood pressure and obesity among Malaysians have been of particular concern.



This year, the Group will take its efforts to the next level by promoting solutions that will help Malaysians deal with non-communicable diseases as well.



In tandem with these developments, Amway too has ramped up efforts to align its focus with that of the Government in a greater manner. As a leading health and wellness company, Amway, for some time now, has been offering solutions for a healthier lifestyle via our health and wellness products, particularly our Nutrilite range. This year, the Group will take its efforts to the next level by promoting solutions that will help Malaysians deal with non-communicable diseases as well. In response to the Government's request for private sector support, Amway is poised to align itself with their plans. This strategy also forms part of Amway's 50th-anniversary vision of firmly cementing our position as the leading provider of health and wellness products in Malaysia by 2026.

Elevating the eCommerce and Customer Experience

Where the height of the pandemic saw Amway fast-tracking the development and launch of our eCommerce platforms as well as accelerating digital adoption amongst ABOs and customers, in FY2022, we focused our efforts on improving our eCommerce platforms and the customer experience.

In line with enhancing the capabilities of our website to ensure a delightful online experience for ABOs and APCs, we released more than 100 enhancements. Among the key enhancements were a Buy Now, Pay Later ("BNPL") capability via Atome (a leading BNPL provider in Malaysia), a mobile business dashboard feature, a series of user interface enhancements, and a product recommender based on a built-in data-science model. We also added Mandarin and Malay language capabilities into the chatbot functionality, among other things. These enhancements led to a higher website satisfaction score which grew from 80% in 2021 to a high of 89%.

UPHOLDING RESPONSIBLE CORPORATE PRACTICES

Solidifying Our Governance Practices

The Group is fully cognisant of the crucial role that good governance and sustainable practices play in the long-term viability of an organisation. As such, we strive to ensure that Amway continually upholds strong internal controls as well as robust corporate governance and risk management best practices. These elements are going a long way in helping to strengthen investor confidence, preserve Amway's corporate reputation, and ensure continued shareholder value creation.

The Group's board governance policies are guided by the Malaysian Code on Corporate Governance 2021 ("MCCG"). The Board, which regularly reviews Amway's governance framework in line with developments on the regulatory front as well as per the Group's evolving requirements, has oversight for the application of the best practices set out in the MCCG. It is also responsible for ensuring that

good governance policies flow down through the organisation in a clear-cut manner and are cascaded effectively across the Group.

Back in FY2021, the Board executed a gap analysis between our existing governance practices and the updated guidelines of the new MCCG (issued by the Securities Commission Malaysia in April 2021), and then went on to implement the necessary changes to close the gap. In FY2022, we continued our efforts to further align with the recommended MCCG practices, particularly in the areas relating to sustainability. As of 31 December 2022, Amway had complied with 40 out of the 42 recommended practices applicable for non-Large Companies under the MCCG. The finer details of the overall changes made to close the gap can be found in the Corporate Governance Overview Statement within this Annual Report and the standalone 2022 Corporate Governance Report on the Group's website.

In May 2022, in addition to the efforts to align with the MCCG practices, Amway went on to establish a Directors' Fit and Proper Policy in compliance with Paragraph 15.01A of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). This policy, which is available on the Company's website, guides the Nominating Committee ("NC") and the Board in reviewing and assessing the candidates to be appointed as Directors, as well as the Directors who are seeking election or re-election.

CHAIRPERSON'S STATEMENT (CONT'D)

Come May 2023, I would have served as an Independent Non-Executive Director ("INED") for a term of nine years since my appointment as a Director back in May 2014. In line with the recommendation as per Practice 5.3 of the MCCG which states that the tenure of an Independent Director should not exceed a cumulative term of nine years, I am hereby announcing my retirement as the Board's Chairperson and Senior INED upon the conclusion of the Company's Twenty-Eighth ("28th") Annual General Meeting ("AGM") to be held on 24 May 2023.

Upon my resignation, En. Abd Malik Bin A Rahman, the current Chairman of Amway's Audit Committee ("AC"), will be appointed as the new Chairman of the Board and a Senior INED. At the same time, he will step down as the AC Chairman as well as a member of the Nominating Committee ("NC") and Remuneration Committee ("RC") in compliance with Practice 1.4 of the MCCG (i.e., that the Chairman of the Board should not be a member of the AC, NC or RC), and Practice 9.1 (i.e., that the Chairman of the AC is not the Chairman of the Board). In his place, as the new AC Chairperson, will be Ms. Ho Kim Poi who was appointed as an INED as well as a member of the AC and RC on 15 March 2023.

I am also pleased to report that of the eight Board members that served in FY2022, three members (including myself) comprised women Directors. Equivalent to 38% of the Board composition, this exceeded the requirements of Practice 5.9 of the MCCG that the Board comprise at least 30% women Directors. This composition will also meet the new requirement of Paragraph 15.02(1)(b) of Bursa Securities' Listing Requirements (which will come into effect on 1 June 2023), whereby listed issuers with a market capitalisation of below RM2 billion are required to have at least one woman Director on the Board.

Notwithstanding my resignation in May 2023, Amway will continue to have the equivalent of 38% of women directors on the Board with the appointment of Ms. Ho on 15 March 2023. With this, the Board continues to demonstrate its ongoing commitment to having a high level of female engagement at the highest decision-making levels within the Group.

Enhancing Our Risk Management Framework

On the risk management front, Amway has in place a robust risk management system to protect the Company against threats to its businesses. The system serves to identify all existing and potential risks, and to also manage these risks as a means of safeguarding the Group's interests.

In May 2022, we identified 14 sustainability material matters risks within the newly developed Sustainability Strategic Framework that was established in the same month. We have since incorporated the key risks associated with these sustainability material matters and their mitigation controls into the Group's Corporate Risk Register so that we can monitor and address these risks. This action aligns with the MCCG criteria and leadership's role in addressing material sustainability risks and opportunities.

Amway upholds a strict no-tolerance stance against bribery and corruption within our organisation. We are committed to constantly improving our measures to ensure that all practices and dealings remain above board. As we move forward in our value creation journey, we remain committed to ensuring that we balance out our efforts between gaining new ground in the industry while protecting our existing resources and operations via managing our risks effectively and doing business ethically.

Amway's commitment to serving our stakeholders is underscored by our delivery of long-term value and growth. It is our aim to deliver positive performances to our stakeholders which are supported by sustainable practices and solutions.





Women Directors on the Board



Adopted a
new
Sustainability
Strategic
Framework

Strengthening Amway's Agenda of Sustainability

Amway's commitment to serving our stakeholders is underscored by our delivery of long-term value and growth. It is our aim to deliver positive performances to our stakeholders which are supported by sustainable practices and solutions. To this end, plans are underway to create a stronger culture of sustainability within Amway, with a laser focus on incorporating the Economic, Environmental, Social and Governance ("EESG") considerations into the Group's decision-making and business processes, as well as addressing material sustainability risks and opportunities.

Recognising how important the agenda of sustainability is for our long-term growth, the Board has been proactively working to overhaul and strengthen Amway's sustainability practices so that these align with the recommended practices under the MCCG and the sustainability requirements of Bursa Securities.

In May 2022, the Board approved and adopted Amway's Sustainability Strategic Framework to guide and facilitate the Group's overall sustainability direction and implementation. In February 2023, the Group adopted a new Sustainability Policy which provides further guidance on how Amway is to conduct its business responsibly. The details of these measures are spelt out in the Sustainability Statement.

OUTLOOK AND PROSPECTS

Looking ahead, global markets are expected to experience a slowdown in 2023 as inflationary rates hit historic highs and monetary policies are tightened. According to Bank Negara Malaysia, Malaysia's full-year gross

domestic product ("GDP") growth is projected to moderate to between 4% and 5% in 2023 amid a global slowdown. The softening growth will be mainly due to a deceleration in external trade performances as a result of further escalation of geopolitical tensions, the re-emergence of significant supply chain disruptions and higher interest rates globally. In spite of the gloomy global prognosis, the Malaysian market will likely remain buoyant as its service exports and tourism activities continue to perform well. Pending the reopening of China, these sectors migh see an uptrend in activity. All in all, continued consumer spending and the revival of mega infrastructure projects are set to drive the domestic economy in 2023.¹

Despite the mixed economic forecast, Amway is confident of weathering the unfavourable market climate even as we continue to strengthen our business framework, particularly by way of embedding sustainability considerations into the various facets of our organisation. We will also continue to establish ourselves among the general public as a reputable and reliable source of health and wellness products. To this end, we aim to support the Malaysian Government's initiatives as part of our ongoing drive to help the *rakyat* live healthier and better lives.



¹ Adapted from an article in Business Today dated 7 December 2022 titled "Malaysia's Economic Outlook 2023: MIDF " – refer https://www.businesstoday.com. my/2022/12/07/malaysias-economic-outlook-2023-midf/

CHAIRPERSON'S STATEMENT (CONT'D)

Moving forward, the Board remains cautiously optimistic that Amway will continue to deliver modest sales growth for FY2023. In line with efforts to support our entrepreneurial ABOs and APCs as well as ensure the Group's long-term sustainable growth, Amway will continue to invest strategically and prudently 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 these investments, coupled with rising costs due to inflation and non-recurring cost savings in FY2022, are expected to exert pressure on Amway's operating margin for FY2023, we nevertheless, are quietly confident that we will remain profitable while continuing to return value to our shareholders.

Amway will continue to capitalise on our immunity-boosting supplements, weight management products, and ABO-led healthy living communities to fuel a sustainable business. At the same time, we will be elevating our efforts to support the Government's long-term focus on preventing noncommunicable diseases.

As social commerce continues to rise 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 our 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 would like to express my sincere gratitude to the many parties who have stood by Amway and helped us navigate a pathway to profitability amidst another challenging year.

At the national level, we salute the untiring efforts of the *rakyat* as well as the many frontliners and Government officials who continue to step up to the plate to lend a helping hand during the nation's time of great need. We are truly indebted to all of them for their many sacrifices and worthy efforts during a time of crisis.

Our heartfelt appreciation also goes to our valued shareholders who continue to steadfastly support and believe in us amidst trying times. We do not take your trust and confidence lightly. Rest assured that the Group remains resolute in delivering resilient results and creating sustainable value for you.

I also wish to wholeheartedly acknowledge the dedication, diligence and determination of our passionate ABO family who continue to deliver stellar performances, despite the difficult operating environment. A big thank





Embracing the new normal, Amway is changing the way it operates and interacts with entrepreneurial ABOs and other stakeholders. As our 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.

you for entrusting us to guide you in your entrepreneurial journey. Amway looks forward to continuing to work with you in the coming years. Together we will dream big dreams and accomplish great things.

A big note of thanks also goes out to our suppliers and service partners who continue to steadfastly support us. Your efforts have been instrumental to our success and the Group looks forward to working with you in a mutually beneficial manner to deliver another fruitful year.

To the Group's employees, be it on the frontlines of our shops and delivery lines, behind the desks of our operations, or in work-from-home mode, your loyalty, hard work and resilience have seen us through another year of commendable results. We are truly indebted to all of you for your worthy efforts and the spirit of excellence that you continue to exhibit.

Similarly, the year's success would not have been realised without the astute leadership of our hard-working and dedicated Senior Management team. We sincerely thank all of you for your keen insights, exacting direction, and responsible stewardship that continue to ensure the Group grows from strength to strength and delivers results in a profitable manner.

Last but not least, I would like to express my utmost gratitude to my fellow Board members for their invaluable insights and wise counsel that helped guide us to safe shores amidst another year of unprecedented challenges. We recognise and are indeed grateful for the wealth of business acumen, perspectives and skills as well as the diversity of leadership styles that our Directors bring to the table. Amway is profoundly grateful to you for your continuing guidance.

As my tenure as Board Chairperson draws to a close, I would like to extend my utmost gratitude to all those who have served alongside me during my time at Amway. I have had the privilege of seeing the Group resolutely ride out the ups and downs of the business cycle and have had the opportunity to build enduring ties with many in the Amway Family. I will miss those memorable times and my Amway Family.

As I take my leave of the Company, I leave you in the very capable hands of En. Abd Malik who will take up the reins as the new Chairman and Senior INED of the Board following our 28th AGM. He is no stranger to Amway having served on the Board and Board Committees since 2019. Please extend him, the Board, and all of Amway your full support.

At the same time, let us warmly welcome onboard, Ms. Ho who was appointed as an INED as well as a member of the AC and RC on 15 March 2023. With more than 30 years of experience in the areas of Finance and Human Resources, she brings invaluable skills and fresh perspectives to the Board that will certainly strengthen our deliberations and Amway as a whole. Upon the conclusion of the 28th AGM, Ms. Ho will be redesignated as the new AC Chairperson in place of En. Abd Malik. We look forward to her contributions.

Moving forward, I urge everyone to build upon the good momentum and solid market position that Amway has established thus far. While present circumstances render future conditions hard to ascertain, the Group remains confident that it will continue to deliver another resilient performance in the new financial year with your steadfast support.

I bid you all adieu with a tinge of sadness, but at the same time, I am excitedly looking forward to hearing about all the great things that Amway will accomplish in the days ahead. Thank you for the exceedingly kind support everyone and take good care.

TAN SRI FAIZAH BINTI MOHD TAHIR

Chairperson and Senior Independent Non-Executive Director

MANAGEMENT DISCUSSION & ANALYSIS



The financial year ended 31 December 2022 ("FY2022"), saw Amway and its subsidiaries ("the Group") transition to the endemic stage of COVID-19, while focusing on sustained growth and shareholder value creation. The Group continued to build upon the success of solid initiatives established in FY2021 – namely the rollout of the Amway Privileged Customer ("APC") programme, expansion of the Core Plus+ discretionary incentives for Amway Business Owners ("ABOs"), eCommerce website enhancements, improved home delivery operations, and modernised customer service tools. The Group also made the most of nutrition initiatives to drive health and wellness lifestyles and increase demand for Nutrilite products. Following two consecutive years of impressive growth, Amway's sales growth moderated in FY2022. However, the Group still went on to achieve a new record-high revenue of RM1,514.8 million. Meanwhile, the Group's profit before tax rose 107.3% to RM103.1 million due to long-deferred product price increases and lower incentive pay-outs in line with normalised sales



Sustainability

Statement

In FY2022, Amway continued to strategically focus on specific measures to achieve long-term business growth. These measures included making ongoing investments in its entrepreneurial ABOs and employees, launching new health and wellness products and programmes, as well as continuing to upgrade its eCommerce systems, the related delivery channels and operational infrastructure. The Group also successfully tapped existing and emerging megatrends to ensure that Amway remains relevant in the dynamic marketplace as well as bolstered corporate sustainability governance frameworks and initiatives to future-ready the business.

With all these elements in place, Amway continues to cement its position as the leading health and wellness company for entrepreneurial business owners and consumers in Malaysia while delivering sustainable value to its stakeholders.

MAKING SOLID PROGRESS DESPITE ONGOING HEADWINDS

The start of 2022 saw many nations just beginning to recover from the challenges brought on by the COVID-19 pandemic and there was a renewed hope that things would get better. However, following Russia's invasion of Ukraine in February 2022, a global slowdown in economic activities and a widespread energy crisis ensued. In addition to a steep hike in inflation rates and cost of living, supply chain disruptions arose, which in turn sparked fears of a global recession in 2023. Thankfully, economic growth proved surprisingly resilient and the energy crisis in Europe too turned out to be less severe than initially feared as did the fears of inflation. Against this backdrop, global growth came in at 3.4% in 2022 in comparison to 6.2% growth in 2021.

In Malaysia, the domestic economy recorded gross domestic product ("GDP") growth of 8.7% for 2022, surpassing an initial forecast of 6.5% to 7% and marking the fastest full-year growth in 22 years (2021: 3.1%). This growth was triggered by the resumption of economic and social activities, the recovery of Malaysia's tourism industry, intensified policy support, as well as improved labour market and income conditions. The continued expansion in domestic demand, a firm recovery in the labour market, and resilience in external demand also supported the year's GDP growth.²

On the retail front, Retail Group Malaysia Sdn Bhd ("RGM") reported that retail sales in the third quarter of 2022 ("Q3 2022"), soared by 96%, bringing the first nine months' growth to 45.9% compared with a year ago during the pandemic. However, these numbers, while encouraging, are unprecedented and predominantly a result of a low base effect. The strong growth rates were mainly due to the lockdowns in 2021, not due to strong economic recovery or income growth.³

For Q4 2022, RGM estimates retail sales to expand by just 6% while the overall growth for 2022 is forecast to reach 41.6%, translating into RM124.5 billion in retail industry turnover as compared to RM87.9 billion in 2021. (This figure does not include retail sales from provision and sundry shops, wet markets,

other non-formal retail outlets, direct sales and pure-play online shopping platforms). During the pandemic, retail sales contracted by 16.3% in 2020 and by another 2.3% in 2021. For 2023, overall growth is forecast to be 3.5%, representing RM128.8 billion in retail turnover.

Effective 1 April 2022, Malaysia officially entered into the Transition to Endemic Phase following the effectiveness of public health prevention and control measures, including the National COVID-19 Immunisation Programme. Throughout 2022, the nation also had to contend with headwinds such as the global shortage of workers, the weakening of the Malaysian Ringgit, rising inflation, an unstable economy, and political uncertainty, among other things.

Amidst this challenging backdrop, Amway maintained its health and wellness focus and supported Malaysia's nationwide transition to the endemic phase of COVID-19. At the same time, Amway lent support to the nation's Agenda Nasional Malaysia Sihat initiative to combat the health crisis made worse by the staggering number of Malaysians suffering from non-communicable diseases.

FY2022's positive performance stemmed from Amway's advocacy of health and wellness solutions and health-centric lifestyles, as well as prudent investments to support entrepreneurial ABOs, hardworking employees, and loyal customers. Launched in FY2021, the APC programme and additional Core Plus+ discretionary incentives, coupled with the continued strong demand for health and wellness products, helped the Group reach 419,900 new ABO and APC signups, grow the total core force size to almost half a million ABO and APC members, and achieve an average of 182,700 buyers per month in FY2022. Altogether, Amway grew in terms of top-line sales, force size, buyer count, and Nutrilite health and wellness product sales.

In addition, the Group continued to strengthen eCommerce online orders and contactless home delivery experiences, which accounted for over 58% of FY2022's annual sales.

- 1 Extracted from the International Monetary Fund's (IMF) "World Economic Outlook: Inflation Peaking Amid Low Growth" publication (January 2023) refer https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023
- 2 Extracted from a CNBC article titled "Malaysia posts stronger-than-expected GDP in fourth quarter; global slowdown clouds outlook" dated 9 February 2023 refer interest rates globally.
- 3 Extracted from an article in the Edge Markets dated 20 December 2022 titled, "Retailers advised to brace for tough months post-CNY" refer https://www.theedgemarkets.com/article/retailers-advised-brace-tough-months-postcny.

Building upon the enhancements that we made to our processes in FY2021, we continued to refine our backend design, policy alignment and future planning initiatives. Changes and improvements included the installation of features such as our Zendesk, chatbot, online returns and replacement order capabilities, to name a few. These changes to our systems, tools and policies have facilitated enhanced services which will in turn support our future success.

In April 2022, Malaysia transitioned to the endemic phase of COVID-19. Consequently, Amway was able to reopen its physical stores and resume in-person ABO activities, rallies and events. As a result, physical store sales increased to 43% in December versus 35% at the beginning of the year.

In FY2023, we are looking to ramp up both our physical and eCommerce stores with the following improvements:



New shop operating hours;



New experience centres;



Fast retail trials;



Home-delivery only stock keeping units;



In-home after-sales services;



Online returns and replacement services;



Designated delivery and pick-up points; and



East Malaysia home delivery from Peninsular Malaysia.

The Group is also looking to launch additional "Go Green" programmes for our home delivery and after-sales services.

Despite the many challenges faced in FY2022, the Amway business continued to grow steadfastly. Today, the Group continues to undertake the necessary measures to grow strong, loyal communities of ABOs and customers as well as position itself as a national leader in the Health and Wellness segment.

DELIVERING A COMMENDABLE FINANCIAL PERFORMANCE

Sales Revenue

Following two consecutive years of impressive sales growth during the pandemic, sales revenue growth normalised in FY2022. The Group posted sales revenue amounting to RM1,514.8 million – a new record to date, representing a 1.9% increase in comparison to the RM1,485.9 million attained in FY2021. The sales increase was mainly driven by strong demand for health and wellness as well as personal care products on the back of the Lead with Nutrition initiatives.

Earnings

For FY2022, the Group's profit before tax ("PBT") rose 107.3% to reach RM103.1 million in comparison to the RM49.7 million garnered in the preceding year. The year's PBT was mainly underpinned by price increases and lower ABO incentives. During the pandemic years of FY2020/21, investment into ABO incentives was significantly higher attributable to two years of hyper sales growth. With sales growth returning to moderate levels in FY2022, the investment into these incentives normalised.

Dividends

The Group is committed to safeguarding shareholders' interests and creating long-term sustainable value. In line with the Company's dividend policy, Amway distributes a gross dividend of not less than 80% of the annual net earnings to equity holders of the Company. This is ultimately dependent 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 FY2022, Amway paid out three single-tier interim dividends of 5.0 sen net per share amounting to RM24.7 million.

On 27 February 2023, the Board declared a fourth single-tier interim dividend of 5.0 sen net per share and a special single-tier interim of 18.0 sen net per share amounting to RM37.8 million. Shareholders' entitlement to the fourth single-tier interim dividend and the special single-tier interim dividend was determined based on shareholders registered in the Record of Depositors as of 15 March 2023. The corresponding payment was made on 29 March 2023.

For FY2022, Amway made a total dividend payout of 38 sen net per share, amounting to a total of RM62.5 million – higher than the total dividend payout of 24.0 sen, which amounted to RM39.5 million paid out in FY2021. This represents a payout ratio of 81% of net earnings for FY2022 and underscores the Group's commitment to delivering sustainable value to shareholders even amidst challenging times.

Financial Position and Liquidity

The Group continues to retain 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 emerge.

As of 31 December 2022, the Group's net assets per share stood at RM1.54 per share compared with net assets per share of RM1.31 at the end of FY2021. The improvement came on the back of higher profit achieved for the year and was partially offset by dividend payments.

At the end of FY2022, the Group's current assets exceeded current liabilities by RM146.9 million as compared to RM98.4 million at the end of FY2021. At the end of FY2022, Amway's cash and bank balances stood at RM180.3 million in comparison to RM236.8 million at the end of FY2021. The Group had zero bank

borrowings at the end of FY2022, similar to its borrowing position at the end of FY2021.

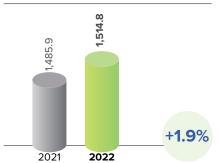
Capital Expenditure, Requirements, Structure and Resources

The Group made capital expenditure ("CAPEX") investments of RM3.6 million in FY2022, versus RM6.1 million for FY2021. The FY2022 CAPEX investments comprised mainly of enhancements to ABO experiencerelated infrastructure, eCommerce backend systems, chatbot/live agent customer service, and online returns capabilities. The Group also purchased additional product tracking equipment to track unauthorised exporting and selling on third-party eCommerce platforms and invested in facilities to better support ABO business development activities.

Moving forward into FY2023, the Group will focus on finetuning its existing infrastructure, enhancing its warehouse facilities, and developing its first mobile native eCommerce app.

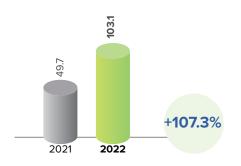
SALES REVENUE

(RM' Million)



PROFIT BEFORE TAX

(RM' Million)





STRENGTHENING THE FOUNDATION FOR AMWAY'S 50TH ANNIVERSARY

Amway (Malaysia) Holdings Berhad was established in 1976 with the vision of "Helping People Live Better, Healthier Lives". From its humble beginnings as a single storefront supplier of consumer goods, the Group has grown to become an industry-leading player in Malaysia and one of Amway Global's top-10 performing affiliate markets. According to the 2021 Direct Selling Retail Sales Report issued by the World Federation of Direct Selling Associations or WFDSA, Malaysia is also ranked 6th globally (up from 7th place in the global list from the previous year) and 4th in Asia Pacific in terms of direct selling sales.

In Malaysia, Amway continues to be recognised as a reputable household name and one of the industry's leading health and wellness players. Today, the Group has 22 stores nationwide and over 450 high-quality consumer goods ranging from health supplements and energy products, to skincare, personal care, and durables. Amway offers solutions for a healthier lifestyle via health and wellness products, particularly under the Nutrilite brand.

With some 47 years of history backing us, Amway Malaysia's fundamentals remain strong and the business continues to grow profitably and sustainably. The Group remains committed to upholding our Founders' Fundamentals of "Freedom, Family, Hope, and Reward" as it has done all these years. That commitment is reflected in the Group's determination to provide the best opportunity and platform for entrepreneurial ABOs to build a personalised community of engaged customers.

For FY2022, Amway focused on training, growing, retaining, and increasing entrepreneurial ABO productivity. The Group worked together with ABO partners to strengthen their businesses, ensuring these are firmly built on solid, healthy frameworks capable of delivering sustainable, long-term returns.

As the Group moves towards celebrating its 50th anniversary in 2026, Amway is determined to deliver strong and sustainable value by leveraging emerging megatrends and the evolving needs of entrepreneurial business owners and customers.

⁴ Extracted from the President's Message in the Malaysia Direct Seller publication dated 22 October 2022 – refer https://issuu.com/harini.mservices/docs/mds_be_2022/s/17167416.



The Group has focused its efforts on four megatrends most relevant to the Amway business - namely the "Bricks and Clicks", "Healthy Living", "Connected Middle-Class Consumers" and the "Rise of Gig Economy Workers" megatrends.

EMBRACING MEGATRENDS, UNLEASHING POTENTIAL

The Group recognises how important it is to study past, present, and future transformative global patterns and trends to ensure Amway remains relevant to dynamic market conditions. For the past few years, Amway has studied the disruptive new megatrends that have emerged as a result of technological innovation, demographic shifts, spread of globalisation, and more recently, due to the global COVID-19 pandemic and climate change concerns.

Acknowledging that these market trends will significantly affect future markets and consumer behaviour, the Group has aligned its strategies with these influential forces and will continue to leverage them to grow the Amway business. In doing so, the company is future-readying its employee workforce as well as empowering entrepreneurial ABOs to build sustainable businesses and communities to make the most of these influential forces.

While the number of universal megatrends continues to expand, the Group has focused its efforts on four megatrends most relevant to the Amway business – namely the "Bricks and Clicks", "Healthy Living", "Connected Middle-Class Consumers" and the "Rise of Gig Economy Workers" megatrends. In the following pages, the Group addresses how these megatrends are influencing the future and discusses how Amway is tapping these influential forces to strengthen the business.

MEGATREND #1: BRICKS AND CLICKS

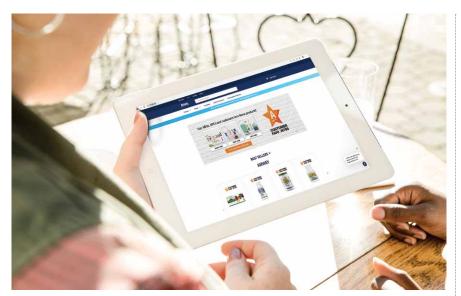
The term "bricks and clicks" was coined by research and consulting firm Frost & Sullivan a decade ago to explain the transition of traditional brick-and-mortar retail establishments to integrated cross-channel models which combined both virtual and physical platforms. At that time, Frost & Sullivan predicted that bricks and clicks-type businesses would comprise 20% of total retail spending and reach a value of US\$4.3 trillion by 2025. However, that prediction was surpassed by some five years as retail eCommerce sales worldwide skyrocketed to US\$4.28 trillion in 2020 fuelled by the pandemic. Retail eCommerce then went on to garner approximately US\$5.2 trillion in worldwide sales in 2021 and this is forecast to grow by 56% to reach approximately US\$8.1 trillion by 2026.5

Today, Malaysia remains among the fastest-growing eCommerce markets in Southeast Asia. According to analytics company, GlobalData, the Malaysian eCommerce market is forecast to expand by 19.9% in 2022, reaching US\$9.2 billion in value. GlobalData further projects that eCommerce sales in Malaysia will increase at a compound annual growth rate ("CAGR") of 16.1% between 2022 and 2026 to reach US\$16.6 billion by then. This growth is being supported by the fast-expanding shift from offline to online purchasing, the rapid adoption of smartphones, growing Internet penetration, and the availability of secure online payment systems. Even with the relaxation of movement restrictions post pandemic, Malaysian consumers continue to favour online shopping with nearly 90% of Malaysian consumers reportedly having shopped online over the study's six month period.⁶



⁵ Data extracted from Statista's research on global retail e-commerce sales worldwide from 2014 to 2026 dated September 2022 – refer https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/.

⁶ Adapted from an article in Inside Retail dated 27 October 2022 titled "Malaysian e-commerce market to grow by 19.9 per cent this year" – refer https://insideretail.asia/2022/10/27/malaysian-e-commerce-market-to-grow-by-19-9-per-cent-this-year/.



Bolstering Amway's eCommerce Capacity and Digital Capabilities

While the Group had already begun to invest in digital infrastructure and eCommerce initiatives before the onset of the pandemic, the original five-year plan was fast-tracked and brought to life over two years during the pandemic. The height of the pandemic saw online sales account for 100% of total sales registered by Amway. Even as Amway reopened physical stores following the full resumption of Malaysia's economic sectors, and as ABOs and APCs returned to shopping in-store, online sales remained strong at 58% for FY2022.

However, the average monthly pageviews and visitors to the www.amway.my eCommerce website dipped slightly to 10.6 million and 1.98 million respectively. This was expected given the reopening of physical stores and as shoppers began to indulge in "revenge shopping" after a long pandemic-induced hiatus. Although slightly lower than FY2021's results, these numbers were significantly higher than those recorded before the onset of the pandemic. Monthly enhancement releases to the www.amway.my website and related infrastructure bore good results as reflected in the User Satisfaction Score which grew from 81% at the beginning of the year to a high of 89% in November 2022.

In line with industry trends, Amway's ABOs and APCs have been utilising credit and debit cards for online purchases, along with the zero-interest payment facilities offered by the various banks. Other digital payment methods such as the Buy Now, Pay Later ("BNPL") initiative are also showing strong growth among Malaysian online consumers with Business Wire projecting a CAGR of 35% between 2022 and 2028. In tandem with this, the Group introduced Atome, a leading BNPL provider in Malaysia, as an additional payment channel to enhance the eCommerce experience.

In FY2022, Amway enhanced its eCommerce architecture to provide a more practical and efficient user interface and processes, as well as a more engaging and convenient eCommerce experience. Leveraging cloud computing and powered by HybrisCORE, the full omnichannel platform facilitates online, mobile, and in-store sales in an intuitive manner. The Group also enhanced its eCommerce backend systems and online return platform to improve the ABO and APC shopping experience.

Building on Amway's FY2021 efforts to help ABOs and APCs shift towards online purchasing and business transactions, the Group continued to enhance

its eCommerce capabilities with a focus on seamless user experiences. Towards this end, FY2022 saw the release of over 100 enhancements. The key enhancements included the following:



Advance payments for Easy Payment Plan or EPP instalments:

A BNPL payment capability by Atome;





A Mobile Business Dashboard for ABOs;

UI/UX enhancements to the website menu, layout, shopping cart, and business centre to improve the customer journey;





The Amway Product Recommender with built-in data-science models;

Personalised notifications to ABOs relating to unpaid bonuses;





Mandarin and Malay language capabilities on the chatbot; and

Further personalisation enhancements to the Amway Loyalty Programme.



Digitalisation is helping the Group refine its processes to make sure entrepreneurial ABOs and APCs are equipped with the right tools. These were among some of FY2022's digital endeavours:



Ongoing enhancements to the Digital Product Catalogue launched in 2021;

The Amway Malaysia Telegram Public Channel for ABOs and APCs to facilitate better push communications and updates;





The ABO/APC eCard being made available on www.amway.my so that ABOs and APCs can access everything they need in one central location;

Consolidation of the Group's digital resources, apps, and websites in favour of streamlining the content onto social media to facilitate better reach; and





An eCommerce digital packing list, thereby reducing over two million pieces of paper from home delivery operations.

Galvanised by the pandemic situation, the Group experienced explosive growth and a sudden shift to online orders and home delivery channels. In tandem with this, Amway put in measures to increase its order picking capacity by 400%, prioritise same-day shipping, find capable delivery carrier partners, and make the transition to a 7-days per week operation. The combination of these efforts allowed the Group to achieve a record 99% on-time delivery from June 2022 onwards.

Today, as society and economies embrace digitalisation wholeheartedly, the Group is committed to augmenting its digital infrastructure and investing in eCommerce solutions and delivery services to maintain its sales growth and online trajectory. Moving forward in FY2023, Amway will continue to look at more system enhancements and develop its first-ever native mobile eCommerce app.

MEGATREND #2: HEALTHY LIVING

According to a study by McKinsey and Company published in 2021, the wellness market is booming with consumers intending to keep spending on wellness more than they ever have before. Wellness is now a US\$1.5 trillion market globally – and it is growing at a clip of 5% to 10% each year. McKinsey research shows that consumers are most interested in six wellness categories, namely health, fitness, nutrition, appearance, sleep, and mindfulness.⁷

Wellness has evolved from an emphasis on treatment to an emphasis on prevention with consumers wanting to take charge of their own health. This in turn is being driven by different factors, among which are technology and the cost of healthcare. Consumers today have been empowered by technology, are better informed, and are able to make choices about their own healthcare. The cost of health care is also driving the evolution of self-care; so much so that rather than going to a doctor or trying to get a prescription, consumers are now looking for more cost-effective options such as self-care and self-treatment. Over the long-term, digital health, self-care, and eCommerce are all expected to play a central role in shaping the future of wellness.⁸

In the wake of the COVID-19 pandemic, health has been firmly entrenched as the new wealth among people from all levels of society. All this has led to higher demand for immunity-boosting supplements as well supplements related to energy, gut health, children and weight loss. This trend which is set to maintain its upward trajectory for the near future, bodes well for Amway given that health and wellness are the Group's core strengths.





Capitalising on the Demand for Holistic Health and Wellness Products

Amway has been able to make the most of this megatrend by offering consumers best-in-class products ranging from health supplements and skincare to home care products. By tapping the high-quality and innovative products within Amway's Nutrition and Wellness category, the Group provides entrepreneurial ABOs and customers more options to achieve healthy and well-balanced lifestyles.

In FY2022, the Group concentrated on strengthening its reputation as a key health and wellness solution provider. With this goal in mind, Amway introduced a host of products for the nutrition and wellness as well as beauty segments. The Group also partnered with third-party companies to deliver more health and wellness products to customers.

NUTRILITE

The year in review saw Amway launching the following:

Improved Formula Nutrilite DOUBLE X

Amway's signature Nutrilite product is now reformulated to contain 11 vitamins, 10 minerals and 19 plant concentrates that help neutralise excessive free radicals in

the body reactively and proactively.

Nutrilite Botanical Beverage

Packed with the goodness

wolfberries, this beverage

helps protect one's eyesight

against harsh environmental and lifestyle factors.

Berries with Lutein

of marigold flowers,

chrysanthemums, and

Nutrition Wellness

Nutrilite Botanical Beverage Apple, Jujube & Wheat

Peptide This beverage helps

strengthen the stomach with a unique blend of jujube and ginger to ease stomach discomfort, along with wheat peptide and kelp to protect the stomach lining.



O Di

DOUBLE X

Nutrilite Cranberry Fruit Drink Base with Probiotic, Inulin & FOS

This cranberry-flavoured probiotic supplement helps maintain women's vaginal health and gut health



Vital Treasures PINK BLOOM **Botanical Beverage** Raspberry, **Red Dates &** Pomegranate Extract

NUTRILITE"

This ready-to-drink botanical essence helps improve vitality for women in all stages of life.



Vital Treasures ROSYSHINE **Botanical Beverage Berries,** Rose Petal Extract & Grape Seed Extract

This ready-to-drink botanical essence promotes brighter glowing skin with a healthy rosy shine.

XS IGNITE Blood Orange Fruit Drink Base with Isomaltulose & L-Glutamine

Scientifically formulated to naturally boost workout performance and metabolism, this fruit drink base boosts one's energy and helps consumers reach their ideal body shape.



Plant to Table by **Nutrilite**

A sub-brand from Nutrilite offering a new plant-based range comprising:

- White Chia Seed Oil;
- Green Tea Mix With Rose; and
- White Tea Mix with Chrysanthemum & Goji Berry.

The Group also released these Limited Edition Bundles to further support customers who are embracing a healthier lifestyle:

1. Nutrilite Seize the Day Kit Comprising five supplements, this bundle helps fill nutritional gaps in consumers who live a hectic lifestyle while neutralising free radicals proactively and reactively with the

Improved Formula DOUBLE X.

UNUTRILITE DOUBLEX

2. Nutrilite 24/7 Health Guard Kit Comprising four supplements, this bundle helps consumers maintain

their health by having quality supplements working in tandem with the Improved Formula DOUBLE X.



3. BodyKey by Nutrilite Start Up Pack (Turbo Edition)

A 30-day targeted solution guides consumers on a healthy weight management journey that includes nutritionally balanced shakes and supplements that promote wellbeing.



To further encourage ABOs and APCs to embrace health and wellness more holistically, the Group launched third-party products and appliances which included the Celebration Mooncakes Infused with Nutrilite Soy Protein, Dreamland Chiromax Mattress and Headboard Divan Set, and most notably, the Noxxa Low Sugar Rice Cooker. With the tagline, "Wellness begins with healthier rice", the SGS-certified Noxxa Low Sugar Rice Cooker reduces up to 41% of the starch in white rice.



The Group introduced holistic box sets comprising our three-step skincare regiments that aim to fulfil the skin's basic needs and Limited Edition Bundles to meet customer demand:

ARTISTRY SKIN NUTRITION
 Balancing Solution 3-Step Set
 (Full Size) – Ideal for Oily and
 Normal to Oily skin

A sleek box set put together for oily and unbalanced skin with its threestep skincare regimen.



2. ARTISTRY SKIN NUTRITION Hydrating Solution 3-Step Set (Full Size) – Ideal for Dry and Normal to Dry skin

A sleek box set with a three-step skincare regimen to overcome dryness and premature ageing.



3. ARTISTRY SKIN NUTRITION Renewing Solution 3-Step Set (Full Size) – Ideal for Dry skin

A sleek box set with a three-step skincare regimen to overcome unwanted visible signs of ageing.



4. ARTISTRY Collagen Glow Duo
Combining ARTISTRY SKIN
NUTRITION Vitamin C+HA3 Daily
Sorum and ARTISTRY INTENSIVE

NUTRITION Vitamin C+HA3 Daily Serum and ARTISTRY INTENSIVE SKINCARE Vita Collagen Capsule, this duo helps to diminish skin dullness, targets signs of ageing, amplifies the brightening effect and provides deep hydration.



5. ARTISTRY 5-Day Solutions

Consisting of four combinations – Balance+Glow, Hydrate+Glow, Renew+Glow, and Firm+Glow, these bundles help to achieve healthier, glowing, younger-looking skin in just five days.









The year also saw the Group streamlining its organisational structure and product portfolios to enable a stronger focus on product innovation, as well as ensure better alignment with Amway's vision statement of "Helping People Live Better, Healthier Lives" and its Health and Wellness positioning.



Recognised for Product Excellence

Amway's products continue to be acknowledged for their unrelenting commitment to delivering excellent value and uncompromising quality.

Nutrilite has won Gold and Platinum Awards in the Reader's Digest Trusted Brand Awards' Vitamin/Health Supplement (Malaysia) category since 2005. In 2022, Nutrilite received a Gold Award for the 18th consecutive year, reaffirming its position as the world's #1 selling vitamin and dietary supplement brand.

Amway's innovative eSpring Water Treatment System was selected for the 17th year in a row as the winner of the Reader's Digest Trusted Brand Gold Award in the Water Purifier Category for both Malaysia and Asia. In addition, eSpring also received the Frost & Sullivan Asia-Pacific Home Water Treatment Competitive Strategy Leadership Award for the 13th consecutive year.

MEGATREND #3: CONNECTED MIDDLE-CLASS CONSUMERS

Over the past few years, two megatrends, namely the "Connected Consumer" megatrend and the "Middle-Class Retreat" megatrend have been converging more noticeably. The "Connected Consumer" is all about how the evolution of the Internet and the Internet of Things ("IoT") are providing consumers access to an unprecedented flood of options at their fingertips. Frost & Sullivan predicts that the following will take place by the year 2025: machine learning, big data and blockchain technology will take centre stage; there will be over 7 connected devices per human in the world, over 5 billion mobile Internet users, and some 1.2 billion 5G subscribers; at the same time, there will be a 10 times increase in data generation. As a highly connected world emerges and the full potential of IoT and multiple innovative applications are unleashed in a more affordable manner, the way we live, communicate and conduct business will be transformed dramatically.⁹

The "Middle-Class Retreat" megatrend on the other hand refers to the mega shift in consumer behaviour whereby people are adopting thriftier lifestyles and prioritising waste reduction. The rise of this "glorified frugality" subculture is owing to the fast 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", namely connected middle-class consumers who leverage the breadth of their connectivity to achieve maximum value with their limited resources at the lowest cost possible. As such, retailers who can deliver value without compromising on quality are more sought after by super consumers.



Satisfying the Needs of the Amway Super Consumer and Personalised Communities

In the year under review, Amway proved its commitment to creating value for its ABOs and customers by introducing award-winning products, innovative campaigns, and personalised communities that catered to all lifestyle and business needs. Delivered in a fun and attractive manner to ensure maximum participation, these campaigns are part of the Group's strategy to shift more ABOs, their customers, and the Malaysian *rakyat* towards healthier lifestyles.

In FY2022, Amway rolled out the following consumer campaigns:

Nutrition and Wellness Campaigns

Foundation in Nutrition and Wellness Certificate Programme

The programme was held in Q2 2022 for Leaders, and due to overwhelming demand, it was conducted again in Q3 2022 for all ABOs. The programme aims to help participants expand their nutritional knowledge and grow their Nutrilite business.

BodyKey Own-It Challenge

Using the BodyKey app, this 60-day challenge is designed to help participants manage their weight sustainably in teams while building a fitness support group and retailing BodyKey at the same time.

BodyKey 21 Days of Change Programme

The 21-day lifestyle-oriented programme aims to guide beginners on how to build healthy, long-term weight management habits with fun and engaging content.

BodyKey Warrior Virtual Programme (Season 3)

An intermediate level programme which aims to expand participants' BodyKey knowledge, health and business while improving health, building communities and mastering the keys to success. In Season 2, celebrities such as Atilia Haron and Reyhana Yunus joined hands with dietitian Indra Balaratnam, nutritionists and fitness coaches, to train, educate and empower ABOs to manage their weight sustainably and lead a fitter lifestyle.



Start Your Day Right with Protein Power

Launched in September 2021, this educational campaign focuses on the importance of adding soy protein into daily diet regimes, and how one can optimise their health with the right pairing of Nutrilite products.



BodyKey Young@Heart

The event, which took place in Q4 2022 at the Bukit Kiara Equestrian & Country Resort, Kuala Lumpur, enabled hundreds of participants to experience the all-new XS IGNITE product in a fun and vibrant outdoor venue.

Borak Santai with Nutrilite

Celebrity MasterChef Malaysia 2012 Champion, Dato' Fazley Yaakob, demonstrated how to make delicious Raya fare using Nutrilite products via Amway Malaysia's Facebook Live session.

Beauty Campaigns



ARTISTRY A-Squad Contest

This contest had participants snapping a photo or video of themselves with the "Guess My Age" filter before sharing it on their social media. From an open vote, finalists went on to become members of the ARTISTRY social influencer A-Squad.



Beauty Camp

Over 2,000 ABOs attended the ARTISTRY Beauty Camp to learn how to level up their ARTISTRY business. The full-day beauty bootcamp included an inspirational learning session on the new ARTISTRY SKIN NUTRITION Vitamin C+HA3 Daily Serum, followed by workshops on Amway beauty solutions and beauty devices.

Consumer Campaigns and Promotions

In FY2022, the Group rolled out the following campaigns to help ABOs and APCs adopt healthier lifestyles via more affordable payment options:



The new BNPL new payment method offers greater shopping convenience for ABOs and APCs by allowing them to split their Amway orders into multiple easy payments with 0% interest through the Atome app. Under the BNPL scheme, Amway introduced eight exclusive bundles focused on health, skincare, and clean water solutions.



Amway Loyalty Programme ("ALP")

In FY2022, Amway added more products to the ALP. The ALP allows ABOs and consumers to easily replenish products under a six-month product subscription programme while also enjoying additional savings.



Easy To Own ("ETO") Programme

This programme allows ABOs and APCs to own the eSpring Water Treatment System as well as Atmosphere SKY and Atmosphere Mini Air Treatment Systems inclusive of service and parts bundles via affordable 24-month instalment periods.

Sustainability

Statement

Sales Campaigns

In January 2021, Amway launched the Amway Privileged Customers or APC programme. The new category allows ABOs to register their customers with a lower membership fee. APCs are allowed to buy products at the same prices as ABOs, but they are not allowed to sell products nor are they eligible for bonuses. In FY2022, the Group supported the APC segment with the following campaigns:



APC Renewal Promotion

APCs could purchase any Coreline products online or at Amway Shops to enjoy free renewal of their APC membership.



ABO/APC Membership Renewal Promotion

Both ABOs and APCs stood to receive an eCoupon with the renewal of their memberships.



Jom Bina Bronze Campaign 2.0

This programme focuses on helping ABOs build a stronger foundation for their business structure while earning rewards with the Core Plus+ Early Incentive.



MEGATREND #4: THE RISE OF GIG ECONOMY WORKERS

During the pandemic, the lockdowns imposed in Malaysia led to a prolonged economic downturn and a surge of retrenchments. In 2021 and 2022, the nation registered an unemployment rate of 4.6% and 3.6% respectively according to the Statistics Department. As a result of the weak job market, many former employees jumped onto the "gig economy" bandwagon to make a living in a more flexible manner.

The gig economy 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 and delivery riders to Airbnb hosts, copywriters – or in the context of Amway – the Group's enterprising entrepreneurially-minded ABOs.

According to a report by Mastercard, global transactions associated with the gig economy will grow by 17% per annum to approximately US\$455 billion (RM2.05 trillion) by 2023. In Malaysia, more than 26% of the nation's total workforce, or about four million gig workers, are now part of the gig economy.¹⁰

In a 2020 study conducted by Zurich Insurance Group and the Smith School of Enterprise and the Environment at the University of Oxford, some 38% of Malaysians who were employed full-time then were considering joining the gig economy within a year – a percentage considerably higher than the global average of 20% back then.

As Fourth Industrial Revolution technologies and digital platforms are leveraged by gig economy participants like never before, the gig economy is expected to grow into a major contributor to Malaysia's GDP over the next five years. Seeing that it will provide the nation with sustainable and inclusive economic growth, the gig economy has been included in the 12th Malaysia Plan for 2021 to 2025 and the Government is taking steps to regulate the sector to ensure gig workers' welfare.¹¹



10, 11 Adapted from an article in The Sun Daily dated 17 September 2022 titled "Impact of gig economy" – refer https://www.thesundaily.my/home/impact-of-gig-economy-ch9823136

Paving Pathways of Opportunity for Gig Workers

Amway recognises that an increasing number of entrepreneurially-minded people are looking for career alternatives and more freedom while still aiming for financial security. As such, the Group's offer of enabling more people to become entrepreneurial business owners is an opportune one for many in the gig economy. In this regard, Amway is uniquely poised to unlock potential, unleash free enterprise, and create opportunities so people can generate wealth for themselves. Amway continues to make decisions based on our Founders' Fundamentals of "Freedom, Family, Hope, and Reward" to remain relevant to marketplace dynamics as well as to attract like-minded entrepreneurs. As more entrepreneurially-minded people look 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.

In FY2021, the Group supported entrepreneurially-minded ABOs with a host of effective long-term measures that included the APC programme. In conjunction with this, Amway launched new and incremental incentives within our discretionary Core Plus+ programme to give new entrepreneurial ABOs the chance to earn more income from the onset of their business ownership. These discretionary incentives represented a significant investment by the Company to enrich the entrepreneurial business ownership opportunity in the gig economy era.

In FY2020 and FY2021, Amway saw hypergrowth in the number of ABOs on the back of sponsoring and recruiting promotions. For FY2022, the Group focused on measures to moderate growth, as well as train and stabilise ABOs' businesses. The New ABO/APC Experience Programmes focused on the first 90 days journey of newly signed-up members in the areas of product knowledge, purchases, healthy lifestyle choices, and ABO earning potential.

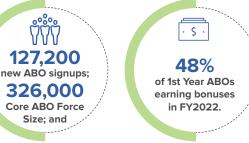
Reward and recognition are essential components of the company's Founders' Fundamentals and culture. Amway recognises ABOs who build businesses primed for long-term achievement and not just short-term gains. The company's Global Award Recognition provides a path to that goal by rewarding profitable and sustainable businesses while developing future leaders and putting people first.

In FY2022, Amway, together with our entrepreneurial ABO Leaders engaged in several activities in recognition of our hardworking ABOs. Among the highlights was an event at the Axiata Arena in Bukit Jalil where over 10,000 attendees participated physically and online to witness two of the pioneers in Malaysia achieve Amway's highest pin recognition i.e. Global Award Recognition Founders Crown Ambassador. We are immensely proud of their success.

Following a two-year hiatus, the National Leadership Conference and Dinner was held physically once again at the Malaysian International Trade and Exhibition Centre, Kuala Lumpur. The event saw a record-breaking 3,800 leaders in attendance with a fashion runway-themed dinner, where the leaders were dressed in their fanciest clothes and accessories to celebrate the announcement of Paris, France, as Amway's next Leadership Seminar destination in 2024.

As a result of these measures, we garnered these results in FY2022:





The Group will continue to build upon its success by exploring and developing new ways in which we can help our entrepreneurial ABOs create value in an efficient and beneficial manner. To this end, Amway will be developing an eCommerce app which is aimed at helping ABOs grow their business.

TOWARDS SUSTAINABLE, LONG-TERM BUSINESS GROWTH

In line with the Group's focus on adopting a comprehensive approach towards business management, business continuity and creating long-term value, Amway is mindful of the Economic, Environmental, Social and Governance ("EESG") risks and opportunities alongside the financial implications that need to be considered. The Group's approach to sustainable development is outlined in the Sustainability Statement within this Annual Report. Meanwhile, Amway's risk management activities and effort 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

Acknowledging the essential role that risk management plays in Amway's pursuit of sustainable value creation, the Group remains vigilant and continuously works to anticipate and mitigate potential threats to operations, performance, financial condition, and liquidity. The Group's risk management efforts have been translated into standard operating procedures ("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 unauthorised selling of products online and the long-term impact of the COVID-19 pandemic. With the impact of the pandemic very much under control, unauthorised online sales remain the key consideration in the Group's risk register.

Curtailing Unauthorised Online Sales

The ongoing sale of products on unauthorised third-party eCommerce platforms at reduced prices continues to pose a risk to Amway and the entire direct selling industry. Not only does it undermine the efforts of hard-working entrepreneurial business owners, but unregulated and unsupervised sales via eCommerce platforms are serious concerns to consumers due to questions concerning product authenticity, product satisfaction, and product warranties. Moreover, it impacts the Group's overall long-term earnings potential.

To curb this menace and as part of the Group's overall sustainability commitments under its "Nurturing People and Community Pillar", Amway has ongoing engagement efforts with the representatives of eCommerce platforms to eliminate any Amway products on their platforms. In FY2022, Amway continued its close collaboration with the Malaysian Government, the Direct Selling Association of Malaysia and legal firms, as well as took legal action against both unauthorised sellers and eCommerce platforms who encroached on Amway's trademarks and copyrights or contravened the Malaysia Direct Sales and Anti-Pyramid Scheme Act

The Group continued to invest in new tracking technology to identify and impose sanctions on the individuals/parties involved in such activities. Amway took firm action against business owners and other agents by issuing them warning letters, as well as suspended or terminated business owners involved in such activities.

Aside from the legal and investigative actions undertaken, Amway conducted training and awareness for the public, customers, and entrepreneurial business owners to educate them about the risks of making purchases through unauthorised sellers and eCommerce platforms.

Transitioning to the Endemic Phase

In FY2022, Amway adjusted its COVID-19 health and safety measures in tandem with the nation's move toward the endemic stage. The Group continued to prioritise workforce safety, as well as shifted its efforts and resources towards supporting ABOs' businesses. Embracing the new normal in FY2022, Amway began to organise physical events once again with the option for online viewing made available. To ensure the safety of all those present, employees and attendees were highly encouraged to observe health measures such as wearing a mask and undertaking self-testing for COVID-19 before attending events.

To ensure business continuity, as well as to safeguard the safety and wellbeing of employees, ABOs, customers, and the community, the Group continued to implement a variety of proactive measures. For a more detailed overview of the Group's ongoing COVID-19 mitigation and business continuity measures, please turn to the Sustainability Statement within this Annual Report.

LOOKING AHEAD

Challenging Times Lie Ahead

At the time of writing, global growth is projected to decelerate sharply as a result of policy tightening aimed at containing soaring inflation rates. Worsening financial conditions, and continued disruptions from Russia's invasion of Ukraine are also expected to continue to negatively impact the global outlook.¹² With a worldwide recession looming on the horizon, global growth is forecast to slow from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. This will be the weakest growth profile since 2001 except for the global financial crisis and the most critical phase of the COVID-19 pandemic.13

Despite the downtrend of the global economy, Southeast Asia is expected to maintain a relatively resilient recovery pathway on the back of stronger economic performance by the majority of its member nations.14

Looking ahead, the central bank, Bank Negara Malaysia ("BNM"), forecasts that the Malaysian economy will expand between 4.0% and 5.0% in 2023 on the back of firm domestic demand amid continued labour market improvements. The realisation of large infrastructure projects and the recovering tourism sector are also expected to provide some stability. However, at the same time, BNM cautions that the nation's growth still remains susceptible to weaker-than-expected global growth, higher risk aversion in global financial markets, further escalation of geopolitical conflicts, and the re-emergence of supply chain disruptions. 15

On the back of moderated domestic growth, Retail Group Malaysia ("RGM") forecasts a growth rate of 3.5% for the retail industry in 2023.16



- $12 \quad \text{Extracted from the World Bank's "Global Economic Prospects, January 2023" publication refer \\ \underline{\text{https://openknowledge.worldbank.org/entities/publication/59695a57-f323-refer} \\ \underline{\text{https://openknowledge.worldbank.org/entities/publication/59695a57-refer} \\ \underline{\text{https://openknowledge.worldbank.org/entities/publication/596$ 5fa8-8c6f-d58bfa8918cd.
- 13 Extracted from the IMF "World Economic Outlook" publication (October 2022) refer https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlookoctober-2022.
- Extracted from the IMF Blog in an article titled "Asia Sails Into Headwinds From Rate Hikes, War, and China Slowdown" dated 13 October 2022 refer https://www.imf.org/ $\underline{en/Blogs/Articles/2022/10/13/asia-sails-into-headwinds-from-rate-hikes-war-and-china-slowdown}.$
- $Extracted \ from \ a \ Bank \ Negara \ Malaysia \ press \ release \ titled \ "Economic \ and \ Financial \ Developments \ in \ Malaysia \ in \ the \ Third \ Quarter \ of \ 2022" \ dated \ 11 \ November \ 2022 reference \ from \ a \ Bank \ Negara \ Malaysia \ press \ release \ titled \ "Economic \ and \ Financial \ Developments \ in \ Malaysia \ in \ the \ Third \ Quarter \ of \ 2022" \ dated \ 11 \ November \ 2022 reference \ dated \ 11 \ November \ 2022 reference \ dated \ 11 \ November \ 2022 reference \ dated \ 12 \ November \ 2022 reference \ dated \ 13 \ November \ 2022 reference \ dated \ 14 \ November \ 2022 reference \ dated \ 14 \ November \ 2022 reference \ 14 \ November \ 2022 reference \ 2022$ https://www.bnm.gov.my/-/qb22q3_en_pr.
- 16 Extracted from The Edge Market's article "Retail industry expected to grow 3.5% in 2023, says RGM" published December 19, 2022- refer https://www.theedgemarkets.com/ article/retail-industry-expected-grow-35-2023-says-rgm

Aligning with the National Health Agenda and Remaining Flexible

As Malaysia focuses on making the transition from the pandemic to the endemic stage, the Government has begun to look at healthcare and wellness in a more in-depth manner and with a long-term perspective. The alarming statistics surrounding non-communicable diseases such as diabetes, cholesterol, high blood pressure, and obesity among Malaysians have prompted the Government to launch the *Agenda Nasional Malaysia Sihat* initiative aimed at achieving four core objectives:

Promotion of a Healthy Living Culture

- To foster a culture of healthy living by improving people's health literacy. Information is provided to improve health literacy and enable citizens to take responsibility for cultivating healthy living; and
- To cultivate healthy living to strengthen self-resilience (self-immunity) to prevent disease.



Health Wellness Services

- To facilitate people's access to health and wellness facilities and services; and
- To provide facilities and services for the benefit of the people to improve the health of the rakyat.



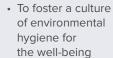
Self-Health Control

 To empower the rakyat in self-care for disease prevention; and



 The rakyat are to be responsible for maintaining a healthy personal lifestyle, family, community, and environment.

Environmental Hygiene



and health of the people. The rakyat are jointly responsible for maintaining the cleanliness of the environment to ensure a clean and disease-free environment.

Amway recognises that the private sector plays an important role in helping to combat the national health crisis for the benefit of the *rakyat*. As a leading health and wellness company, Amway has for a long while now been delivering solutions for a healthier lifestyle via Nutrilite's health and wellness products and engaging social communities.

For FY2023, the Group intends to ramp up its efforts by promoting health and wellness solutions that will help the *rakyat* deal with non-communicable diseases. In response to the Government's request for private sector support, Amway has plans to propel its ABOs and APCs towards better health and wellness lifestyles. The Group affirms its support of the nation's health and wellness aspirations



which align with Amway's longterm vision of becoming the leading provider of health and wellness solutions and programmes.

Today, the Amway business, and the way ABOs operate, continue to evolve as we transition into the endemic phase and contend with the disruptive forces around us. While 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, the Group must remain adaptable to other disruptive trends that may emerge.

The ongoing global supply chain disruption and rising inflation coupled with geopolitical crises will continue to put pressure on global economic growth. Despite these economic headwinds, the Group is cautiously optimistic that we will continue to deliver modest sales growth for FY2023 on the back of the solid initiatives and fundamentals that we established in FY2021 and FY2022.

While Amway registered a significant improvement in profit in FY2022 due to the normalisation of ABO sales incentives and a price increase, as we move forward into FY2023, the Group will continue to adopt a prudent stance and remain agile in its operational outlook. To ensure business sustainability, Amway will strategically invest in ABO-centric programmes, undertake a supply chain capacity uplift, and roll out new product launches and promotions. At the same time, we will continue to upgrade our digital platform and the related delivery infrastructure. Collectively, these investments, plus the rising cost of purchases due to inflation and non-recurring cost savings in FY2022, are expected to exert pressure on the Group's operating margin for FY2023.

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. The Company has never been stronger than it is today and Amway looks forward to successfully navigating the future profitably. The future bodes well for Amway, as it continues to focus its effort on new health opportunities and make a tangible impact by helping people live better, healthier lives.

SUSTAINABILITY AT AMWAY CHAIRPERSON'S MESSAGE

Dear Valued Shareholders,

Sustainability at Amway has come of age.

The importance of sustainability in today's business context cannot be over-emphasised. Amway is committed to embracing and embedding sustainability throughout the length and breadth of its operations. In my nine-year tenure as a member of Amway's Board, I have had the privilege of being part of the Company's effort to truly integrate sustainability in greater measure across the business. From an initial focus on corporate social responsibility, the Group's effort has evolved in a manner whereby sustainability has gained more prominence on the Board's agenda and within the company culture.



Identified 14 Material Matters in new Sustainability Strategic Framework



Established a Sustainability Policy in February 2023



Revised group practices in line with the updated Malaysian Code on Corporate Governance 2021



Information

In FY2022, the Group went on to formally establish a Sustainability Strategic Framework which has been embedded into its strategies, policies and procedures. Amway also identified 14 material matters under three sustainability pillars which form the basis of its sustainability efforts moving forward. On top of this, Amway established a Sustainability Policy in February 2023 that will guide the Group's Economic, Environmental and Social or EES endeavours. The 2022 Sustainability Statement that follows spells out the Group's efforts to date as well as maps out Amway's sustainability journey.

Continuing the Journey of Sustainable, Responsible and Ethical Value Creation

Being a conscientious corporate citizen, Amway recognises that companies must serve as stewards of not just their business and shareholders, but of society and the environment as well. Amway's sustainability efforts are grounded on the tenet of "Helping People Live Better, Healthier Lives". This means that on top of its health and wellness product offerings, the Group is running its business as well as managing human capital and other resources in a way that truly upholds this tenet. Following in the footsteps of Amway Global, the Group continues to make conscious efforts to reduce its environmental footprint through resource management and waste management initiatives. This is in line with our conviction that "healthier lives start with making our planet better and healthier".

The future is bright for Amway as the Group strengthens its sustainability efforts. As I take my leave of Amway after having served on the Board these last nine years, I ask that you continue to extend your support to my successor, En. Abd Malik Bin A Rahman, Amway's new Chairman of the Board, who together with the Board and Senior Management, will lead the Group's sustainability endeavours. I am confident that, together, the Group will continue to build upon the good momentum achieved to date so Amway can accelerate forward on its sustainability journey. Thank you.

TAN SRI FAIZAH BINTI MOHD TAHIR

Chairperson and Senior Independent Non-Executive Director

SUSTAINABILITY STATEMENT

AMWAY'S COMMITMENT TO SUSTAINABILITY

As Amway and its subsidiaries (collectively known as "the Group") make strong strides forward in our endeavours to shape economies, society and businesses through our proven spread of health and wellness offerings, we also recognise the need to continue creating long-term shared value for our stakeholders and to secure the Group's future. To this end, Amway remains committed to upholding responsible management and sustainable development activities on the Economic, Environmental and Social or EES fronts.

Today, with strong business fundamentals in place and an arsenal of future-ready resources at our disposal, Amway is well positioned to continue growing steadfastly in a sustainable manner as well as to cement our position as the leading health and wellness company for entrepreneurial business owners in Malaysia.

SCOPE AND BOUNDARY

Amway's Sustainability Statement ("Statement") for the financial year ended 31 December 2022 ("FY2022"), aims to provide a formal account of the Group's strategies, action plans and achievements in relation to our sustainability efforts. This Statement also outlines the overall impact that our initiatives have had on our business, the environment and the communities in which we operate.

This Statement's scope and boundary is aligned with Amway's 2022 Annual Report. It covers the breadth of Amway's operations in Malaysia but excludes third-party contractors, suppliers and vendors. This Statement covers the period from 1 January to 31 December 2022 and is published on an annual basis. The data presented in this Statement has been derived from various internal and external data collection methods which include, but are not limited to, internal surveys, workshops, and other methods.

In FY2021, Amway began the process of assessing the Group's impact on the EES fronts as well as strengthening Amway's sustainability practices and governance framework via an overhaul of the Group's practices so that these aligned with the updated MCCG.

For FY2022, this Statement's scope has been expanded to highlight these measures:

- A new Materiality Matrix;
- A reinforced Sustainability Strategic Framework encompassing three fundamental pillars and 14 material matters which focus on our EES thrusts; and
- A new groupwide Sustainability Policy.



How We are

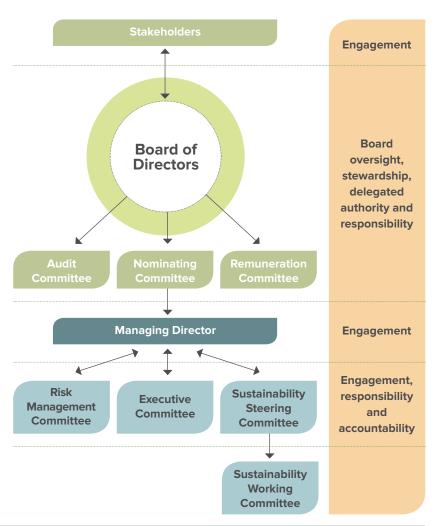
Governed

Other

SUSTAINABILITY LEADERSHIP AND **GOVERNANCE**

Amway's Board of Directors and Senior Management have oversight for the Group's Sustainability agenda as well as for sustainability leadership and governance. Recognising that a strong sustainability strategy is integral to 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 and bolster stakeholder confidence, the Group's leadership is deeply committed to reinforcing its business framework with focused sustainable practices and initiatives.

In this regard, our leadership closely adheres to the recommendations under the MCCG which call upon the Board and Management to take responsibility for the governance of sustainability across the Group including setting sustainability strategies, priorities and targets. Amway's leadership is also tasked with ensuring that the Group's sustainability strategies, priorities and targets as well as performance against these targets are communicated to internal and external stakeholders. Our leadership is also mandated with staying abreast of and understanding the material sustainability issues relevant to Amway and its business, including climate-related risks and opportunities.



In Support of the Board's Sustainability Mandate

The following committees have been established to ensure the Board's direction and decisions pertaining to sustainability are implemented effectively.



The Group's Sustainability Steering Committee ("SSC")

The SSC, which is responsible for driving sustainability across the Group, is tasked with the following roles and responsibilities:

- Reviewing material matters, sustainability strategies including targets for Board approval;
- Providing resources required for implementing the sustainability strategies;
- Overseeing the implementation of the sustainability strategies and progress throughout the Group;
- Providing reports to the Board on the overall management of material matters; and
- Appointing members of the Sustainability Working Committee.



The Group's Sustainability Working Committee ("SWC")

The SWC is tasked with implementing sustainability across the Group via the following roles and responsibilities:

- Ensuring effective stakeholder engagement and identification of material matters;
- Conducting materiality assessments;
- Developing and implementing sustainability strategies;
- Setting targets and performance indicators for SSC and Board approval;
- Monitoring the implementation of sustainability strategies; and
- Making reports to the SSC on the progress of sustainability implementation and performance.

The collective knowledge, skills, and experience of the members in the committees above extend across the range of the Group's material matters.

STAKEHOLDER ENGAGEMENT

Our stakeholders are defined as individuals or interest groups who are influenced or impacted by Amway's business activities and/or presence and vice versa. They include our entrepreneurial Amway Business Owners ("ABOs"), Amway Privileged Customers ("APCs"), our employees, the investing community, regulators, as well as members of the communities that we operate in. The Group views them as valued resources that help us to determine what is most material or important on the EES fronts.

Amway is continuously working to ensure that we remain an inclusive organisation that is discerning of our stakeholders' needs. We are accomplishing this by actively engaging with our diverse stakeholders via a range of online communication channels and mediums that have been adopted since the onset of the pandemic.

The following paints a picture of Amway's diverse stakeholder categories, the relevant needs and expectations of our stakeholders, and our engagement approach:

| STAKEHOLDER CATEGORIES | RELEVANT NEEDS AND EXPECTATIONS | ENGAGEMENT APPROACH |
|--|--|--|
| Amway Business Owners (ABOs) / Amway Privileged Customers (APCs) | Timely and responsive communication and actions, support, and grievance mechanisms Timely product delivery Clear and fair procedures/rules Product training Marketing and promotion of products Honouring contractual agreements Fair pricing Products and services meet expectations Product safety and quality Product innovation Sustainable products, packaging, ingredients | Marketing and promotions Leader Growth Solutions Team Customer Careline Social media Events, forums/seminars, roadshows and rallies, Amway Diamond Advisory Council (ADAC) |
| Employees | Safe and healthy workplace Fair treatment according to legal requirements and labour standards (mandatory and voluntary) Competitive remuneration and other benefits Training, guidance and support Equal opportunity and career development Diversity, equity and inclusiveness at the workplace Secure employment Work-life balance Consistent and transparent communication | Townhalls Intranet/newsletters Employee engagement surveys Engagement events (in-house talks, training, development programmes and social events) |

Other

Information

| STAKEHOLDER CATEGORIES | RELEVANT NEEDS AND EXPECTATIONS | ENGAGEMENT APPROACH |
|--|--|--|
| Industrial Affiliates – (Industry and Trade Associations) e.g. Direct Selling Association of Malaysia (DSAM) Malaysian Dietary Supplement Association (MADSA) ASEAN Alliance of Health Supplement Associations (AAHSA) Cosmetic, Toiletry and Fragrance Association of Malaysia (CTFAM) American Malaysian Chamber of Commerce (AMCHAM) | Demonstration of compliance obligations Knowledge sharing Adherence to affiliates' charter/code Timely and responsive communication and actions Participation in affiliate activities | Key conferences and industry events Board meetings |
| Investors / Shareholders | Focused on profitability and growth Ongoing product innovation to meet changing market demand Safeguarding Amway's good image and reputation Demonstration of sound EES performance | Electronic Annual Report Annual General Meeting (AGM) Financial reports Analyst briefings Media releases Investor relations page on Amway's website |
| Financial Institutions e.g. Banks, Insurance Providers | Manage risks to ensure financial soundness (physical and reputational risks) Honouring borrowing terms and conditions Timely and responsive communication | Results briefings, presentations and meetings Financial reports Stock exchange announcements |
| Consumers | Compliance with product specifications and other deliverables e.g., quality, safety, Halal Fair product pricing Product innovation Products that meet consumer's needs e.g., innovative, sustainable Timely and responsive communication and actions - good customer service | Sales, marketing and promotions Corporate Social Responsibility activities Social media Direct selling industry engagement |

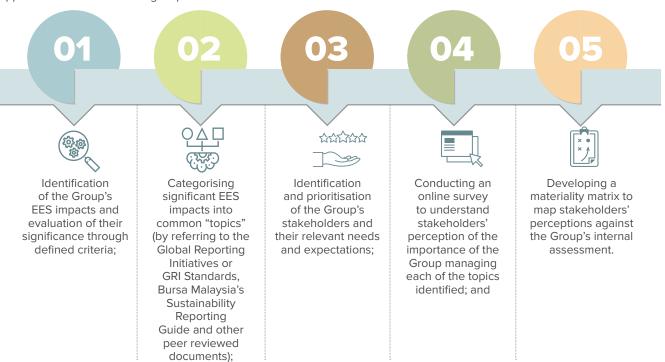
| STAKEHOLDER CATEGORIES | RELEVANT NEEDS AND EXPECTATIONS | ENGAGEMENT APPROACH |
|--|---|---|
| Community & General Public | Avoid negative impacts from the Group's operations on the environment, public safety and security, livelihood, etc. Participation in community programmes Timely and responsive communication and actions Potential job opportunities Timely and accurate communication | Sales, marketing and promotions Corporate Social Responsibility activities Social media Direct selling industry engagement |
| Media | Responsive to queries | Media monitoring |
| Non-Governmental Organisations (NGOs) / Civil Society Organisations (CSOs) | Support NGOs objectives, e.g., upholding of human rights, consumer protection, environmental protection, etc. Participate in NGOs' programmes | Corporate Social Responsibility activities |



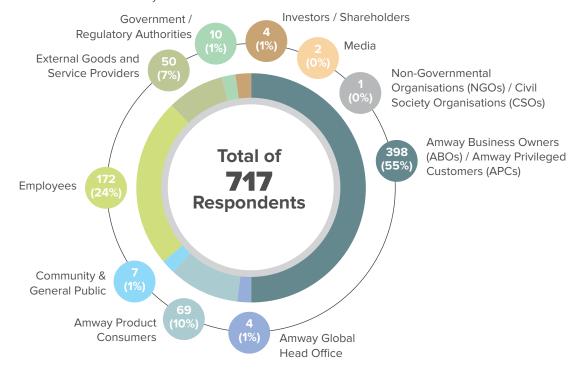
DETERMINING OUR MATERIALITY MATTERS

Amway conducts its business by balancing out the Group's ambitions on both a short-term to long-term basis with its stakeholders' best interests. Our efforts are guided by our materiality matters which are the topics, aspects and disclosures that we deem sufficiently important to be managed and reported as well as which are most impactful on Amway's value creation process. The Group's materiality topics are determined through a thorough assessment that combines our understanding of our EES impacts, the market environment, and the data and insights gathered from stakeholders.

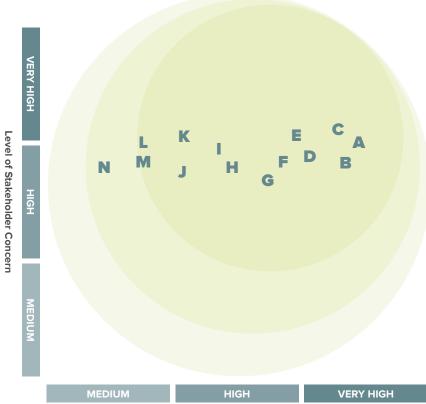
In FY2021, the Group conducted a materiality assessment that involved the SWC, SSC and the Board. The methodology applied included the following steps:



As part of the stakeholder identification and prioritisation process, Amway's stakeholders were identified and weighted based on their influence and dependence on the Group by internal representatives. The following diagram highlights the details of the 717 respondents involved in the online survey:



The scores from the responses were then analysed and juxtaposed against the Group's internal assessment and this is represented in the following Materiality Matrix:



- A. ABO Relationship & Empowerment
- B. Modernisation & Digitisation
- C. Consumer Health, Safety & Satisfaction
- D. Employee Interest & Welfare
- E. Ethical Business Practices
- F. Learning & Growth
- G. Contribution to the Economy
- H. Diversity, Equity & Inclusion
- I. Responsible Sourcing & Supply Chain
- J. Engaged Communities
- K. Data Privacy & Protection
- L. Packaging & Waste
- M. Occupational Health & Safety
- N. Energy Use & Greenhouse Gas (GHG) Emissions

Significance of the Group's Economic, Environment and Social Impacts

This matrix magnifies the scores of Medium to Very High, to better reflect the placement of the material matters.



From the materiality assessment, a total of 14 material matters that the Group deemed sufficiently important to be managed and reported were derived. These material matters (which have been approved by the Board) and their relevance are spelled out in the following table.

AMWAY'S 14 MATERIAL MATTERS AND THEIR RELEVANCE



1. ABO Relationship and Empowerment Provide entrepreneurial opportunities and empowering ABOs through our various platforms and continuous support such as training, eLearning, and other engagement activities.



2. Modernisation and Digitisation

Ensure operational efficiency by optimising digitisation and technology to promote our products, increase public interest and advance opportunities for ABOs. By adopting the latest technology and innovating processes in our operations and supply chain, we can minimise EES impacts.



B. Ethical Business

Uphold ethical business practices throughout our operations and supply chain, which includes managing and addressing ethical issues such as corruption (accounting and tax fraud, bribery, etc.), fair competition practices among ABOs and sound procurement practices within the Group's operations. It also involves demonstrating the Group's integrity, governance, and compliance commitments.



4. Contribution to the Economy Improve the economic well-being of our stakeholders (ABOs, employees, suppliers, local communities) and addressing the unequal wealth distribution in society. Contribution can be direct, e.g., paying taxes and wages, or indirect, e.g., number of jobs supported in the supply chain, attracting investment to the local economy, etc.



5. Employee Interest and

Ensure our employees' sense of belonging, developing personal growth, enhancing satisfaction and addressing issues such as fair remuneration and benefits, job security and fulfilment, and other employee rights. It includes providing a work environment that seeks consultation and participation of employees in decision-making processes.



6. Learning and Growth

Provide our employees opportunities for career and competence development through continuous training and education. It includes contributing to the improvement of their career prospects and job security in the long-term.



7. Diversity, Equity and Inclusion

Promote diversity, equity and inclusion ("DEI") in all aspects of our business activities including the selection of products, ABO management, employee recruitment and welfare, and procurement practices. It includes addressing DEI issues such as gender inequality, age/racial/religious discrimination, etc., as well as supporting and creating opportunities for differently-abled people and marginalised groups in society.

AMWAY'S 14 MATERIAL MATTERS AND THEIR RELEVANCE



8. Engaged Communities

Ensure the community surrounding our operations and the general public are not negatively affected by our existence. Examples of negative impacts include damaging the livelihood of individuals or surrounding businesses, and causing a public nuisance, e.g., via traffic congestion, local pollution, etc. This includes the Group's contribution to the betterment of society by enhancing our positive impacts on communities through engagement activities and collaboration.



9. Data Privacy and Protection

Manage our stakeholders' personal data in our possession in a responsible manner. This includes upholding best practices when collecting, using and securing personal data to ensure the prevention of data losses and breach of privacy that could potentially harm the stakeholders involved.



10. Occupational Health and Safety

Provide a healthy and safe work environment for our employees and those working on our behalf, including the prevention of physical and mental harm. This includes seeking employee consultation and ensuring their participation in the Occupational Health & Safety management processes, and implementing health-related programmes such as the provision of regular medical check-ups and campaigns for healthier lifestyles.



1. Consumer Health,
Safety and
Satisfaction

Commitment to provide products that meet relevant health and safety compliance obligations as well as consumer expectations resulting in their overall satisfaction. It also includes ensuring consumers' access to accurate and adequate information on the EES impacts of our products.



12. Responsible Sourcing and Supply Chain

Commitment to prevent or minimise environmental and social impacts related to our products' life cycle and supply chain by applying criteria and processes during the selection of products and suppliers/service providers, taking into account the Group's sphere of control over these activities. Good supply chain management includes upholding ethical business, human rights and environmental practices, and continually improving suppliers' skills and capabilities to improve their performance.



13. Packaging and Waste

Prevent pollution that may arise from our operations. This includes addressing impacts resulting from the use and disposal of packaging material, and waste (solid, liquid) generated from day-to-day activities. Waste also includes returned and expired products that have to be discarded.



14. Energy Use and GHG Emissions Minimise our impacts resulting from energy consumption (fuel, electricity, etc.) and GHG emissions throughout our operations, as part of our role as a good corporate citizen, to mitigate climate change. This includes improving our processes and practices (e.g., use of renewable energy for electricity, and transportation activities) to minimise our contribution to climate change as well as to manage climate impacts to our business.

Moving forward, these material matters are to be reviewed every two years or when there are changes to the organisation or when new requirements from stakeholders arise.

AN ENHANCED SUSTAINABILITY STRATEGIC FRAMEWORK

In FY2022, to facilitate a structured assessment of the Group's sustainability journey, we undertook an evaluation of the following components to kickstart the development of an enhanced Sustainability Strategic Framework.

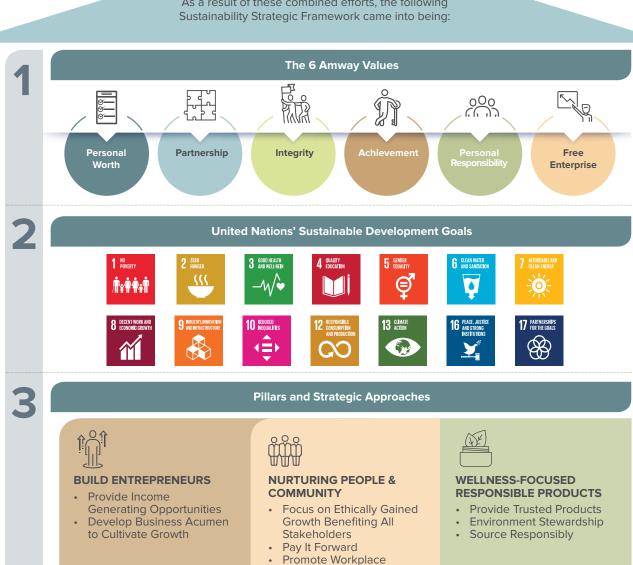


The Group's context, business direction, activities, products and services, our environmental, economic, and social impacts, as well as the resulting material sustainability matters were considered in developing the strategic framework for the Group's sustainability journey.



Other

Information



4

The Group's Material Matters

Well-being

Environmental, Economic, Social Responsible Sourcing ABO Relationship & Learning & Data Privacy & Occupational Health & Supply Chain & Safety Empowerment Growth Protection Contribution to the Engaged Employee Interest & Packaging & Economy Welfare **Ethical Business** Diversity, Equity & Modernisation & Consumer Health, Safety & Satisfaction Practices Inclusion Digitisation

5

POLICIES

COMMITMENTS & INITIATIVES

DISCLOSURE INDICATORS

GOVERNANCE

Today, Amway's enhanced Sustainability Strategic Framework comprises several elements:

1

The first of these is the six enduring Amway Values – Personal Worth, Partnership, Integrity, Achievement, Personal Responsibility and Free Enterprise. These values remain at the top of the Sustainability Strategic Framework and will continue to guide the Group as it advances.

2

Our enhanced Sustainability Strategic Framework is aligned with 14 of the 17 United Nations' Sustainable Development Goals ("SDGs") and targets that are most relevant to the Group. By ensuring a focused alignment with the SDGs most relevant to the Group's business, this helps us to better coordinate our support of the global sustainability agenda. Moreover, in adopting such a focused approach, Amway is ensuring that its collaborative efforts with its diverse stakeholders will help ensure that the delivery of sustainable outcomes are on point.

3

Three pillars provide a focused structure by which the Group's material matters can be efficiently addressed through strategic approaches. The pillars are:



Pillar 1: Build Entrepreneurs

The Group's role in creating and developing entrepreneurs is vital for Amway's growth and contributes to income-generating activities that support the nation's economic goals.



Pillar 2: Nurturing People & Community

The Group's people-centred culture takes heed and values the role of our people and the community as we deliver health and nutrition for the betterment of society.



Pillar 3: Wellness-Focused Responsible Products

The Group leads in providing wellness products that benefit society whilst causing minimal harm, socially and environmentally, throughout the product lifecycle.

Within the respective pillars are the strategic approaches that indicate how each of the Group's material matters are to be managed. These include goals, action plans, initiatives, targets and indicators by which performance can be monitored.

4

For each of the Group's material matters, an all-encompassing goal has been developed, along with a set of actions to support it. Carrying out these actions will enable the Group to manage its EES impacts and move towards becoming a more sustainable business.

5

At the bottom of the framework are the policies, commitments and initiatives, disclosure indicators and governance measures that guide and support the smooth implementation of the Sustainability Strategic Framework.

In the following pages, in the "Our Sustainability Commitments" sub-section, we drill down on the pillars and sustainability strategies, and provide the details of our sustainability achievements in FY2022.

In February 2023, the Group rolled out a comprehensive Sustainability Policy which will guide Amway's effort to drive long-term business growth and profitability through the inclusion of comprehensive EES issues in our business model.

All in all, Amway is committed to ensuring that our Sustainability implementation is not only reflected within our daily operations and products, but also within our partnerships with our employees, ABOs, APCs and local communities. By strengthening stakeholder engagement activities and consolidating resources and common synergies, we are looking to embed sustainable practices into the Group's operations, organisational culture and overall ecosystem in greater measure so that we can create and deliver long-term value.

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AMWAY'S SUSTAINABILITY COMMITMENTS



Pillar 1: Build Entrepreneurs

One integral aspect of Amway's business model is the creation and development of entrepreneurs. By consistently producing entrepreneurs, we are not only facilitating the Group's growth and a steady stream of income for the long-term, we are also contributing to the nation's economic goals. In FY2022, we leveraged the findings from our materiality exercises to identify the key areas in which we could enhance our entrepreneurial-based activities under Pillar 1. We then organised our ABO initiatives under these two themes – Providing Income Generating Opportunities, and Developing Business Acumen to Cultivate Growth. These themes encompass the relevant material matters below and are aligned with the following SDGs:

BUILD ENTREPRENEURS

- Provide Income Generating Opportunities
- · Develop Business Acumen to Cultivate Growth

Relevant Material Matters:

ABO Relationship & Empowerment Modernisation & Digitisation

Diversity, Equity & Inclusion

Contribution to the Economy













Providing Income Generating Opportunities

Amway began more than 45 years ago with the vision of "Helping People Live Better, Healthier Lives". Leveraging our Founders' Fundamentals of "Freedom, Family, Hope and Reward", our goal is to help people from all walks of life discover their full potential and achieve their goals. By helping our ABOs to generate income and create value through mutually beneficial partnerships, we aim to help them discover their full potential and achieve their goals. We continue to explore ways in which we can create new income opportunities for our ABOs.

In FY2022, we set the following targets and delivered these results:

 To increase the number of new ABOs earning bonuses by 20% in FY2025. For the year in review, we saw the number of ABOs who were earning bonuses increased by 48% as compared to 30% in FY2021. To increase by 20% the number of ABOs that earn bonuses in FY2025. In FY2022, 52% of our total ABO force earned bonuses. We will use this as a baseline and commence reporting on our progress from FY2023 onwards.





We also aim to increase the percentage of entrepreneurs under the age of 35 ("U35") so that this group comprises 45% of our total force size in FY2025. This endeavour is part of our target to promote entrepreneurial awareness among youths.

| % of U35 ABOs compared | FY2021 | FY2022 |
|------------------------|--------|--------|
| to Total Force Size | 39.7% | 41.4% |



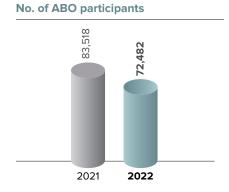
Pillar 1: Build Entrepreneurs

Developing Business Acumen to Cultivate Growth

Here at Amway, we understand that cultivating an ABO force that is informed, updated and educated is vital for the Group's growth. To ensure that the income opportunities we provide are sustainable, we remain committed to upskilling and supporting our ABOs through training and education opportunities. In tandem with this, we have developed an eLearning platform that all our ABOs can access. Through optimising the use of technology and self-learning, we are now able to impart knowledge to our ABO force in a more accessible and relevant manner.

In FY2022, our eLearning platform recorded a total of 72,482 logins. In addition, 3,900 minutes of online training were provided to ABOs (FY2021: 83,518 participants and 3,495 minutes).

Amway eLearning



No. of training minutes provided

Moving forward, we have set the following targets for this segment in our sustainability agenda:

- Ensure at least 100,000 logins to the eLearning platform annually from FY2025 onwards; and
 - FY2025

 100,000 logins to eLearning platform
- Conduct 4,000 minutes of online training a year from FY2025 onwards.



To this end, we will continue to enhance and modernise our online and offline education for our ABOs. We will also provide business skills and product training which aim to help our ABOs build and drive their own sustainable businesses for the long-term.

Strengthening our eCommerce Capabilities

Building on our FY2021 efforts to help our ABOs shift towards purchasing more on our eCommerce store, we continued to focus on enhancing the capabilities of our website to ensure a seamless online experience for them. Towards this end, FY2022 saw Amway releasing over 100 enhancements (by way of technical and front-end elements) to improve the experience on our website. The finer details of the key enhancements made and the related outcomes are outlined in the Management Discussion & Analysis section.



Pillar 2: Nurturing People and Community

Pillar 2 encompasses the Group's initiatives which are aimed specifically at bettering the lives of our people and the community. Be it in the cultivation of the Group's people-centric culture or our provision of health and wellness products to communities, we continue to prioritise people through our delivery of holistic solutions and initiatives.



Cultivating Ethically-Gained Growth

In addition to establishing foundations for growth within Amway, we are equally committed to ensuring that our growth and success are derived from ethical and responsible sources. To achieve this, we aim to cultivate ethical behaviour and knowledge of sustainability among our employees and relevant stakeholders via training and eLearning opportunities.

To ensure that Amway's principle of integrity is inculcated among all those within the organisation, we have sought to increase the amount of training hours on ethics for our employees and other stakeholders (using FY2022 as the baseline). Mandatory training sessions touch upon topics such as "EthicsPoint" and "IT Security" while modules covering anti-bribery and corruption, and compliance with the law are also offered.

In FY2022, the Group organised 990 hours of ethics training which was attended by all our employees.

The Group also intends to gradually increase the level of training on sustainability for our employees and other stakeholders by FY2025, using FY2022 as a baseline. The training sessions which include external consultants' sessions as well as employee and stakeholder engagements, will cover Amway's sustainability strategy and awareness on sustainability outcomes, among other topics.

| Number of training hours for sustainability | | |
|---|----------------------|--|
| 2022 | 2025 Target | |
| 1 Hour per employee (awareness and introduction) | 2 Hours per employee | |



Pillar 2: Nurturing People and Community

For FY2022, we also continued with the following regular training activities:

AMWAY'S TRAINING AND DEVELOPMENT ACTIVITIES 2019-2022



Global Code of Conduct

All employees are required to complete the mandatory Global Code of Conduct Training comprising two modules, namely the Global Code of Conduct, and Information Security Training.



Privacy Policy Training 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.



A70 Capabilities

Capabilities are fundamental building blocks that enable the organisation to execute on strategy and maximise outcomes and will be key to achieving Amway's A70 shared vision (i.e., to transform Amway to be a magnet for young entrepreneurs, and to nurture the next generation of leaders who can help 'anyone, anywhere, anytime' to be a creator). We initiated the A70 Capability Building Exercise last year which entailed determining the capabilities needed to support our transition towards A70.

We are continuously upskilling the respective functions and critical roles capabilities aligned with the A70 vision. The focus of the training modules encompass the following topics:

- Industry and Market Needs and Trends;
- Harassment and Bullying at Work Consequences to the Company; and
- · Creative Problem Solving and Decision-Making Skills.



Anti-Bribery and Corruption ("ABAC") Policy 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 of Amway's employees, ABOs, APCs, and vendors, and to seek their commitment to comply with the policy.



Sustainability Basic Training

All employees are required to attend basic sustainability training to ensure that all employees are aware of the sustainability initiatives undertaken by Amway.



Pillar 2: Nurturing People and Community



Employee Competency and Technical Training Amway's vision is to encourage growth and the learning capabilities of its employees. The Group does this through various courses/training sessions to help employees further their skills sets, technical knowledge and proficiency.

FY2022's training included the following topics:

- Non-Leaders Microsoft Excel Intermediate Strategies for Successful Negotiations for Non-Leaders;
- Non-Leaders Professional Email Writing with Oral Communication;
- · Enhancing Communication with Stakeholders;
- Swinging towards Solution Consciousness to Solve Problems;
- · Principle Leaders, Powerful Presenters;
- · Creative and Foresight Thinking;
- · Basic Occupational First Aid, CPR & AED Training;
- Teambuilding Towards Peak Performance;
- Stakeholders Management Acquiring the Service Mindset;
- · Professional Certificate in Data Science & Analytics; and
- Basic Fire Fighting & Emergency Response Plan and Preparedness Training.

In FY2022, we achieved the following:



6,042 hours of training

Moving forward, we aim to build upon our overall training hours with each passing year and to eventually achieve two hours of sustainability-related training per employee whilst maintaining a 60% completion rate in 2025.

In addition to our educational activities, our push for ethical growth includes our efforts to minimise the unauthorised selling of Amway products on eCommerce platforms. Amway will continue to enhance our collaboration with the Direct Selling Association of Malaysia ("DSAM") to address unauthorised selling issues with the Ministry of Domestic Trade and Cost of Living ("KPDN"). We will also maintain and continually improve programmes we have set in place to prevent the unauthorised selling of Amway products on eCommerce platforms. These include the following:

- A monthly review and verification of awards and rewards to ensure Healthy Business Building by ABOs;
- The removal of Amway products on eCommerce platforms through the Intellectual Property Rights ("IPR") portal. This is followed by the Group taking legal action;



60% eLearning completion rate

- Regular meetings with ABO Leaders and the development of materials to educate ABOs;
- Updating the rules initiatives and making the enforcement of corrective actions/sanction statistics visible to deter non-compliance with rules and regulations;
- Educating ABOs on operating in a conducive business environment so as to ensure profitable Amway businesses for the long-term;
- Developing content for social media and delivering training to educate ABOs on the importance of complying with Amway's rules, policies, standards and guidelines; and
- Reinforcing the Amway Values and Founders' Fundamentals through rules strategy awareness initiatives.

In FY2022, we established a baseline to help us gauge the Group's progress in mitigating unauthorised selling, with the aim of reporting on this topic from FY2023 onwards.

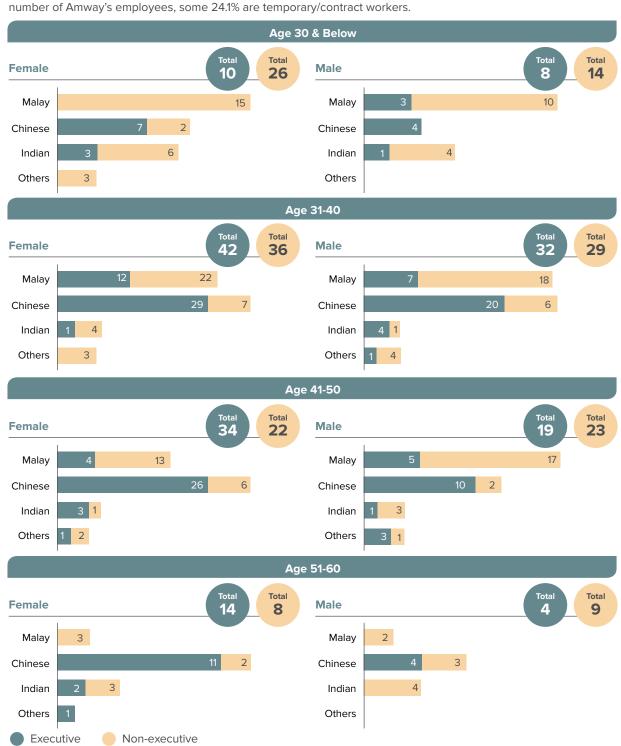


Pillar 2: Nurturing People and Community

Diversity

Amway believes in celebrating the diversity of our employees' backgrounds, ethnicities, cultures and talents and we seek to nurture an inclusive work environment that reflects our beliefs. We believe that this diversity is vital to our growth as an organisation as it enables us to tap into a rich pool of experiences, insights and knowledge, thus driving innovation and accelerating our journey to A70.

The following tables illustrate the Group's current composition in terms of ethnicity, gender and position. Of the total number of Amway's employees, some 24.1% are temporary/contract workers.





Pillar 2: Nurturing People and Community

In addition to our hiring mechanisms, we also conduct various initiatives to promote diversity and inclusion within the Group.

We launched the "BE YOU, Be the Difference" campaign to remind employees that they are valued as individuals. This initiative is part of the Amway culture evolution begun by our founders, Richard M. DeVos and Jay Van Andel who were both firm believers in inclusivity and uniting people from different walks of life.

As a leading industry player, we are keen to fortify our reputation as an employer of choice. To assess our progress as an employer, we initiated an internal survey – the Employee Perception Survey – to gauge our employees' perception of Amway as an inclusive work environment. We have set a score of 70% as the baseline and will begin reporting in FY2023.

Promoting Workplace Well-being

Amway remains steadfast in its resolve to provide employees with a holistic working environment that facilitates a healthy work-life balance. In April 2022, we launched the Work by Design 2.0 Hybrid working arrangement which allows for more flexibility in our employees' work arrangements. We also introduced a "No Meetings" policy after 4:00pm on Fridays so our employees have time to clear their work before the weekend.

We went on to roll out the Enhanced Employee Assistance Programme ("EAP") which allows employees to seek therapy and counselling treatment with the cost of each session being claimable via our Insurance Panel. Each employee is entitled up to RM2,000 per year in therapy and counselling costs under the Group Hospitalisation and Surgical ("GHS") plan. Similarly, we conducted the "Each Mind Matters Webinar for People Managers" for Mental Health Awareness.





Pillar 2: Nurturing People and Community

In addition to the aforementioned initiatives, Amway employees receive a higher EPF contribution that exceeds the statutory rate. This is to help support our employees' journey toward a comfortable retirement. Amway also provides the following benefits to our employees:



All these benefits come under our FlexBen programme which enables employees to customise their benefits to fit their lifestyle and needs.

Employee Engagement

Employee engagement activities continue to be one of the primary drivers that fosters the Group's *esprit de corp* and facilitates effective communication within Amway. As such, we continue to organise events and activities for employees that not only stimulate positive employee engagement, but also encourage our people to pursue healthy hobbies. These were among the activities organised in FY2022:

- A social event for employees after a two-year hiatus;
- A fruit feast organised by the Amway Sports Recreational Club ("ASRC");
- An all-employees trip to Club Med in Cherating in October where employees from Amway Malaysia, Singapore and Brunei were able to reconnect physically;
- A workout session for employees to de-stress and exercise in a group setting;
- Free delivery subscription plans to employees in conjunction with Pink October via a collaboration with a food delivery service provider;
- A grooming/dining etiquette webinar by a certified image and brand consultant;
- A webinar to commemorate International Women's Day; and
- Other ASRC-organised events under our "Employee Experience and Well-being Programme" that included a host of outdoor and indoor recreational activities.

Other

Information



Pillar 2: Nurturing People and Community







In December 2021, the devastating floods that affected many regions in Malaysia left many with damaged homes and lost possessions. In support of our impacted employees, we offered an interest-free Calamity Loan with an up to six-month repayment tenure as well as a Calamity Leave/temporary work arrangement so as to help our employees get through the difficult times.

To build upon the activities that we have rolled out in FY2022, the Group conducted an Employee Culture Engagement Survey. Using FY2022 as a baseline, we will commence reporting on our progress from FY2023 onwards. Moving forward, we are also looking to conduct more programmes such as an "Inclusive Environment" campaign in FY2023 as well as more inclusion and women empowerment-centric programmes in FY2024.

mm

Pillar 2: Nurturing People and Community



Enhancing Workplace Health and Safety

Following our material and risk assessments, Amway has made the decision to upscale our Occupational Health and Safety ("OHS") measures throughout the Group. To this end, we are looking to conduct a Facilities Risk Assessment ("FRA") by FY2023 to establish Amway's OHS risks. This will be followed by the provision of a minimum of three hours of OHS-based training per employee from FY2023 onwards. We are also currently in the process of establishing a cross functional Health and Safety team to perform quarterly audits, continuous improvement, and key performance indicator or KPI tracking and reporting by FY2023.

Additionally, Amway Global is currently in the process of developing Amway Global's Environment, Health, Safety, and Quality management system named Intelex and we are looking to inculcate this system to help us manage our performance and reporting by FY2023.

In line with the targets above, we are enhancing our OHS framework through the following initiatives:

- Establishing systems to continuously improve our performance;
- Training and motivating employees to take personal responsibility for the creation of a safe workplace;
- Measuring our progress through periodic assessments, audits and established KPIs;
- Adding Health and Safety section to the "Risk Register" (2023);
- Utilising Intelex software to manage and track Environment, Health & Safety ("EHS") progress;
- Utilising existing enterprise training modules concerning employee safety;
- Working with Amway Global team to adopt the same programmes in tandem with global operations; and
- Adding health and safety specific questions to the employee opinion survey to assess satisfaction and engagement.

As the majority of our employees returned to the office in FY2022, we proactively established safety guidelines within the office premises. Employees were expected to be fully vaccinated and wear face masks, as well as practice social distancing. Employees were also required to perform the COVID-19 self-test (provided by Amway) every two weeks. Capacity restrictions were also placed in all common areas, lifts and recreational rooms.

To ensure emergency preparedness, selected employees also underwent health and safety trainings including health and safety standards training, basic occupational first aid, CPR, and AED training, and basic firefighting and emergency response plan and preparedness training. The Group will begin reporting on this in FY2023.



Pillar 2: Nurturing People and Community

Caring for the Community

Amway's commitment to helping communities "live better and healthier lives" extends beyond our sale of health and wellness products and can be seen in our various Corporate Social Responsibility ("CSR") initiatives. While the total number of CSR activities in FY2022 was limited due to our emphasis on internal improvements, our focus on helping those around us remains an integral part of the Amway DNA.

As part of our sustainability commitments, we have set targets to provide more than three volunteer representatives from FY2023 onwards. We also aim to volunteer a minimum of 96 hours per foster home per year from 2023 onwards.

To achieve this, we will roll out the following initiatives from FY2023 onwards:

- Form an "Amway Volunteers" corps;
- Organise foster home/outreach programmes under the "Amway Volunteers" mandate;
- · Provide education guidance;

- Provide resources to upskill English proficiency;
- Implement entrepreneurship and life-skills programmes; and
- Empower foster homes to be self-sufficient via growing their own produce

Aside from our volunteer activities, Amway is also renewing its commitment to provide disadvantaged youths with internship opportunities under Projek HeadSTART. Over a six-month period, Projek HeadSTART candidates will undergo three months of training in technical/hands-on exposure and three months of training in administrative functions. In FY2022, Amway reached out to the Department of Social Welfare to procure apprentices, however, no candidates were made available to us during the year.



Blood Donation Drive

In November 2022, Amway collaborated with University Malaya Medical Centre to organise a blood donation drive. This campaign sought to strengthen local communities by providing safe and ready access to life-saving blood products. Held in the Brand Experience Center of the Amway Malaysia Headquarters Petaling Jaya, 126 volunteers made up of employees, ABOs and APCs turned up to donate their blood.



Helping Those in Need

Amway donated laptops worth RM7,698 to eight children at Rumah Tunas Harapan which enabled them to get access to online education in the new normal. This is Amway's commitment to supporting a more consistent and reliable routine for the children's learning.



Pillar 3: Wellness-Focused Responsible Products

Amway's commitment towards ensuring the quality and safety of our products is at the forefront of our operational priorities. Be it in our sourcing, manufacturing or branding, we strive to ensure that our processes deliver on the Amway promise of quality. As such, we are committed to upholding the highest standards in health and safety requirements, from beginning to end. The initiatives under Pillar 3 underscore this.

WELLNESS-FOCUSED RESPONSIBLE PRODUCTS

- · Provide Trusted Products
- Environment Stewardship
- · Source Responsibly

Relevant Material Matters:

Consumer Health, Safety & Satisfaction Responsible Sourcing & Supply Chain

Packaging & Waste

Energy Use & GHG Emissions















Providing Trusted Products

As a responsible brand owner, we have a responsibility to ensure all existing and new products comply with local statutory requirements and are registered under the respective government agencies such as the Energy Commission, SIRIM and the National Pharmaceutical Regulatory Agency ("NPRA"). We also provide continuous support to ensure that our ABOs, APCs and customers remain informed about product safety, quality and reliability.

To maintain zero number of regulatory non-compliance incidents related to product safety and services, all of Amway's health supplements, traditional medicine and beauty products will continue to be registered with the NPRA, while all communications materials will need to be approved by the Medicine Advertisements Board ("MAB").



100% of our products were assessed in FY2022 with no non-compliance incidents.

We will maintain, if not increase, this percentage through our introduction and promotion of new products and services that support the development of a healthy body, healthy skin and healthy home.



90% of our product sales are from products and services that bring consumers more holistic nutrition, health and wellness solutions.



Information

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Pillar 3: Wellness-Focused Responsible Products

Sourcing Responsibly

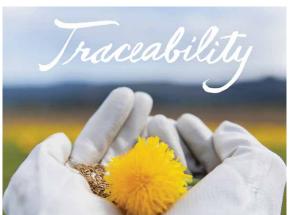
Product traceability is beginning to increase in significance as consumers are now choosing to buy from brands that are more transparent with their product sourcing to ensure safety and quality. Furthermore, with the clarion call for environmental awareness only getting louder, consumers are more likely to purchase products from brands that are reputedly ethical and responsible.

As a conscientious brand owner, Amway practices transparency in the marketing and branding of its

products. From highlighting traceability in our Nutrilite range to keeping our Amway Promise and after-sales care, we remain committed to guaranteeing product quality and assurance.

In terms of manufacturing, we strive to ensure that our sourcing processes and supply chain reflect responsibility and sustainability. Effective FY2024 onwards, Amway is looking to inculcate sustainability in our sourcing strategy and supplier relationship management. We will also be increasing the percentage of sustainably-sourced products in our portfolio.









Pillar 3: Wellness-Focused Responsible Products



Environmental Stewardship

As we grow in our capacity as a provider of health and wellness solutions, the need for us to embrace more environmentally conscious practices become more urgent. The Group acknowledges this call to stewardship, and we are wholly committed to stepping into the role of a practitioner of sustainable practices.



Energy Management

Amway's energy management activities revolve around our incorporation and enhancement of energy conservation practices throughout our operations. In doing so, we are decreasing our carbon footprint for the long run, while generating savings for the Group.

Our energy-conserving methods currently comprise the following activities:

- Promotion of energy conservation at Amway's office through awareness and education initiatives;
- Usage of energy efficient equipment/machinery including energy conserving designs in building operations; and
- · Continual monitoring of electricity usage at our office.

In FY2022, we recorded total energy consumption of 2,274,771 kWh, which increased 34% from 1,697,155 kWh in FY2021 as we began resuming full-scale operations at the shops and office in May.



In terms of our emissions management, the Group has set baselines for reporting in FY2022 and will begin to share the corresponding results in FY2024.

The Group will continue to explore the different methods and technologies we can use to reduce our energy consumption and GHG emissions.

Governed



Pillar 3: Wellness-Focused Responsible Products

Waste Management

Amway implemented an office-wide waste reduction programme in FY2022 to further divert general waste from disposal.

To achieve our KPIs, we will be focusing on employee waste. We aim to reduce the office waste at Amway Malaysia Headquarters, Petaling Jaya by promoting sustainability and recycling initiatives. These will include developing an office sustainability team and "Green Challenges".



The following table illustrates the total weight of the waste that

Amway generated in FY2022 in metric tonnes ("MT"), and a breakdown of this total by composition of the waste. Although, we had not fully returned to the office in the year 2021, we registered a higher amount of general waste than in 2022 due to heavy home delivery activities during the pandemic.



For FY2022, some 75% or 250.85 MT of Amway's general waste was recycled, which increased by 17% as compared to FY2021. The remaining waste was sent to the landfills.

FY2025

100% eCommerce shipping materials are made with either sustainable materials and/or are recyclable or compostable

The Group is also committed to disposing all hazardous waste in a responsible manner, recycling where possible.

Water Management

The Group's water consumption is largely restricted to the daily use of facilities at our headquarters by our employees, ABOs, APCs and visitors. As part of the Group's efforts to conserve water, we upgraded the water facilities in the restrooms at Amway Malaysia Headquarters, Petaling Jaya. These measures included replacing conventional water faucets with self-closing faucets and traditional flushes with low-flow dual flush WCs. These changes helped reduce water consumption per use by 50% and 25% respectively.





THE WAY FORWARD Moving forward, Amway remains committed to upholding and building upon the Sustainability Strategic Framework, the three pillars and structured key initiatives which the Group implemented in FY2022. With targets set till FY2030, Amway's enhanced Sustainability Strategic Framework and new Sustainability Policy will guide the Group's value-creation efforts over the next seven years so that a more robust culture of sustainability is prevalent within the Group by the end of that timeframe. The Board and Amway's Sustainability Committees remain committed to working with every level of the organisation and the relevant authorities to ensure the success of the Group's sustainability agenda. By accentuating sustainability in the Group's decision-making and business processes, Amway is ensuring that it is maintaining the momentum that will firmly propel the Group forward and bolster its value-creation capabilities for the long-term.

FY2022 AWARDS & ACHIEVEMENTS

Graduates' Choice Award ("GCA")



- Graduates' Choice Award is 100% voted for by University students.
- Amway (Malaysia) Sdn Bhd has been voted as the Most Preferred Graduate Employers under the Multi-Level Marketing Category in Malaysia.

Reader's Digest Trusted Brand Awards 2022

- Nutrilite has won Gold and Platinum Awards in the Reader's Digest Trusted Brand Awards' Vitamin/Health Supplement (Malaysia) category since 2005.
- In 2022, Nutrilite received a Gold Award for the 18th consecutive year, reaffirming its position as the world's #1 selling vitamin and dietary supplement brand.
- eSpring Water Treatment System was bestowed a Gold Award in the water purifier category for both Malaysia and Asia for the 17th consecutive year.



FROST & SULLIVAN

Frost & Sullivan Asia-Pacific Best Practices Awards **2022**

2022 PRACTICES

ASIA-PACIFIC HOME WATER TREATMENT COMPETITIVE STRATEGY LEADERSHIP AWARD Amway's eSpring Water Treatment System was recognised with the Frost & Sullivan Asia-Pacific Home Water Treatment Competitive Strategy Leadership Award for the 13th consecutive year.

2022 EVENT HIGHLIGHTS





Nutrilite ActivPower Run Clinches *Malaysia Book* of Records Title

At the end of 2021, Amway organised the Nutrilite ActivPower Run 2021 with the aim of breaking the 250,000 km record in the *Malaysia Book of Records* for the longest distance covered in a virtual run. Comprising two entry categories – Individual or Family (four pax) – the Run was open to Amway Business Owners ("ABOs"), Amway Privileged Customers ("APCs") and Amway Malaysia employees.

For the virtual run, runners could run anytime and anywhere between 15 December 2021 and 14 January 2022 with the goal of hitting 150 km for the individual category and 600 km for the family category. Runners were given three targets to reach and had the opportunity to share their run progress and motivate others on social media using the trendy Nutrilite Instagram filter dedicated to each specific target with the hashtags #NutriliteActivPowerRun2021, #MalaysiaBookOfRecords and #NutriliteMY. Amway also produced an exclusively designed Nutrilite ActivPower Run 2021 t-shirt and developed the Nutrilite Active app that can be downloaded for free on both Apple and Android iOS devices.

Around 4,000 people participated in the run and contributed to the collective distance of 337,834.65 km, thus ensuring the Nutrilite ActivPower Run 2021 earned its place in the *Malaysia Book of Records*. To commemorate this huge achievement, all runners were given medals and eCertificates.

Start Your Day Right with a Nutritious Drink

To empower Malaysians to embrace balance in their lifestyles, Amway organised a webinar titled "Start Your Day Right with A Nutritious Drink" which was streamed on Amway Malaysia's Facebook page. The webinar, which was hosted by TV personality and the patron of the Mental Illness Awareness & Support Association ("MIASA"), Che Puan Sarimah Ibrahim, also featured Universiti Malaya Centre for Sport and Exercise Sciences' Senior Lecturer and Deputy Director for Research, Dr. Sareena Hanim Hamzah, as well as Consultant Dietitian and Professional Health Speaker, Indra Balaratnam.

In her speech, Dr. Sareena emphasised the importance of observing personal health by monitoring one's diet and practising an active lifestyle. Indra added that a healthy diet supports our immune system which in turn, reduces



the likelihood of developing other health issues. The importance of protein in aiding muscle growth, body repair and metabolic regulation, along with the need for weight and hunger management, were also emphasised.

To gain a clearer perspective on current trends, Amway Malaysia conducted a social media poll asking 1,000 Malaysians about their favourite breakfast beverages. According to the results, Malaysians prefer coffee, tea and protein shakes as their morning beverages.

Dr. Sareena concluded that Malaysians should focus on including protein in every meal in addition to carbohydrates and other nutrients for a more balanced lifestyle. One way we can all conveniently make that happen is through protein shakes that can work as a complement to other dietary elements. Besides the webinar, the campaign also included the sharing of protein-rich recipes and educational tips and tricks to stay healthy and fit.

Information



Sustainability



Women Health From Within Event

With body and health awareness on the rise, consumers are beginning to recognise the benefits of probiotics and digestive health. In line with this, Amway conducted a virtual workshop that enlightened wellness enthusiasts on the importance of probiotics, as well as explored the various significant life stages that women experience and the value of proper nutrition at each stage. The virtual workshop themed, "Women Health from Within", was hosted by Senior Nutritionist, Sharmini Devi, and trainers, Lee Chih Ying and Sue Choo.

Dr. Kristin Morris, Principal Research Scientist & Clinical Investigations, Amway Research & Development, was also invited to share on the importance of a healthy and diverse gut microbiome, especially for women, and on their vaginal health. Among the key takeaways, she shared that women should be aware that they need specific strains of bacteria for their wellness as certain strains help them balance their pH levels and prevent the overgrowth of bacteria, especially for women with childbearing potential.

The workshop also saw the introduction of the Nutrilite Cranberry Fruit Drink Base with Probiotic, Inulin & FOS. This beverage aids women in the normalisation of vaginal microbiome (occurring from the 14th day onwards) and supports a healthy immune response.

Nutrilite Modern Herbal Nutrition eRally

In February, Nutrilite launched two supplements under the new product range, Modern Herbal Nutrition, which comprises supplements made from herbal and botanical ingredients. The two new supplements, Nutrilite Botanical Beverage Berries with Lutein, and Nutrilite Botanical Beverage Apple, Jujube & Wheat Peptide are aimed at boosting vision and stomach health, respectively.

The launch was conducted over a Facebook Live eRally moderated by TV host, Terrance Dass. During the live event, ABOs and APCs were provided with an educational session, in addition to Nutrilite updates from Nutrition Category Manager, Joyce Tan.

Viewers were also briefly introduced to Amway's Modern Herbal Nutrition product range by Amway China's Vice President of Innovation & Science East Hub, Chen Jia who shared Nutrilite's strategy to modernise traditional herbals with modern science, including understanding why and how they work. She also communicated that this strategy leverages the rising demand for herbal and naturally sourced products due to the COVID-19 pandemic.

Product Development Expert, Amway China's Innovation & Science Centre Principal Scientist, Dr. Eric Du was also invited to share his insights on the two new supplements. He cited how the supplements, which are backed by scientific research studies and patented technology, deliver nutritional benefits to the eyes and stomach.





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2022 EVENT HIGHLIGHTS (CONT'D)



Amway Brings Back the Physical National Leadership Conference & Dinner 2022

Following a two-year physical hiatus, the National Leadership Conference & Dinner (NLCD) 2022 was held on 25 June 2022 with over 3,500 Amway Leaders (and another 500 Leaders joining virtually) from Malaysia, Singapore and Brunei packing the halls at the Malaysia International Trade and Exhibition Centre, Kuala Lumpur.

Mike Duong, Managing Director of Amway Malaysia, Singapore and Brunei, along with fellow Amway Leaders, introduced this year's theme of "BREAKTHROUGH". This was followed by a series of inspiring opening video messages from the Co-Chairman of the Board of Directors for Amway, Doug DeVos; Chief Executive Officer of Amway Global, Milind Pant; and Regional President, Asia & Chief Strategy & Corporate Development Officer, Asha Gupta. Mike Duong also summed up Amway's amazing growth in spite of the ongoing pandemic with the word "HEBAT".

The Leaders in attendance were then given Marketing and Sales updates from Head of Marketing & Communications, Joanne Chong, and former Chief Sales & Experience Officer, Leong Kok Fong respectively. Focusing on "Healthier" and "Prettier" topics, Joanne Chong provided insights into Amway's upcoming marketing activities, including the launch of Improved Formula Nutrilite DOUBLE X, ARTISTRY GO VIBRANT Lipstick, ARTISTRY SKIN NUTRITION Vitamin C+HA3 Daily Serum, and XS IGNITE Blood Orange Fruit Drink Based with Isomaltulose & L-Glutamine.

Meanwhile, Leong Kok Fong shared a sales update presentation which included announcements pertaining to Amway's Pin Achievers, PY2023 Renewal, Jom Bina Bronze Campaign 2.0, Core Plus+ and Non-Cash Award initiatives. His presentation ended with a bang, with the unveiling of the Diamond Invitational 2023 destination, namely Queenstown, New Zealand, while Paris, France, was announced as the upcoming destination for the 2023 Amway Leadership Seminar.

For the rest of the night, there were many activities including musical performances, multiple lucky draws and a special "Runway Fashion" show for leaders to participate in, making NLCD 2022 a truly unforgettable night.





Sustainability Statement











2022 EVENT HIGHLIGHTS (CONT'D)



ARTISTRY Beauty Camp 2022

Over 2,300 ABOs and APCs physically attended the ARTISTRY Beauty Camp held at the World Trade Centre Kuala Lumpur in September 2022, following two years of lockdown restrictions. The event covered lessons on strengthening one's ARTISTRY business as well as an in-depth coverage of the ARTISTRY SKIN NUTRITION Vitamin C+HA3 Daily Serum.

During the morning session, Thailand's Double Diamond, Christmas Sathianwarraporn, shared how she built her business from the ground up with ARTISTRY products along with insightful tips. Later, Lauren Baer, Amway Global Scientist, explained the science behind the ARTISTRY SKIN NUTRITION Vitamin C+HA3 Daily Serum and gave away full-sized bottles to a few lucky audience members.

Following that, Maggie Pepoy, Global Brand Manager of ARTISTRY Skincare, shared intriguing insights on the ARTISTRY SKIN NUTRITION range and provided a sneak peek on upcoming launches and the future direction of ARTISTRY Skincare. After the Business and Product Building Sessions, participants enjoyed lunch and interesting foyer activities which included a special makeup booth where participants could get their makeup touched up by the talented ARTISTRY Squad.

For the final session, there were two workshops titled "Beauty Curator Classes: Beauty Solutions 101 and Beauty Devices 201" (available in English, Bahasa Malaysia, and Mandarin). These workshops taught participants how to provide complete skincare solutions for their customers. Participants were also taught how to build their businesses with the ARTISTRY 5-Day Solution, INTENSIVE SKINCARE Vita Collagen Capsule and SKIN NUTRITION products, while live product demonstrations with the ARTISTRY Skin Analyzer and Dermasonic devices followed.







Information

Introducing the Improved Formula Nutrilite DOUBLE X

Sustainability

Statement

After a long three-year break, over 2,000 ABOs showed up for the final leg of the Improved Formula Nutrilite DOUBLE X Rally held at Sunway Pyramid Convention Centre, Selangor. The same rally was also held at the Promenade Hotel, Kota Kinabalu; Grand Margherita Hotel, Kuching; Thistle Hotel, Johor Bahru; and Eastin Hotel, Penang.

During the much-anticipated final rally, Diamond Leaders were invited to an exclusive DOUBLE X experiential session before the event started. Meanwhile, ABOs got to share their excitement on social media with the "funducational" and interactive Nutrilite booths outside the main event hall.

Principal Research Scientist, Jennifer Dang, and Botanical Research Scientist, Chris Lenderink, who are the brilliant minds behind the Improved Formula Nutrilite DOUBLE X, were guests at the rally which was launched by Amway Malaysia, Singapore and Brunei Managing Director, Mike Duong. In his inspirational speech, Mike Duong touched on the legacy of Nutrilite and shared his hopes on how the Improved Formula Nutrilite DOUBLE X can help Malaysians improve their health while helping ABOs grow their businesses.

Also on stage was Head of Marketing & Communications, Joanne Chong, who officially launched the new product, and along with fellow Nutrilite Scientists, gave us the lowdown on the science behind the Improved Formula Nutrilite DOUBLE X. The latter now comes with proactive and reactive defences against free radicals and is superior at filling in nutritional gaps thanks to its new enhanced blend that has even more purple phytonutrients.

Going in-depth on the importance of nutrition being complemented by good supplementation, Joanne Chong highlighted that although eating a variety of fruits and vegetables from across the colour spectrum is the best way to support health, it is not always easy to accomplish that. As such, dietary supplements are essential in helping to fill the nutrient gaps.







2022 EVENT HIGHLIGHTS (CONT'D)

Young@Heart with the All-New XS IGNITE Launch

In October 2022, Amway unveiled the All-New XS IGNITE at the BodyKey Young@Heart physical event. The new XS IGNITE Blood Orange Fruit Drink Base contains Isomaltulose which boosts workout performance, L-Glutamine that promotes energy metabolism, and Moro Blood Orange Extract that is proven to effectively manage body weight. Held at the Bukit Kiara Equestrian & Country Resort, Kuala Lumpur, the event was attended by over 700 Amway Leaders and ABOs who purchased the limited edition event bundle.

Attractions at the event included a limited edition BodyKey and XS merchandise booth, BodyKey and XS games that included a Bicycle Blender, Nintendo Switch Ring Fit game, and Battle Rope Challenge, as well as mocktail and face painting booths.

More significantly, there was an exclusive BodyKey and XS Hot Air Balloon ride for Leaders and ABOs to get a bird's eye view of the whole event. There was even a very Instagram-worthy XS Tunnel for participants to show off the event on their social media channels.

Managing Director of Amway Malaysia, Singapore and Brunei, Mike Duong kickstarted the event with his opening speech. This was followed by an introduction to the all-new XS IGNITE Blood Orange Fruit Drink Base with Isomaltulose & L-Glutamine by Head of Marketing & Communications Joanne Chong. During her speech, she also gave everyone a sneak peek at the future of the BodyKey journey.

Following the speeches, event host, Sean Lee, introduced on-stage activities like a K-Pop Zumba dance by Hanif Shawn, a group LED Hula Hoop performance, and performances by Jeii Pong, Gaston Pong, and GoYoung to get everyone's blood pumping.





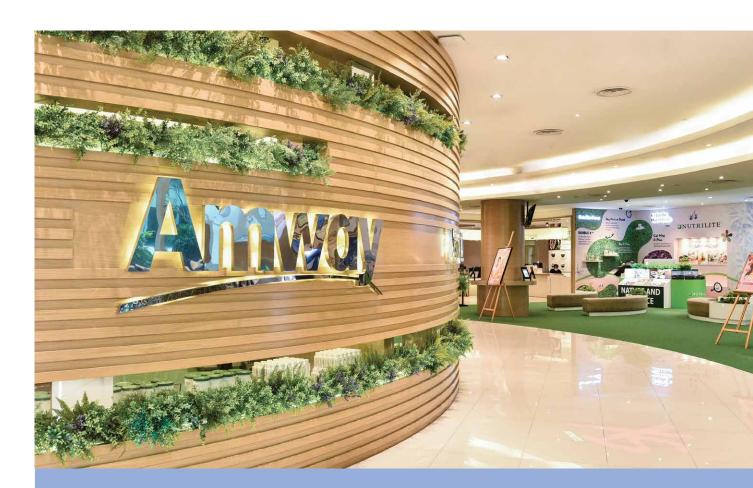






Information

CORPORATE INFORMATION



COMPANY SECRETARIES

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

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AUDITORS

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

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





SCOTT RUSSELL BALFOUR

Non-Independent Non-Executive Director

DATIN SERI AZREEN BINTI ABU NOH

Independent Non-Executive Director

LOW HAN KEE

Non-Independent Non-Executive Director

TAN SRI FAIZAH BINTI MOHD TAHIR

Chairperson and Senior Independent Non-Executive Director



MICHAEL JONATHAN DUONG

Managing Director

ABD MALIK BIN A RAHMAN

Independent Non-Executive Director

DATO' ABDULLAH THALITH BIN MD THANI

Independent Non-Executive Director

AIDA BINTI MD DAUD

Non-Independent Non-Executive Director

HO KIM POI

Independent Non-Executive Director

DIRECTORS' PROFILES



TAN SRI FAIZAH BINTI MOHD TAHIR

Chairperson and Senior Independent Non-Executive Director

| 3 | Nationality | Malaysian |
|----------|---------------------|-------------|
| Ç* | Age and Gender | 72 / Female |
| 0 0 | Date of Appointment | 8 May 2014 |

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.

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, 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 2022.



MICHAEL JONATHAN DUONG

Managing Director

| 3 | Nationality | American |
|------------|---------------------|----------------|
| Ç * | Age and Gender | 49 / Male |
| 0 0 | Date of Appointment | 1 January 2017 |

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. ("Amway Singapore") as Managing Director ("MD"). On 1 April 2023, he relinquished his role as MD of Amway Singapore and took on a new role as MD of Amway Indonesia.

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 2022.

DIRECTORS' PROFILES (CONT'D)



LOW HAN KEE

Non-Independent Non-Executive Director

| | Nationality | Malaysian |
|-----|---------------------|-------------|
| Ç* | Age and Gender | 63 / Male |
| 0 0 | Date of Appointment | 6 June 1996 |

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 2022.



SCOTT RUSSELL BALFOUR

Non-Independent Non-Executive Director

| 3 | Nationality | American |
|------------|---------------------|-----------------|
| Ç * | Age and Gender | 61 / Male |
| 0-0 | Date of Appointment | 15 January 2004 |

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 2022.

DIRECTORS' PROFILES (CONT'D)



DATO' ABDULLAH THALITH BIN MD THANI

Independent Non-Executive Director

| 3 | Nationality | Malaysian |
|----------|---------------------|-------------|
| Ç* | Age and Gender | 68 / Male |
| 0000 | Date of Appointment | 15 May 2015 |

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 2022.



ABD MALIK BIN A RAHMAN

Independent Non-Executive Director

| 3 | Nationality | Malaysian |
|----------|---------------------|------------------|
| ф | Age and Gender | 74 / Male |
| 0-0 | Date of Appointment | 1 January 2019 |

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

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

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, Innity Corporation Berhad and Lee Swee Kiat Group Berhad.

En. Abd Malik is currently an Independent Director of Mah Sing Group Berhad, AYS Ventures Berhad and CYL Corporation Berhad. He also serves on the board of a private limited company.

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 2022.

DIRECTORS' PROFILES (CONT'D)



DATIN SERI AZREEN BINTI ABU NOH

Independent Non-Executive Director

| 8 | Nationality | Malaysian |
|-----------|---------------------|------------------|
| \$ | Age and Gender | 53 / Female |
| 0 0 0 | Date of Appointment | 26 February 2019 |

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 and was appointed a member of the Nominating Committee on 15 March 2023.

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 2022.



AIDA BINTI MD DAUD

Non-Independent Non-Executive Director

| 69 | Nationality | Malaysian |
|------------|---------------------|----------------|
| Ç * | Age and Gender | 62 / Female |
| | Date of Appointment | 21 August 2019 |

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 over 25 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 2022.

DIRECTORS' PROFILES (CONT'D)



HO KIM POI Independent Non-Executive Director

| 3 | Nationality | Malaysian |
|------------|---------------------|---------------|
| Q * | Age and Gender | 59 / Female |
| 0 0 | Date of Appointment | 15 March 2023 |

Ho Kim Poi (Ms. Ho) was appointed a Director of Amway (Malaysia) Holdings Berhad on 15 March 2023. She is a member of both the Audit Committee and the Remuneration Committee.

She obtained a Bachelor of Science from the Faculty of Mathematical Sciences at the University of Adelaide, Australia, and thereafter a Master in Business Administration from the University of Lincoln, United Kingdom. She is a member of the Malaysian Institute of Accountants ("MIA") and CPA Australia ("ASCPA"). Ms. Ho is also a member of the Institute of Corporate Directors Malaysia ("ICDM").

Ms. Ho has more than 30 years of experience in finance and human resources. She began her career at KPMG Malaysia as a tax consultant. She then went on to hold senior management roles within corporations in the manufacturing and pharmaceutical industries. Thereafter, she joined a direct selling multi-national corporation and

held several senior management positions including that of Chief Financial Officer, Regional Chief Financial Officer and Strategic Planning Director.

Ms. Ho is currently an Independent Non-Executive Director of Mah Sing Group Berhad and Senheng New Retail Berhad.

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

She 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.

She did not attend any Board meetings held during the financial year ended 31 December 2022 as she was only appointed on 15 March 2023.

Other

Information

KEY MANAGEMENT PROFILES



From left: Ng Ai Lee, Wang Yanwei, Wong Choom Yee, Chong Sew Peng, Mohamad Zaihan

NG AI LEE

Chief Financial Officer

Nationality Malaysian

Age and Gender 50 / Female

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").

WANG YANWEI

Chief Sales & Experience Officer

Nationality Chinese

Age and Gender 44 / Female

Ms. Wang Yanwei joined Amway Malaysia as its Chief Sales & Experience Officer in April 2023 following the resignation of Mr. Leong Kok Fong. Her team is responsible for Amway Business Owner ("ABO") and customer matters, including strategising, designing, incentivising, modernising, and executing the ABO and customer experience as well as Amway's various touchpoints. Armed with a Master's Degree in Arts from the Communication University of China, Ms. Wang joined Amway China in 2004 where she spent 14 years in various sales roles including the last seven years as its North Area Sales Head. On top of this, she spent another five years accumulating a wealth of global experience from her time as the Build-Young-Leader strategy lead, her stints with Amway Brazil and Global Sales, as well as her work as Director of the Asia A70 Transformation Office. Altogether, Ms. Wang has faithfully served Amway for some 19 years to date.

KEY MANAGEMENT PROFILES (CONT'D)

WONG CHOOM YEE

Head of Human Resources

Nationality Malaysian
Age and Gender 53 / Female

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
Age and Gender 48 / Female

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
Age and Gender 48 / Male

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 the Vice President and 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 2022 ("FY2022"), the Board continued to provide oversight on corporate governance, and by working closely together with the Senior Management, further refined its corporate governance practices in line with the Malaysian Code on Corporate Governance 2021 ("MCCG"), in particular, pertaining to sustainability management.

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 of how the Group applied the following three (3) key principles as set out in the MCCG:

- (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 FY2022 standalone Corporate Governance ("CG") Report. The CG Report provides a detailed account of how Amway has applied each of the practices set out in the MCCG, 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 2022 and can be accessed via the Company's website at www.amway.my.

In FY2021, Amway complied with thirty-five (35) out of the total forty-two (42) recommended practices applicable for non-Large Companies under the MCCG. During FY2022, efforts were made to further align with the MCCG requirements. As of 31 December 2022, the Group had complied with forty (40) out of the total forty-two (42) recommended practices. The remaining two (2) practices that Amway has departed from are highlighted in the table below. The basis 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 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 8.2 | The Board discloses on a named basis the top five Senior Management's remuneration components including salary, bonuses, benefits-in-kind and other emoluments in bands of RM50,000. |

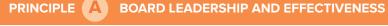
Practice 4.4

During FY2021, Amway established a Sustainability Working Committee and Sustainability Steering Committee to identify and integrate appropriate principles of sustainability into the Group's strategies, policies and procedures. In May 2022, a groupwide Sustainability Strategic Framework was put in place and endorsed by the Board. Thereafter, the Management began to develop plans to implement the various strategies and to achieve the goals and targets set out in the Sustainability Strategic Framework to manage the Group's material sustainability matters.

In view of Amway being in the initial stages of implementing its sustainability journey, the Board will monitor the progress of the implementation of the Group's sustainability strategic plan before incorporating the performance evaluations of the Board and Key Senior Management as well as the suitable Key Performance Indicators to assess how well they have performed in managing the material sustainability risks and opportunities. Please refer to the Sustainability Statement within Amway's Annual Report 2022 for further information.

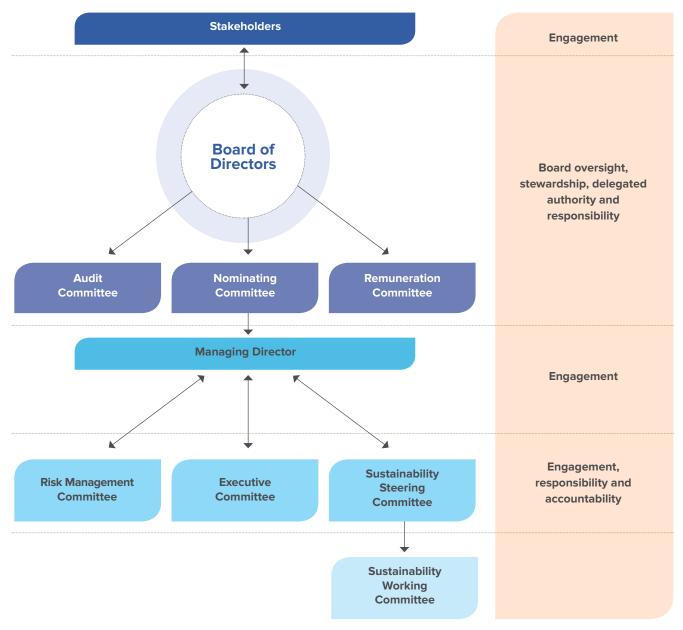
Practice 8.2

While the Board recognises the importance of transparency, due to the high competitiveness for professional talent as well as data privacy and personal security concerns, the Board believes that individual disclosure on a named basis for the remuneration of the top five (5) Senior Management personnel or Key Senior Management ("KSM") positions is not in the best interests of the Group. Amway will continue its current alternative practice of disclosing the total remuneration of its top five KSM on an aggregate basis.



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.

Other

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, evaluating, challenging and adopting the Management's strategic plan proposals for the Group to ensure the plan supports both short and long-term creation goal as well as includes strategies on economic, environmental and social considerations underpinning sustainability;
- · Reviewing the Group's operating budget and capital expenditures proposed by the 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, sustainability 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.

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:
- Directors' Fit and Proper Policy;
- 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;
- Sustainability Strategic Framework;
- 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.

In May 2022, the Board established a Directors' Fit and Proper Policy in line with the requirements under Paragraph 15.01A of Bursa Securities' Listing Requirements. The Policy serves as a guide for the Nominating Committee and the Board in reviewing and assessing the candidates to be appointed as Directors as well as for Directors who are seeking election or re-election. A copy of this policy is available on the Company's website at www.amway.my. At the same time, the Sustainability Strategic Framework was also put in place and adopted by the Board (the details of which can be found in the Sustainability Management section of this statement).

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 the Management, are responsible for the governance of sustainability in the Group, including the formulation of related strategies, priorities and targets, as well as for maintaining regular oversight of the Group's sustainability progress and achievements.

In May 2022, the Board approved and adopted Amway's Sustainability Strategic Framework ("the Framework") to facilitate the Group's sustainability implementation which considers the Group's context, business direction, activities, products and services, environmental, economic and social impacts, as well as the resulting material matters. The Framework encapsulates the Group's overall direction towards sustainability while supporting the achievement of the United Nations' Sustainable Development Goals and Targets. Amway is committed to improving its business operations by incorporating environmental and social considerations into the business decisions and is seeking to deliver value to its stakeholders in the current rapidly shifting landscape in a 'right and good way'. In addition to the Framework, the Board adopted a Sustainability Policy in February 2023 which provides further guidance on how Amway conducts its business in a responsible manner and reaffirms its commitment towards sustainability.

At the management level, the Sustainability Steering Committee ("SSC") is responsible for driving sustainability initiatives across the Group's operations and overseeing the sustainability strategies and progress. The SSC is supported by the Sustainability Working Committee ("SWC") which is dedicated to implementing sustainability initiatives. The Head of Corporate and Government Affairs, who is a member of the SSC, reports regularly to the Board on the progress of the Group's sustainability initiatives and how the Group is addressing its material sustainability matters.

In addition, the key risks associated with the Group's material sustainability matters have been incorporated into the Corporate Risk Register together with mitigation action plans. The risk register is reviewed quarterly by the Board through the Audit Committee.

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 on the Company's website at $\underline{\text{www.amway.my}}$.

ROLES AND RESPONSIBILITIES OF KEY POSITIONS

Chairnerson

- Leads the Board in establishing and instilling good corporate governance practices within the Group;
- Maintains regular dialogue with the MD over operational matters and consults with the remaining Board members promptly over any matters of 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.

Other

ROLES AND RESPONSIBILITIES OF KEY POSITIONS

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 those where potential conflicts of interest situations may arise.

Non-Executive Directors

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

Managing Director or MD

- Develops and ensures the execution of day-to-day operational strategies together with the Management team;
- Develops business and sustainability strategies, plans, targets, annual operating plans and budgets to be adopted by the Board;
- Implements, monitors and provides effective leadership to the Management team with a view to achieving 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 that the Group is operating within the risk appetite set by the Board;
- Manages resources within budgets approved by the Board;
- Effectively represents the interests of the Group with major customers, regulatory bodies, and industries at large, to ensure general goodwill towards the Group and cooperation in planned development;
- Ensures that the Group's corporate identity, products and services are of a high standard 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.

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 the Senior Management oversees the day-to-day management of the Group including financial, business, sustainability and operational matters within the prescribed limits of authority and in accordance with the Group's standard operating procedures.

Their role encompasses developing strategies and setting key performance indicators ("KPIs") to realise the approved business plan for the year. In executing their roles, the 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 the Board and Board Committees. The meeting agenda and papers are uploaded to a secured online portal which is accessible by the Directors at least five (5) business days prior to the 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 Management provides updates on matters raised in previous Board and Board Committee meetings which require follow-up and would remain as 'matters arising' until they are resolved. The minutes of the previous Board and Board Committee meetings are circulated to the 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 the 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 FY2022

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 | Deliberated on and approved the Group's financial budget and forecasts; Deliberated on and approved the capital expenditure budget; Deliberated on and approved the unaudited quarterly financial results and annual audited financial statements; and Approved the interim and special dividends for FY2022. |

Sustainability

Statement

FOCUS AREA ACTIVITIES AND ACCOMPLISHMENTS Reviewed the business strategies and operating plans; Oversaw the conduct of the Group's business; Reviewed and monitored the impact of COVID-19 on the Group's business operations, together with the continuing measures and initiatives undertaken to safeguard the health of Strategic Plans and employees, Amway Business Owners ("ABOs") and Amway Privileged Customers as well as to Sustainability support ABO businesses and communities; Reviewed and approved the Group's Sustainability Strategic Framework and monitored the progress of its implementation; and Reviewed the succession planning and remuneration of the Board and Key Senior Management. Reviewed Board effectiveness; Reviewed the respective term of office and performance of the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"); Reviewed and approved the Directors' Fit and Proper Policy; Reviewed the Group's corporate governance framework to further align with the Listing Governance and Risk Requirements of Bursa Securities and the MCCG; Management Reviewed principal risks (operational, sustainability and corruption) and the related mitigating measures and internal controls; Reviewed the report from solicitors on their assessment of the Group's anti-bribery and corruption measures as well as the status of implementing the recommended enhancements; and Reviewed internal audit findings and management responses.

In November 2022, 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

As at 31 December 2022, the Board comprised eight (8) directors, seven (7) of whom were Non-Executive Directors. The MD was the sole Executive Director on the Board. Of the seven (7) Non-Executive Directors, four (4) were Independent Directors. The Board then was made up of the following directors:

- · Tan Sri Faizah Binti Mohd Tahir (Chairperson and Senior Independent Non-Executive Director or "INED");
- Mr. Michael Jonathan Duong (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).

Come May 2023, the Board's Chairperson, Tan Sri Faizah Binti Mohd Tahir, who was appointed as a Director in May 2014, would have served as an INED for a term of nine (9) years. In line with Practice 5.3 of the MCCG which states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years, Tan Sri Faizah Binti Mohd Tahir has indicated that she will retire as the Board's Chairperson and Senior INED upon the conclusion of the Company's Twenty-Eighth ("28th") Annual General Meeting ("AGM") which will be held on 24 May 2023. On the same day, En. Abd Malik Bin A Rahman will be appointed as the new Chairman of the Board and Senior INED. The following reflects the developments to date and the Board's succession plan moving forward:

- On 15 March 2023, Ms. Ho Kim Poi was appointed to the Board as an INED, as well as a member of the AC and RC;
- Upon conclusion of the 28th AGM, En. Abd Malik Bin A Rahman will succeed Tan Sri Faizah Binti Mohd Tahir as the Board's Chairman and Senior INED. He will also step down as the AC Chairman as well as a member of the NC and RC to comply with Practice 1.4 of the MCCG (i.e., that the Chairman of the Board should not be a member of the AC, NC or RC), and Practice 9.1 of the MCCG (i.e., that the Chairman of the AC is not the Chairman of the Board); and
- · On the same day, Ms. Ho Kim Poi will be redesignated as the new AC Chairperson to replace En. Abd Malik Bin A Rahman.

Therefore, from 15 March 2023 until the 28th AGM which will be held on 24 May 2023, the Board will comprise (9) Directors, made up of one (1) Executive Director (the MD) and eight (8) Non-Executive Directors. Of the eight (8) Non-Executive Directors, five (5) will be Independent Directors. The following outlines the composition of the Board over that period:

- Tan Sri Faizah Binti Mohd Tahir (Chairperson and Senior INED);
- Mr. Michael Jonathan Duong (MD);
- · Dato' Abdullah Thalith Bin Md Thani (INED);
- En. Abd Malik Bin A Rahman (INED);
- · Datin Seri Azreen Binti Abu Noh (INED);
- Ms. Ho Kim Poi (INED);
- Mr. Low Han Kee (Non-INED);
- · Mr. Scott Russell Balfour (Non-INED); and
- Pn. Aida Binti Md Daud (Non-INED).

Upon conclusion of the 28th AGM, the Board will comprise eight (8) Directors, made up of one (1) Executive Director (the MD) and seven (7) Non-Executive Directors. Of the seven (7) Non-Executive Directors, four (4) will be Independent Directors. The following highlights the intended composition of the Board following the 28th AGM:

- En. Abd Malik Bin A Rahman (Chairman and Senior INED);
- Mr. Michael Jonathan Duong (MD);
- · Dato' Abdullah Thalith Bin Md Thani (INED);
- · Datin Seri Azreen Binti Abu Noh (INED);
- Ms. Ho Kim Poi (INED);
- Mr. Low Han Kee (Non-INED);
- Mr. Scott Russell Balfour (Non-INED); and
- · Pn. Aida Binti Md Daud (Non-INED).

The MD is the sole Executive Director on the Board and no alternate Director was appointed in respect of any of the Directors. None of the Directors are politicians.

For more details of the Board members, please refer to the Directors' Profiles on pages 74 to 82 of this Annual Report.

BOARD DIVERSITY

In terms of gender diversity, as at 31 December 2022, three (3) Directors (including the Chairperson) out of the eight (8) Board members were women (equivalent to 38% of the Board composition). Following the appointment of Ms. Ho Kim Poi to the Board on 15 March 2023, four (4) Directors (including the Chairperson) out of the nine (9) Board members are women (equivalent to 44% of the Board composition). Upon the retirement of the Board's Chairperson, Tan Sri Faizah Binti Mohd Tahir, at the conclusion of the 28th AGM on 24 May 2023, three (3) Directors out of the eight (8) Board members will comprise women (equivalent to 38% of the Board composition).

The above developments are 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 that requires the Board to have at least 30% women Directors. This will also fulfil the new requirement of Paragraph 15.02(1)(b) of Bursa Securities' Listing Requirements (which will come into effect on 1 June 2023), whereby listed issuers with a market capitalisation of below RM2 billion are required to have at least one (1) woman Director on the Board.

Moreover, in tandem with the application of the guidance as per Practice 5.10 of the MCCG, the Board is supportive of ensuring that there is a healthy representation of women in Key Senior Management positions and strives to have at least 20% women participation in such positions. Amway's Key Senior Management comprises five (5) key positions. From January 2022 to mid-August 2022, three (3) out of five (5) key positions, or 60% are held by women. Following the resignation of Mr. Leong Kok Fong as the Chief Sales & Experience Officer in mid-August 2022, three (3) out of the remaining four (4) key positions, or 75%, are held by women. The Chief Sales & Experience Officer position was subsequently filled in April 2023 upon Ms. Wang Yanwei joining the Key Senior Management team, which led to four (4) out of five (5) key positions, or 80% being held by women.

Collectively, the Board brings a diverse range of skills, expertise, qualifications, backgrounds and experiences to Amway. The Board composition reflects both a healthy ethnic and gender diversity. This ensures 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 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 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

Sustainability

Statement

| 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 | Government 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

Amway's Board independence composition complies with the minimum one-third (1/3) requirement for Independent Directors on the Board as set out in Paragraph 15.02(1)(a) of the Listing Requirements and is also in line with Practice 5.2 of the MCCG and Board Charter, whereby at least half of the Board comprises Independent Directors.

- From 1 January 2022 to 14 March 2023, four (4) of the eight (8) Directors (representing 50% of the Board) were Independent Directors.
- From 15 March 2023 until the Company's 28th AGM on 24 May 2023, five (5) of the nine (9) Directors are Independent Directors, representing 56% of the Board.
- Upon conclusion of the 28th AGM, four (4) of the eight (8) Directors (representing 50% of the Board) will be 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 FY2022, 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. In addition, the NC also assessed the independence of the new Director, Ms. Ho Kim Poi prior to recommending her to the Board for appointment as an INED.

SENIOR INED

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

Upon the conclusion of the Company's 28th AGM on 24 May 2023, Tan Sri Faizah Binti Mohd Tahir will retire from the Board and En. Abd Malik Bin A Rahman will be appointed as the new Chairman and Senior INED of the Company. He may be reached via email at <u>AmwayChairman@gmail.com</u>.

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 Amway's Code of Conduct and Ethics.

The Code of Conduct and Ethics is available on the Company's website at www.amway.my.

BOARD COMMITTEES

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

| COMMITTEE | KEY RESPONSIBILITIES |
|-----------|--|
| AC | Oversees the financial reporting process; Assesses the effectiveness of the system of internal control and risk management processes; Assesses the suitability, objectivity and independence of the Internal and External Auditors, and the performance of the audit functions; Reviews related party transactions and any conflicts of interest that may arise within the Group; and Reviews the effectiveness of anti-corruption and whistle-blowing processes and receives reports and recommendations for improvements from the Internal Auditors. |
| NC | 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; Assesses the effectiveness and performance of the Directors, Board and its Committees; Reviews the tenure of Directors; Proposes new nominees to the Board and Board Committees in line with the Directors' Fit and Proper Policy; Assesses the independence of the Independent Directors; and Ensures succession plans for the Board and Key Senior Management are in place. |
| RC | Reviews and recommends the Directors' fees and allowances of the Non-Executive Directors taking into account their responsibilities and time commitment; and Reviews and recommends the remuneration packages of the Executive Director and Key Senior Management based on their individual performances and that of the Group. |

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"), Executive Committee ("EXCOM") and Sustainability Steering Committee ("SSC").

MANAGEMENT GOVERNANCE FRAMEWORK

RMC

- Ensures effective implementation and maintenance of the risk management framework; and
- Manages the Group's principal business, operational, corruption and material sustainability matters risks on a timely basis.

EXCOM

- Implements the Group's strategic plan, policies and decisions adopted by the Board; and
- Oversees the operations and business development of the Group.

SSC

- Drives sustainability initiatives across the Group's operations.
- Oversees the implementation of sustainability strategies and progress.
- The SSC is supported by the Sustainability Working Committee or SWC which is dedicated to implementing sustainability initiatives.

THE AC

AC Composition

The Board's AC is exclusively made up of Non-Executive Directors, the majority of whom are Independent Directors. As at 31 December 2022, the AC comprised the following:

- 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).

Effective 15 March 2023, Ms. Ho Kim Poi was appointed as an AC member. The AC composition from 15 March 2023 until the Company's 28th AGM on 24 May 2023 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);
- Ms. Ho Kim Poi (Member, INED);
- · Mr. Scott Russell Balfour (Member, Non-INED); and
- · Mr. Low Han Kee (Member, Non-INED).

Upon the retirement of Tan Sri Faizah Binti Mohd Tahir as the Board's Chairperson at the conclusion of the 28th AGM, En. Abd Malik Bin A Rahman will be appointed as the new Board Chairman and will resign as the AC Chairman and as a member of the NC and RC. This is to ensure continued compliance with Practice 1.4 of the MCCG, which states that the Chairperson of the Board should not be a member of the AC, NC or RC, and Practice 9.1 whereby the Chairman of the AC is not the Chairman of the Board. At the same time, Ms. Ho Kim Poi will be re-designated as the new AC Chairperson to replace En. Abd Malik Bin A Rahman. The composition of the AC after the 28th AGM will be as follows:

- Ms. Ho Kim Poi (Chairperson, 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).

AC's Responsibilities

The AC is responsible for ensuring that the financial statements of the Company and Group have been prepared 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 of overseeing the risk management activities of the Group.

The Terms of Reference of the AC can be found on the Company's website at www.amway.my.

The activities undertaken by the AC during FY2022 are spelt out in the AC Report within this Annual Report.

THE NC

NC Composition

The Board's NC is exclusively made up of Non-Executive Directors, the majority of whom are Independent Directors. As at 31 December 2022, the NC comprised the following:

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

Effective 15 March 2023, Datin Seri Azreen Binti Abu Noh was appointed as an NC member. The NC composition for the period from 15 March 2023 until the Company's 28th AGM on 24 May 2023 is as follows:

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

Upon conclusion of the 28th AGM, En. Abd Malik Bin A Rahman will resign as a member of the NC following his appointment as the new Board Chairman. This is to ensure continued compliance with Practice 1.4 of the MCCG, which stipulates that the Chairperson of the Board should not be a member of the AC, NC or RC. The NC composition after the 28th AGM will be as follows:

- · Dato' Abdullah Bin Md Thani (Chairman, INED);
- · Datin Seri Azreen Binti Abu Noh (Member, INED); and
- · Mr. Scott Russell Balfour (Member, Non-INED).

NC's Responsibilities

The NC is tasked with specific terms of reference to assist the Board among others, to identify, consider and recommend suitable individuals for appointment as Directors of the Board and Board Committees and is guided by the Directors' Fit and Proper Policy. The NC is also responsible for identifying training programmes for the Board, 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 on the Company's website at www.amway.my.

NC's Activities

The NC held two (2) meetings during FY2022, and the main activities undertaken during the year included the following:

- Reviewed and recommended the Directors' Fit and Proper Policy to the Board for approval;
- · 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 tenure of the Directors;
- · Reviewed the re-election of Directors who were subject to retirement by rotation and recommended the same to the Board;
- Reviewed the character, experience, integrity, competency and time to effectively discharge the roles of the MD and Chief Financial Officer ("CFO"); and
- Reviewed and recommended the succession plan for the Board's Chairperson, Tan Sri Faizah Binti Mohd Tahir and Key Senior Management.

In February 2023, the NC undertook the following in connection with the succession plan for Tan Sri Faizah Binti Mohd Tahir:

- Reviewed and recommended to the Board, the appointment of Ms. Ho Kim Poi as a Director and as a member of the AC and RC effective 15 March 2023.
- Accepted the impending resignation of Tan Sri Faizah Binti Mohd Tahir as the Board's Chairperson and Senior INED with
 effect from after the conclusion of the Company's 28th AGM on 24 May 2023;
- Recommended the appointment of En. Abd Malik Bin A Rahman as the new Board Chairman and Senior INED as well as
 accepted his resignation as the AC Chairman and member of the NC and RC with effect from after the conclusion of the
 28th AGM; and
- Recommended the re-designation of Ms. Ho Kim Poi as the new AC Chairperson with effect from after the conclusion of the 28th AGM.

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

THE RC

RC Composition

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

As at 31 December 2022, the RC comprised of the following:

- · Mr. Scott Russell Balfour (Chairman, Non-INED);
- · En. Abd Malik Bin A Rahman (Member, INED); and
- · Datin Seri Azreen Binti Abu Noh (Member, INED).

Effective 15 March 2023, Ms. Ho Kim Poi was appointed as an RC member. The RC composition for the period from 15 March 2023 to the Company's 28th AGM on 24 May 2023 is as follows:

- · Mr. Scott Russell Balfour (Chairman, Non-INED);
- En. Abd Malik Bin A Rahman (Member, INED);
- · Datin Seri Azreen Binti Abu Noh (Member, INED); and
- Ms. Ho Kim Poi (Member, INED).

After the conclusion of the 28th AGM, En. Abd Malik Bin A Rahman will be appointed as the new Board Chairman and will resign as a member of the RC. This is to ensure compliance with Practice 1.4 of the MCCG, which stipulates that the Chairperson of the Board should not be a member of the AC, NC or RC. The RC composition after the conclusion of the 28th AGM will be as follows:

- Mr. Scott Russell Balfour (Chairman, Non-INED);
- · Datin Seri Azreen Binti Abu Noh (Member, INED); and
- Ms. Ho Kim Poi (Member, INED).

RC's Responsibilities

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 on the Company's website at www.amway.my.

RC's Activities

The RC held one (1) meeting during FY2022, and the main activities undertaken during the year included the following:

- Reviewed and recommended the remuneration packages for the MD and Key Senior Management; and
- Reviewed and recommended the Non-Executive Director's fees, allowances and benefits for the Directors of the Group.

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 FY2022.

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.

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 FY2022:

| Directors | Number of Meetings Held | | | | |
|-------------------------------------|-------------------------|-----|-----|-----|--|
| | Board | AC | RC | NC | |
| Non-Executive Directors | | | | | |
| Tan Sri Faizah Binti Mohd Tahir | 4/4 | N/A | N/A | N/A | |
| Dato' Abdullah Thalith Bin Md Thani | 4/4 | 4/4 | N/A | 2/2 | |
| Mr. Low Han Kee | 4/4 | 4/4 | N/A | N/A | |
| Mr. Scott Russell Balfour | 4/4 | 4/4 | 1/1 | 2/2 | |
| En. Abd Malik Bin A Rahman | 4/4 | 4/4 | 1/1 | 2/2 | |
| Datin Seri Azreen Binti Abu Noh | 4/4 | 4/4 | 1/1 | N/A | |
| Pn. Aida Binti Md Daud | 4/4 | N/A | N/A | N/A | |
| Executive Director | | | | | |
| Mr. Michael Jonathan Duong | 4/4 | N/A | N/A | N/A | |

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 FY2022 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.

The process of the BEE exercise are as follows:

- 1. Each Director completes the BEE questionnaires circulated by the Company Secretary.
- 2. The responses are compiled, summarised and furnished to the NC by the Company Secretary.
- 3. The NC conducts the assessment and the Chairman of the NC reports the NC's deliberations and recommendations to the Board for consideration and approval.

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 respect of FY2022 internally and facilitated by the Company Secretary, 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 FY2022.

BOARD APPOINTMENTS

The NC is responsible for recommending suitable candidates to the Board with the aim of strengthening the Board's existing skills matrix. It is also tasked with ensuring 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 number of channels, beyond the recommendations of present or former Directors.

In shortlisting and recommending candidates for the Board's approval, the NC is guided by the following:

- · Directors' Fit and Proper Policy;
- Board and Key Senior Management Diversity Policy; and

Sustainability

Statement

· Policy on Succession Planning for Board and Key Senior Management.

The NC considers, among others, the following key criteria:

- The size, composition and diversity requirements of the Board and its Committees (if the candidate is proposed to be appointed to any of the Board Committees);
- · The candidate's independence in the case of the appointment of an INED;
- The candidate's track record, skills, knowledge, expertise, experience, age, professionalism, character, integrity (personal
 and financial), 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 undergo 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 operation as well as meetings with Senior Management and relevant staff.

In February 2023, the NC undertook the following in connection with the appointment of Ms. Ho Kim Poi as a new INED as part of the succession plan for Tan Sri Faizah Binti Mohd Tahir:

- Reviewed the profiles of potential candidates put forward by external independent sources, as well as recommendations from Board members before shortlisting candidates that fit the requirements set out in the succession plan approved by the Board;
- Undertook assessment of the shortlisted candidates' independence as well as their fitness and propriety based on criteria set out in the Directors' Fit and Proper Policy which includes probity, personal and financial integrity, reputation, experience and competency, and time and commitment;
- Reviewed the results of the due diligence checks performed by the Management (which included bankruptcy, credit, criminal etc) and the fit and proper declaration made by the shortlisted candidates via the Directors' Declaration and Undertaking form; and
- Conducted engagement sessions with the shortlisted candidates before recommending suitable candidates to the Board for approval.

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 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.

At the Company's forthcoming 28th AGM on 24 May 2023, the following Directors will be subjected to stand for re-election:

- Mr. Michael Jonathan Duong, Pn. Aida Binti Md Daud and Mr. Low Han Kee by rotation; and
- Ms. Ho Kim Poi who was appointed as a Director on 15 March 2023.

For the purpose of determining the eligibility of a director to stand for re-election, the NC had conducted an assessment of each Director's performance based on the results of the BEE exercise. Based on the outcome of the BEE exercise, the NC was satisfied that the above Directors had contributed effectively and had demonstrated their commitment to the Board.

The Board, via the NC, has also applied the Directors' Fit and Proper Policy in their assessment of the above said Directors which includes probity, personal and financial integrity, reputation, experience and competency, as well as time and commitment. The NC has also reviewed the results of the checks performed by the Management (which included bankruptcy, credit, criminal etc) as well as the fit and proper declaration made by the said Directors via the Directors' Declaration and Undertaking form. The Board recommends and supports their re-election at the 28th AGM.

As at 31 December 2022, 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 which stipulates that the tenure of an Independent Director should not exceed a term limit of nine years.

BOARD TRAINING

The Board, via the NC, continues to review and assess the training needs of each Director should he/she require specific training for personal development or 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 various training programmes workshops, as well as conferences in areas of corporate governance, risk management, strategic, leadership, business intelligence, finance, including tailor-made sustainability programmes conducted by external professional trainers.

Over the course of FY2022, Amway's Directors attended conferences, seminars and training programmes which included the following:

CORPORATE GOVERNANCE/RISK MANAGEMENT

- Latest Development in Capital Market Regulations – Insider Practices
- 2. Insights from the EY Global Integrity Report 2022
- 3. Refresher on Anti-Bribery & Corruption Compliance

- 4. Bribery and Corruption Risks in a Volatile Climate: Are You Prepared?
- 5. AOB Conversation with Audit Committee

STRATEGIC/LEADERSHIP/BUSINESS INTELLIGENCE/SUSTAINABILITY

- Understanding the Requirements in Bursa Malaysia's Enhanced Sustainability Reporting Framework
- 2. Sustainability Strategy Workshop
- 3. ESG and Environmental
 Sustainability From Compliance
 to Quantifiable Business Value

- 4. Understanding a Board of Director's Role in Steering ESG
- 5. Directors' Continuing Education Programme: 3rd ESG topic: ESG Performance
- 6. Leadership that Sustains
 Performance and Builds Trust

- 7. Beyond Growth: Financing Sustainability to Build Back Better
- 8. Sustainable Investing ESG at the Forefront
- 9. Sustainability Reporting: Get Ready for New ISSB Standards

- 10. 2022 Economic Outlook:
 A roaring Tiger or a Lazy Cat?
- 11. 2Q 2022 Market Outlook– Transition to Endemicity
- 12. Accounting for a Better World: What's Your Role?

- 13. Assessing Your Organisational Culture
- 14. An Overview of the Malaysia Employment (Amendment) Act 2022

FINANCE

- Insights into Task Force on Climate-Related Financial Disclosures and Sustainable Finance
- 2. IFRS Sustainability Standards: Are You Ready?
- 3. "MetaFinance": The Next Frontier of the Global Economy
- 4. Tax Governance: It's Time to Embrace It

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

Other

Information

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 on the Company's website at www.amway.my.

Remuneration of the Directors for FY2022 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 |
| Executive Director | | | | | | |
| Mr. Michael Jonathan Duong | - | 1,809.7 | 1,186.1 | - | 429.2 | 3,425.0 |
| Non-Executive Directors | Non-Executive Directors (1) | | | | | |
| Tan Sri Faizah Binti Mohd Tahir | 122.0 | - | - | 5.2 | 5.5 | 132.7 |
| Dato' Abdullah Thalith Bin Md Thani | 83.8 | - | - | 13.0 | - | 96.8 |
| Mr. Low Han Kee | 76.1 | - | - | 10.4 | 4.5 | 91.0 |
| Mr. Scott Russell Balfour | - | - | - | - | - | - |
| En. Abd Malik Bin A Rahman | 92.8 | - | - | 14.3 | 6.9 | 114.0 |
| Datin Seri Azreen Binti Abu Noh | 81.3 | - | - | 11.7 | - | 93.0 |
| Pn. Aida Binti Md Daud | 69.5 | - | - | 5.2 | 1.1 | 75.8 |
| Total | 525.5 | 1,809.7 | 1,186.1 | 59.8 | 447.2 | 4,028.3 |

Note:

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

| COMPANY | FEES | SALARIES AND OTHER EMOLUMENTS | BONUS | ALLOWANCES | BENEFITS- IN-KIND | TOTAL |
|--|-------------------------|-------------------------------------|--------|------------|----------------------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Executive Director ⁽²⁾ | | | | | | |
| Mr. Michael Jonathan Duong | - | - | - | - | - | - |
| Non-Executive Directors | Non-Executive Directors | | | | | |
| Tan Sri Faizah Binti Mohd Tahir | 122.0 | - | - | 5.2 | 5.5 | 132.7 |
| Dato' Abdullah Thalith Bin Md Thani | 83.8 | - | - | 13.0 | - | 96.8 |
| Mr. Low Han Kee | 76.1 | - | - | 10.4 | 4.5 | 91.0 |
| Mr. Scott Russell Balfour | - | - | - | - | - | - |
| En. Abd Malik Bin A Rahman | 92.8 | - | - | 14.3 | 6.9 | 114.0 |
| Datin Seri Azreen Binti Abu Noh | 81.3 | - | - | 11.7 | - | 93.0 |
| Pn. Aida Binti Md Daud | 69.5 | - | - | 5.2 | 1.1 | 75.8 |
| Total | 525.5 | - | - | 59.8 | 18.0 | 603.3 |

Note:

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 the 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 28th AGM for the payment of Directors' fees and benefits for the Directors of the Company for FY2023.

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 are available on the Company's website at www.amway.my. The full scope of work undertaken by the AC is given in the AC Report of this Annual Report.

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

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

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 an on-going concern basis and reflect a true and fair view of the financial position of the Group as at each specific reporting date.

 $^{\,^{\}text{(2)}}\,\,$ The Executive Director did not receive any remuneration from the Company.

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 FY2022, the Group has applied the appropriate accounting standards and policies with consistency. 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. This is 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, among others:

- Provision of a 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 FY2022. 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 28th AGM.

The following is a summary of the fees paid or payable by the Group to the External Auditors:

| Fees | FY2022 | FY2021 |
|---------------------|---------|---------|
| Audit fees (RM) | 343,070 | 304,969 |
| Non-audit fees (RM) | 14,678 | 14,279 |

The non-audit fees for FY2022 are within the fee threshold for permitted non-audit services as set out in the Policy on External Auditors.

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Directors are responsible for ensuring that 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 of 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 MRC"), an independent external professional firm. Further details on the key features of the risk management framework and the tasks undertaken by the RMC and KPMG MRC during FY2022 are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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.

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.



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 Company has established a dedicated section for corporate information on its 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, 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 FY2022, a briefing session with investors and analysts was held on 25 February 2022 following the issuance of the Group's Fourth Quarter and Full Year 2021 financial results on 23 February 2022. 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 27th AGM was issued to shareholders on 22 April 2022, in effect being 32 days in advance of the scheduled AGM that was held on 25 May 2022. This is in line with Practice 13.1 of the MCCG, where notice to shareholders should be given at least 28 days in advance of the AGM.

In view of the COVID-19 pandemic and as part of the Group's safety measures, the Company's 27th AGM was held in a virtual manner for the third 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 27th AGM, the Board Chairperson, AC Chairman, CFO and Company Secretary were present at the broadcast venue and the remaining Directors, MD, 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 27th AGM together with the Company's response to questions received in advance and those raised during the AGM was made available to shareholders on the Company's website at www.amway.my within 30 business days after the AGM.

SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

About 380 shareholders and proxies participated virtually in the 27th AGM held on 25 May 2022. 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 27 February 2023.

AUDIT COMMITTEE REPORT

The Board of Directors of Amway (Malaysia) Holdings Berhad ("Amway" or "the Company") and its subsidiaries (collectively "the Group") are pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2022 ("FY2022").

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 benchmarking these against their global affiliates' efficiencies and controls to ensure good corporate governance practices are implemented throughout the Group.

The Group also has an in-house Compliance Officer tasked primarily with carrying out audits on operational processes to ensure adherence with internal Standard Operating Procedures. The Compliance Officer is also tasked with identifying internal control gaps and recommending improvements.

COMPOSITION

The AC comprises exclusively of 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.

As at 31 December 2022, the AC comprised the following:

- 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 Requirements of Bursa Securities. The AC Chairman is also not the Chairman of the Board which is in line with Practice 9.1 of the Malaysian Code on Corporate Governance 2021 ("MCCG").

The Board's Chairperson, Tan Sri Faizah Binti Mohd Tahir who would have served as an independent director for a term of nine (9) years come May 2023, has indicated that she will be retiring as the Board's Chairperson and Senior INED upon the conclusion of the Company's Twenty-Eighth ("28th") Annual General Meeting ("AGM") which will be held on 24 May 2023.

As part of the Board's succession plan, Ms. Ho Kim Poi was appointed to the Board on 15 March 2023, as an INED, as well as a member of the AC and Remuneration Committee ("RC"). With the appointment of Ms. Ho Kim Poi, the AC composition from 15 March 2023 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);
- Ms. Ho Kim Poi (Member, INED);
- Mr. Scott Russell Balfour (Member, Non-INED); and
- Mr. Low Han Kee (Member, Non-INED).

- Ms. Ho Kim Poi (Chairperson, 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).

MEETINGS

The AC held four (4) meetings during FY2022 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.

| | ATTENDANCE |
|-------------------------------------|------------|
| CHAIRMAN OF THE AC | |
| En. Abd Malik Bin A Rahman | 4/4 |
| MEMBERS OF THE AC | |
| 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 | 4/4 |

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") which contain provisions that address the requirements imposed by Bursa Securities. These TOR provide for the AC's oversight of financial compliance matters in addition to several other responsibilities. The TOR can be viewed on the Company's website at www.amway.my.

During FY2022, the AC focused on matters of governance, financial reporting, budgeting, internal audit, risk management and external audit

Risk management is also addressed by the AC through the Risk Management Committee ("RMC"). Matters of risk are reported to the AC on a quarterly basis 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.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE COMMITTEE

In FY2022, 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 the 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 the 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 the 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 the Management's responses;
- · Obtained written assurance regarding the independence of the External Auditors throughout the audit engagement;
- · Reviewed the proposed audit fee for FY2022 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 auditrelated 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 is guided by the Group's Policy on External Auditors and had taken the following into consideration, among other criteria:

- Independence and objectivity (including reviewing the External Auditors' Transparency Report which sets out among others, their audit quality programme, independence practices and risk management);
- 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 the 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 28th AGM.

The AC is satisfied that the FY2022 audit fees amounting to RM343,070 (FY2021: RM304,969) and non-audit fees of RM14,678 (FY2021: RM14,279) paid or payable by the Group to Ernst & Young PLT are appropriate to support a quality audit.

OVERSIGHT OF THE GROUP'S INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC"), an independent external professional firm.

The internal audit function operates on a clearly defined audit plan which is reviewed and approved by the AC in terms of adequacy of scope and coverage of the auditable areas as well as takes into consideration the findings of previous audits.

During FY2022, 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 MRC's audit progress against the approved audit plan;
- Deliberated on the internal audit reports prepared by KPMG MRC, which highlighted the audit observations, effects or
 potential risks, recommendations and the Management's comments. All findings were discussed with the Management, and
 where appropriate, the necessary actions were 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 two (2) private sessions with KPMG MRC without the presence of the MD and Senior Management in February 2022 and August 2022.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE INTERNAL AUDIT FUNCTION

For the financial year under review, the KPMG MRC team of five (5) 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 MRC has also established an internal process which requires individual declarations that the assigned KPMG MRC team is free from any relationships or conflicts of interest vis-à-vis Amway, which could impair their objectivity and independence.

The internal audit performed is based on the KPMG MRC 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 the Group's 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 FY2022, KPMG MRC 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. The Management also shared the actions taken based on improvement opportunities identified in the reports while KPMG MRC performed follow-up activities on the status of implementation by the Management based on the observations raised in preceding audits and reported to the AC periodically to ensure prompt resolution.

AUDIT COMMITTEE REPORT (CONT'D)

During FY2022, KPMG MRC audited several key areas, including the following:

Shop operations

- Review of pricing process and obtaining approval for new products:
- Product return process;
- Timeliness in responding to customer complaints and follow-up process;
- · Product placement and display according to visual guidelines;
- Timeliness in the initiation of remediation efforts from the retail experience team arising from detection of non-compliance or improvement areas identified by the internal compliance unit;
- Periodic stock count and cash count;
- · Cash handling process;
- Effectiveness in addressing applicable COVID-19 related safety measures;
- Effectiveness of fire prevention and mitigation systems;
- · Timely and periodic conduct of emergency drills and procedures (e.g., fire drill); and
- · Safety measures in shops, insurance coverage and timeliness in reporting theft or robbery.

Human capital management

- Alignment with the Employment Act 1955;
- · Succession strategy for senior management;
- · Recruitment and resignation process;
- · Periodic review of salary and remuneration structure;
- · Performance management and appraisal; and
- Segregation of duties in human resource systems.

Cyber-security management

- Establishment of disaster recovery plan including testing thereof;
- $\bullet \quad \text{Vulnerability assessment and penetration testing on key systems and applications};\\$
- Vendor risk assessment process; and
- Periodic training on information security and general controls for new and recurring employees.

Warehouse and inventory management

- Goods and inventory receipt;
- · Safety and security over stocks, including insurance;
- · Periodic inventory count;
- Periodic inventory adjustments including write-off and disposal;
- Conduct of warehouse business continuity testing for backup inventory;
- Product availability management and customers order process;
- Delivery of goods and inventory to Amway Shops;
- Delivery of products to eCommerce customers; and
- Product return procedures for online orders.

Recurrent related party transaction management

- · Framework to address disclosure of related party relationships and transactions; and
- Compliance in accordance with the Shareholders' Mandate approved at the AGM of the Company.

Based on the above scope of work, KPMG MRC concluded that the Group's system of internal controls is adequate with some areas requiring 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 MRC for FY2022 amounted to RM135,000.

OTHER MATTERS CONSIDERED BY THE AC

During FY2022, the AC also undertook the following:

- Reviewed the proposed interim and special dividends as well as the solvency tests undertaken by the 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, as well as monitored the actual RRPT transactions
 value against the shareholders' mandate;
- Reviewed the Group's risk profile and risk register quarterly, which covers the Group's key risks covering business, operational, corruption and sustainability material matters;
- Reviewed the internal compliance audit reports prepared by the in-house Compliance Officer focusing on operational processes and compliance with internal Standard Operating Procedures; and
- Reviewed the report from an external legal counsel on their review of the Group's Anti-Bribery and Corruption Policy,
 Whistleblower Policy and Code of Conduct and Ethics which concluded that the current relevant internal policies,
 practices and measures are sufficient. Additionally, further reviewed the progress of the implementation of legal counsel's
 recommendations to further enhance the Group's anti-bribery and corruption policies, practices and measures.

AC TRAINING AND EDUCATION

During the year in review, the AC members attended relevant training programmes, which included 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 FY2022, 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 the 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 FY2022 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"). 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").

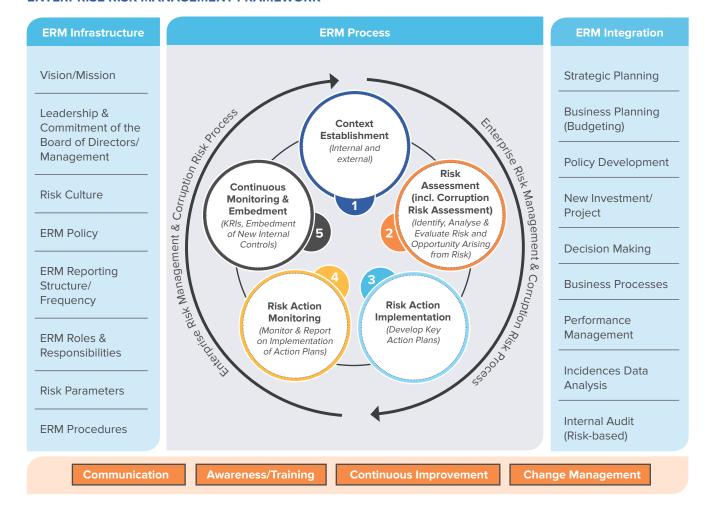
BOARD RESPONSIBILITY

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 and establish mitigation plans, monitor the Group's significant risks, as well as determine the Group's risk appetite for the financial year as it pursues its business strategies. The Board has full oversight for 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. These 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 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

| Level | Business Unit/Owner | Roles and Responsibilities |
|-----------------------|-----------------------------------|--|
| 1 st Level | Heads of Departments and Managers | 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. |
| | | 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 respective Head of Department or manager is assigned to ensure that appropriate risk response actions are conducted in a timely manner. |
| | | To further strengthen the Group's first line of defence in managing day-to-day operational risks, the in-house Compliance Officer is tasked primarily with carrying out audits on the operational processes to ensure adherence with internal Standard Operating Procedures. The Compliance Officer is also responsible for identifying internal control gaps and recommending improvements. |
| 2 nd Level | RMC | The RMC meets quarterly to review the Group's Corporate Risk Register in accordance with the policy and guidance enshrined in the ERM framework. |
| | | The key responsibilities of the RMC include: |
| | | Reviewing and assessing the Group's risk profile and mitigation plans to address significant risks; |
| | | Monitoring significant risks through the review of risk-related performance measures and the progress of action plans; |
| | | Ensuring risk management processes are integrated into all core business processes; and |
| | | Providing a consolidated risk and assurance report to the AC and Board to support its system of risk management and internal control. |
| | | The results of these risk management activities undertaken by the RMC are reported quarterly to the AC by the Managing Director. |

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

| Level | Business Unit/Owner | Roles and Responsibilities |
|-----------------------|--------------------------------|---|
| 3 rd Level | Internal and external auditors | 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. 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. The Company's internal audit function is outsourced to an independent external professional firm, KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC"). The external audit function, performed by Ernst & Young PLT, works closely with the AC to address elevated risk areas (if any) that are likely to give rise to a material misstatement of the financial statements, or which are perceived to be of higher risk and require additional audit emphasis. |

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

| | Magnitude of Impact | | | | | |
|---|---------------------|-----------------|---------|------------|---------|----------------|
| | Likelihood | 1 Insignificant | 2 Minor | 3 Moderate | 4 Major | 5 Catastrophic |
| 5 | Almost Certain | Medium | Medium | High | Extreme | Extreme |
| 4 | Likely | Medium | Medium | High | High | Extreme |
| 3 | Possible | Low | Medium | Medium | High | High |
| 2 | Unlikely | Low | Low | Medium | Medium | High |
| 1 | Rare | Low | Low | Medium | Medium | High |
| | | | | | | |

CORPORATE RISK REGISTER

The Group's ERM framework includes an ongoing risk management process that 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 which focuses on the progress of mitigation plans for the key risks identified in the areas pertaining to operations, corruption and material sustainability matters.

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

COVID-19 PANDEMIC

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. Following Malaysia transitioning from the pandemic to the endemic stage on 1 April 2022, the easing of movement restrictions and reopening of international borders coupled with the resumption of both economic and social activities have led to an increase in consumer demand.

CONTROLS & MITIGATION MEASURES IN PLACE

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 ("APCs"). In addition, proactive measures to support our ABOs' businesses and the community continued in FY2022. At the same time, the Group continues to invest in ABO-centric programmes, new product launches and promotions (particularly in the health and wellness portfolio), as well as make enhancements to its digital platform and delivery infrastructure.

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.

Amway's ABOs are accorded training and awareness programmes on the prohibition of unauthorised selling and are advised to refrain from such activities. ABOs are also urged to inform their customers to only make purchases from authorised sales channels.

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 will continue without major disruptions or with only minimal delay.

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

INSURANCE

Sufficient insurance and physical safeguards on major assets and contingencies are in place to ensure that the Group's assets 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 MRC. 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 FY2022, KPMG MRC 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.

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 the 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.

(d) Anti-Bribery and Corruption Policy

The Group adopts a zero-tolerance approach against 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.

(d) Anti-Bribery and Corruption Policy (Cont'd)

Sustainability

Statement

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 oversight for 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.

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 is reviewed by the internal auditors and the 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 the actions to be taken, where necessary;
- Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial as well as key management issues; and
- Management information systems with documented processes, including change requests for computer programmes and access to data files, are also in place.

(h) Information Security and Cyber Resilience

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

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

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

- Undertakes vulnerability assessment activities including system penetration tests for Amway;
- Performs 24x7x365 real-time threat monitoring, alert analysis and response; and
- Conducts security impact assessment and 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 following activities, among others, were undertaken:

- A mandatory employee online training session titled "Information Security Just the Facts" which covered, among other things, phishing emails, working remotely, usage of public Wi-Fi, password security, clean desk policy, business email compromise, data privacy, safe web browsing and Payment Card Industry Data Security Standard;
- Mandatory online people's leader training on Offboarding Employees which covers the best practices around employee offboarding and information security;
- · A physical Security Day to raise awareness on phishing emails, data classification and clean desk practices; and
- InfoSafe orientation for all new employees.

Amway also conducts ongoing internal phishing tests aimed at providing employees with a safe environment for learning about the dangers of phishing. At the same time, Amway continues to track susceptibility rates across the organisation. As employees undergo realistic security education, they gain awareness about how to identify threats and how to respond to these effectively.

The Group has also put in place a cyber liability insurance policy to protect against losses arising from cyber threats. 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 2022 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 27 February 2023.

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 2022.

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 2022 are as follows:

| FEES | Company (RM) | Group (RM) |
|----------------|--------------|------------|
| AUDIT FEES | 48,755 | 343,070 |
| NON-AUDIT FEES | 14,678 | 14,678 |

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 2022 or entered into since the end of the previous financial year.

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

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

In preparing the financial statements, the Directors have:

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

COMPLIANCE WITH MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Annual General Meeting ("AGM") held on 25 May 2022, 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 2022 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 | 522,200 |
| ABGIL | AMSB and Amway (B) Sdn. Bhd. ("ABSB") | AGH, SHI, Alticor, Amway International, Alticor Distribution, Alticor Corporate, Amway Nederland, ABGL and GDA | Payment of Royalty Fees to ABGIL on any Substitute Products and/ or Additional Products | 4,908 |
| Amway (Singapore) Pte. Ltd. ("Amway (S)") | AMSB | AGH, SHI, Alticor, Amway International, Amway Nederland and GDA | Sale of products to Amway (S) | 60 |

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

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

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 Note16 to the financial statements.

Results

| | Group RM'000 | Company RM'000 |
|---------------------|-----------------|-------------------|
| Profit for the year | 76,881 | 40,998 |

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 2021 were as follows:

In respect of the financial year ended 31 December 2021 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 23 February 2022 and paid on 25 March 2022; and | 8,219 |
| (ii) | Special interim tax exempt (single-tier) dividend of 4.0 sen per share, on 164,385,645 ordinary shares, declared on 23 February 2022 and paid on 25 March 2022. | 6,577 |
| | | 14,796 |

In respect of the financial year ended 31 December 2022:

| | | RM'000 |
|-------|--|--------|
| (i) | First interim tax exempt (single-tier) dividend of 5.0 sen per share, on164,385,645 ordinary shares, declared on 25 May 2022 and paid on 24 June 2022; | 8,219 |
| (ii) | Second interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 24 August 2022 and paid on 23 September 2022; 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 16 November 2022 and paid on 16 December 2022. | 8,219 |
| | | 24,657 |
| | | 39,453 |

On 27 February 2023, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2022, 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 18.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM29,589,000.

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 2023.

Information

DIRECTORS' REPORT

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 Michael Jonathan Duong 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 Ho Kim Poi

(Chairperson) (Managing Director)

(Appointed on 15 March 2023)

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:

Ng Ai Lee

Nur 'Azizah Binti Ahmad (Appointed on 15 March 2023) Muhammad Jamil Abas Bin Abdul Ali @ James Chiew Siew Hua (Resigned on 15 March 2023)

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 or the fixed salary of a full time employee of the Company as shown below) 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.

The directors' benefits are as follows:

| | Group RM'000 | Company RM'000 |
|--|-----------------|-------------------|
| | | |
| Executive director | | |
| Salaries and other emoluments | 1,810 | - |
| Bonus | 1,186 | - |
| Estimated monetary value of benefits-in-kind | 429 | - |
| | 3,425 | - |
| Non-executive directors | | |
| Fees | 525 | 525 |
| Allowances | 60 | 60 |
| Estimated monetary value of benefits-in-kind | 18 | 18 |
| | 603 | 603 |
| Total directors' remuneration | 4,028 | 603 |

DIRECTORS' REPORT

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 RM20,486 and the total amount of sum insured was RM41,820,000. 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 | | | As At |
| | 1.1.2022 | Acquired | Sold | 31.12.2022 |
| Amway (Malaysia) Holdings Berhad | | | | |
| Abd Malik Bin A Rahman | 1,000 | - | - | 1,000 |
| Amway (B) Sdn. Bhd. | | | | |
| Michael Jonathan Duong^ | 1 | - | - | 1 |

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

Immediate, Ultimate and Penultimate Holding Companies

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

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.

DIRECTORS' REPORT

Other Statutory Information (contd.)

- (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.

Auditors and Auditors' Remuneration

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

| | Group RM'000 | Company RM'000 |
|----------------|-----------------|-------------------|
| Statutory | 343 | 49 |
| Other services | 15 | 15 |
| | 358 | 64 |

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 2023.

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 131 to 177 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 2022 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 2023.

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 131 to 177 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 2023

Ng Ai Lee MIA no. 16684

Before me.

Information

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 2022 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 131 to 177.

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 2022, 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMWAY (MALAYSIA) HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Key audit matters (contd.)

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 2022, the total related accruals of the Group amounted to RM181,839,000 representing 62% and 60% 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 2022, the total inventories of the Group amounted to RM213,155,000 representing 48% and 38% 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 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMWAY (MALAYSIA) HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

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;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMWAY (MALAYSIA) HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (contd.)

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.

Other matters

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

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

Edwin Joseph Francis No. 03370/05/2024 J Chartered Accountant

Kuala Lumpur, Malaysia 6 April 2023

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | | Group | | Company | |
|--|------|-------------|-------------|---------|---------|
| | | 2022 | 2021 | 2022 | 2021 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 4 | 1,514,774 | 1,485,912 | 41,534 | 45,084 |
| Cost of sales | 5 | (1,204,020) | (1,219,619) | - | - |
| Gross profit | | 310,754 | 266,293 | 41,534 | 45,084 |
| Other income | 6 | 4,744 | 3,824 | 1,778 | 1,495 |
| Distribution expenses | | (71,579) | (69,724) | - | - |
| Selling and administrative expenses | | (140,214) | (150,065) | (1,880) | (1,890) |
| Finance costs | 7 | (603) | (600) | - | - |
| Profit before tax | 8 | 103,102 | 49,728 | 41,432 | 44,689 |
| Income tax expense | 11 | (26,221) | (12,947) | (434) | (337) |
| Profit net of tax, representing profit | | | | | |
| attributable to owners of the parent | | 76,881 | 36,781 | 40,998 | 44,352 |
| Other comprehensive income: | | | | | |
| Foreign currency translation, representing | | | | | |
| other comprehensive income | | | | | |
| for the year, net of tax | | 327 | 95 | - | - |
| Total comprehensive income for the year, | | | | | |
| attributable to owners of the parent | | 77,208 | 36,876 | 40,998 | 44,352 |
| - attributable to owners of the parent | | 77,200 | 30,070 | | 77,552 |
| Earnings per share attributable to owners | | | | | |
| of the parent (sen per share) | | | | | |
| - Basic and diluted | 12 | 46.77 | 22.37 | | |

STATEMENTS OF FINANCIAL POSITION **AS AT 31 DECEMBER 2022**

| | | Group | | Company | |
|--------------------------------------|------|----------|---------|---------|---------|
| | | 2022 | 2021 | 2022 | 2021 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 14 | 52,343 | 53,769 | - | - |
| Intangible assets | 15 | 10,524 | 20,167 | - | - |
| Right-of-use assets | 25 | 7,846 | 9,152 | - | - |
| Investment in subsidiaries | 16 | - | - | 86,202 | 86,202 |
| Deferred tax assets | 17 | 41,691 | 40,765 | - | - |
| | | 112,404 | 123,853 | 86,202 | 86,202 |
| Current assets | | | | | |
| Inventories | 18 | 213,155 | 150,019 | _ | _ |
| Tax recoverable | | | 85 | - | 85 |
| Trade and other receivables | 19 | 48,057 | 25,272 | 92 | 28 |
| Contract assets | 20 | 862 | 483 | _ | - |
| Cash and cash equivalents | 21 | 180,303 | 236,840 | 90,015 | 88,539 |
| | | 442,377 | 412,699 | 90,107 | 88,652 |
| Total assets | | 554,781 | 536,552 | 176,309 | 174,854 |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| Share capital | 22 | 166,436 | 166,436 | 166,436 | 166,436 |
| Foreign currency translation reserve | | 1,052 | 725 | - | - |
| Retained earnings | 23 | 86,195 | 48,767 | 9,344 | 7,799 |
| Total equity attributable to owners | | | | | |
| of the parent | | 253,683 | 215,928 | 175,780 | 174,235 |
| Non-current liabilities | | | | | |
| Contract liabilities | 20 | 554 | | _ | _ |
| Lease liabilities | 25 | 5,085 | 6,298 | - | _ |
| | | 5,639 | 6,298 | _ | - |
| | | <u> </u> | | | |
| Current liabilities | 0.4 | 204 224 | 276 272 | - 4- | 0.40 |
| Trade and other payables | 24 | 261,301 | 276,272 | 515 | 619 |
| Contract liabilities | 20 | 25,913 | 22,805 | - | - |
| Lease liabilities | 25 | 3,282 | 3,182 | - 44 | - |
| Current tax payable | | 4,963 | 12,067 | 14 | |
| | | 295,459 | 314,326 | 529 | 619 |
| Total liabilities | | 301,098 | 320,624 | 529 | 619 |
| Total equity and liabilities | | 554,781 | 536,552 | 176,309 | 174,854 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Attributable to equity holders of the Comp | | | npany |
|---|--|--------------------------------------|--------------------|------------------|
| | < Non-d | istributable> Foreign currency | Distributable | |
| | Share | translation | Retained | Total |
| | capital RM'000 | reserve RM'000 | earnings RM'000 | equity RM'000 |
| Group | | | | |
| At 1 January 2022 | 166,436 | 725 | 48,767 | 215,928 |
| Total comprehensive income | - | 327 | 76,881 | 77,208 |
| Transaction with owners Dividends on ordinary shares (Note 13) | - | - | (39,453) | (39,453) |
| At 31 December 2022 | 166,436 | 1,052 | 86,195 | 253,683 |
| At 1 January 2021 | 166,436 | 630 | 57,191 | 224,257 |
| Total comprehensive income | - | 95 | 36,781 | 36,876 |
| Transaction with owners Dividends on ordinary shares (Note 13) | - | - | (45,205) | (45,205) |
| At 31 December 2021 | 166,436 | 725 | 48,767 | 215,928 |

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Non- | | |
|--|---------------|---------------|----------|
| | distributable | Distributable | |
| | Share | Retained | Total |
| | capital | earnings | equity |
| | RM'000 | RM'000 | RM'000 |
| Company | | | |
| At 1 January 2022 | 166,436 | 7,799 | 174,235 |
| Total comprehensive income | - | 40,998 | 40,998 |
| Transaction with owners | | | |
| Dividends on ordinary shares (Note 13) | - | (39,453) | (39,453) |
| At 31 December 2022 | 166,436 | 9,344 | 175,780 |
| At 1 January 2021 | 166,436 | 8,652 | 175,088 |
| Total comprehensive income | - | 44,352 | 44,352 |
| Transaction with owners | | | |
| Dividends on ordinary shares (Note 13) | - | (45,205) | (45,205) |
| At 31 December 2021 | 166,436 | 7,799 | 174,235 |

Information

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Cash flows from operating activities | | | | |
| Profit before tax | 103,102 | 49,728 | 41,432 | 44,689 |
| Adjustments for: | | | | |
| Property, plant and equipment | | | | |
| - depreciation (Note 14) | 4,507 | 4,630 | - | - |
| - gain on disposals (Note 6) | (162) | (23) | - | - |
| - written off (Note 8) | 57 | 70 | - | - |
| Intangible assets | | | | |
| - amortisation (Note 15) | 8,836 | 8,703 | - | _ |
| - written off (Note 8) | 1,312 | - | - | - |
| Depreciation of right-of-use assets (Note 25) | 3,628 | 3,351 | - | _ |
| Gain on lease modification (Note 25) | · - | (2) | - | - |
| Finance costs (Note 7) | 603 | 600 | - | - |
| Interest income (Note 6) | (4,558) | (3,763) | (1,778) | (1,495) |
| Dividend income (Note 4) | - | - | (41,534) | (45,084) |
| Net allowance of expected credit loss (Note 19) | 138 | 55 | - | - |
| Net allowance/(reversal) for inventory obsolescence | | | | |
| (Note 8) | 213 | (3,045) | _ | _ |
| Inventories written-off (Note 8) | 4,244 | 3,965 | _ | _ |
| Net changes in provision for assurance-type | -, | -, | | |
| warranties (Note 24) | 2,341 | 3,233 | _ | _ |
| Unrealised foreign exchange loss/(gain) (Note 8) | 104 | (56) | _ | _ |
| | | . , | // 000 | (4.000) |
| Operating profit/(loss) before working capital changes | 124,365 | 67,446 | (1,880) | (1,890) |
| (Increase)/decrease inventories | (67,593) | 11,487 | - | - |
| (Increase)/decrease in receivables and contract assets | (23,555) | 8,165 | (64) | (8) |
| Increase/(decrease) in payables and contract liabilities | 6,770 | 45,868 | (104) | 484 |
| Net changes in related companies balances | (20,200) | 12,197 | - | - |
| Net changes in penultimate holding company balance | 2 | (6,850) | - | |
| Cash generated from/(used in) operations | 19,789 | 138,313 | (2,048) | (1,414) |
| Finance cost paid | (505) | (496) | - | _ |
| Tax refunded | 64 | - | 64 | - |
| Tax paid | (34,226) | (23,838) | (399) | (358) |
| Real property gains tax ("RPGT") paid | _ | (183) | - | - |
| Net cash (used in)/generated from operating activities | (14,878) | 113,796 | (2,383) | (1,772) |
| | | | | |

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment (Note 14) | (3,138) | (1,561) | - | - |
| Purchase of intangible assets (Note 15) | (505) | (4,495) | - | - |
| Proceeds from disposals of property, | | | | |
| plant and equipment | 162 | 23 | - | - |
| Dividend received (Note 4) | - | - | 41,534 | 45,084 |
| Interest received (Note 6) | 4,558 | 3,763 | 1,778 | 1,495 |
| Net cash generated from/(used in) investing activities | 1,077 | (2,270) | 43,312 | 46,579 |
| Cash flows from financing activities | | | | |
| Payment of principal portion of lease liabilities | | | | |
| (Note 25) | (3,612) | (3,274) | - | - |
| Dividends paid (Note 13) | (39,453) | (45,205) | (39,453) | (45,205) |
| Net cash used in financing activities | (43,065) | (48,479) | (39,453) | (45,205) |
| Net (decrease)/increase in cash and cash equivalents | (56,866) | 63,047 | 1,476 | (398) |
| Effects of foreign exchange rate changes | 329 | 95 | - | - |
| Cash and cash equivalents at beginning of year | 236,840 | 173,698 | 88,539 | 88,937 |
| Cash and cash equivalents at end of year (Note 21) | 180,303 | 236,840 | 90,015 | 88,539 |

Information

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 April 2023.

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 2022, 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 a | nnual periods 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 |

The adoption of the above standards and interpretation did not have any impact on the financial statements of the Group and Company.

2. Summary of significant accounting policies (contd.)

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 on or after |
|--|--|
| MFRS 17 and Amendments to MFRS 17: Insurance Contracts | 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 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 101: Classification of Liabilities as Current or Nor | n-Current 1 January 2024 |
| Amendments to MFRS 101: Non-Current Liabilities with Covenants | 1 January 2024 |
| Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Asse between an Investor and its Associate or Joint Venture | ts Deferred |

The new MFRSs and Amendments 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 and Amendments 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.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

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

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

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

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

(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).

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

(b) Subsidiaries

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

- 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.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (contd.)

2.5 Intangible assets (contd.)

Other intangible assets (contd.) (b)

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.

Research and development - Internally developed software

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

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

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

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

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

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

Capitalised development costs

3 years

Summary of significant accounting policies (contd.)

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.

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 & equipment 10% - 20% Motor vehicle 33.33%

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

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

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

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

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. Summary of significant accounting policies (contd.)

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 2 to 6 years

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

(ii) Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. 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.

2. Summary of significant accounting policies (contd.)

2.8 Leases (contd.)

- (a) Group as a lessee (contd.)
 - (ii) Lease liabilities (contd.)

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 right-of-use 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:

- 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.

(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. Summary of significant accounting policies (contd.)

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.

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.

Provision for warranty

The Group provides warranties for general repairs of products sold to ABOs that are not functioning as intended. Provisions related to these assurance-type warranties are recognised when the product is sold. The amount of provision of warranty claims will be charged to profit or loss and any unutilised portion of the warranty provision will subsequently be reversed when the warranty period is over. Sales of products which are not under "Amway" trademark are exempted from any warranty provision as the warranties are provided by the manufacturers.

2.10 Income taxes

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.

Deferred tax (b)

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.

2. Summary of significant accounting policies (contd.)

2.10 Income taxes (contd.)

(b) Deferred tax (contd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax
 assets are recognised only to the extent that it is probable that the temporary differences will reverse in
 the foreseeable future and taxable profit will be available against which the temporary differences can
 be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.11 Sales and services tax ("SST")

SST incurred in purchase of assets or services is not recoverable from the taxation authority, hence SST is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

Receivables and payables are stated with the amount of SST. The payable amount of SST to the taxation authority is included as part of payables in the statement of financial position.

How We are

Governed

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (contd.)

2.12 Revenue from contracts with customers and other income

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

(a) Sale of consumable products

Revenue from sales of goods is recognised net of discounts and personal effort related incentives on volume purchase at the point in time when control of the asset is transferred to the customer, generally on the delivery of the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(i) Variable consideration

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts with customers provide a right of return. The Group also provides personal effort related incentives to ABOs based on volume purchase. These give rise to variable consideration.

Rights of return

The contract for sales of product provides customer with a right to return the products within a specified period. The Group uses the most likely amount method to estimate the goods that will be returned because this method better predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, the Group recognises a refund liability. As the Group does not anticipate the returned goods are in saleable condition and will bring any value to the Group, no value is estimated for the right of return asset.

Incentives to ABOs

The incentives paid or payable to the ABOs are broadly categorised into two types, i.e. group effort related incentives and personal effort related incentives on volume purchase. The Group had considered the personal effort related incentives on volume purchase to be a reduction of transaction price, whilst group effort related incentives is a consideration paid to or payable to ABOs for the provision of distinct services.

(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

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.

Summary of significant accounting policies (contd.)

2.12 Revenue from contracts with customers and other income (contd.)

Sale of consumable products (contd.)

(iii) Option to acquire future goods at discounted price

The sales and marketing plan of the Group includes offering coupons to the customers for their future acquisition of goods at discounted price. As the option provides a material right to the customers 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.

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.

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).

The Group also provides an extended warranty beyond fixing defects that existed at the time of sale. These service-type warranties are bundled together with the sale of goods. Contracts for bundled sales of goods and service-type warranty comprise two performance obligations because the promise to transfer the goods and to provide service-type warranty are capable of being distinct within the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue for service-type warranties is recognised over the period in which the service is provided based on the time elapsed.

(d) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Dividend income (e)

Dividend income is recognised when the Group or the Company's right to receive payment is established.

2. Summary of significant accounting policies (contd.)

2.13 Foreign currencies

(a) Functional and presentation currencies

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured using the historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(c) Foreign operation

On consolidation, the assets and liabilities of foreign operation are translated into RM at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

| | 2022 | 2021 |
|----------------------|--------|--------|
| | RM | RM |
| United States Dollar | 4.4130 | 4.1640 |
| Thailand Baht | 0.1278 | 0.1250 |
| Singapore Dollar | 3.2819 | 3.0854 |
| Brunei Dollar | 3.2819 | 3.0854 |

Summary of significant accounting policies (contd.)

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

Short term benefits (a)

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.

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.

Other

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (contd.)

2.16 Financial assets

Initial recognition and measurement (a)

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

Financial assets at amortised cost (debt instruments)

This category is the only category which is relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rates ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables and cash and cash equivalents.

Summary of significant accounting policies (contd.)

2.16 Financial assets (contd.)

Derecognition (c)

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.

2.17 Financial liabilities

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.

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. Summary of significant accounting policies (contd.)

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and deposits at call with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.19 Contract assets and contract liabilities

A contract asset is the right of the Group to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is presented as the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9: Financial Instruments.

A contract liability is the obligation of the Group to transfer goods or services to a customer for which it has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

2.20 Refund liability

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount of the Group ultimately expects it will have a return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2.21 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade and other receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. The Group considers forward-looking factors do not have significant impact to its credit risk given the nature of its industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

The Group considers a financial asset in default when contractual payments are past due as at month end. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (contd.)

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.

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. Summary of significant accounting policies (contd.)

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.

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.

Revenue

| | Group | | Company | |
|--|-----------|-----------|---------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from contracts with customers Revenue from other source: | 1,514,774 | 1,485,912 | - | - |
| - Dividend income from a subsidiary | - | - | 41,534 | 45,084 |
| | 1,514,774 | 1,485,912 | 41,534 | 45,084 |

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

| | Group | | |
|---|-----------|-----------|--|
| | 2022 | 2021 | |
| | RM'000 | RM'000 | |
| Sales of consumer products | 1,494,255 | 1,467,690 | |
| Sign up and renewal fees and other service fees | 20,519 | 18,222 | |
| | 1,514,774 | 1,485,912 | |
| Timing of revenue recognition: | | | |
| At point in time | 1,499,738 | 1,470,766 | |
| Over time | 15,036 | 15,146 | |
| | 1,514,774 | 1,485,912 | |

Cost of sales

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

Other income

Included in other income are the following:

| | Group | | Company | |
|---|--------|----------------|---------|--------|
| | 2022 | 2022 2021 2022 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income on deposits with licensed bank | 4.558 | 3.763 | 1.778 | 1.495 |
| Gain on disposal of property, plant and equipment | 162 | 23 | - | - |
| Gain on lease modification | - | 2 | - | - |

7. Finance costs

| | Group | |
|---|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Unwinding of discount on provisions (Note 24) | 98 | 104 |
| Interest on lease liabilities (Note 25) | 505 | 496 |
| | 603 | 600 |

8. Profit before tax

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

| | Group | | Co | Company | |
|--|--------|---------|--------|----------------|--|
| | 2022 | 2021 | 2022 | 2021 RM'000 | |
| | RM'000 | RM'000 | RM'000 | | |
| Employee benefits expense (Note 9) | 43,193 | 43,070 | | _ | |
| Executive directors' remuneration excluding | 45,155 | 43,070 | _ | | |
| benefits-in-kind (Note 10) | 2,996 | 2,804 | | _ | |
| Non-executive directors' remuneration excluding | 2,330 | 2,001 | | | |
| benefits-in-kind (Note 10) | 585 | 555 | 585 | 555 | |
| Auditors' remuneration | 303 | 333 | 303 | 333 | |
| - statutory | 343 | 305 | 49 | 47 | |
| - other services | 15 | 14 | 15 | 14 | |
| Net allowance/(reversal) for inventory | | | | | |
| obsolescence | 213 | (3,045) | _ | _ | |
| Inventories written off | 4,244 | 3,965 | _ | _ | |
| Expenses relating to short term lease and leases | • | , | | | |
| of low-value assets (Note 25) | 351 | 416 | - | _ | |
| Variable lease payments (Note 25) | 30 | 60 | - | - | |
| Net realised loss on foreign exchange | 31 | 83 | - | - | |
| Net unrealised loss/(gain) foreign exchange | 104 | (56) | - | - | |
| Property, plant and equipment | | | | | |
| - depreciation (Note 14) | 4,507 | 4,630 | - | - | |
| - gain on disposal | (162) | (23) | - | - | |
| - written off | 57 | 70 | - | - | |
| Intangible assets | | | | | |
| - amortisation (Note 15) | 8,836 | 8,703 | - | - | |
| - written off | 1,312 | - | - | - | |
| Depreciation of right-of-use assets (Note 25) | 3,628 | 3,351 | - | - | |
| Net allowance of expected credit loss on | | | | | |
| receivables (Note 19) | 138 | 55 | - | - | |
| Net changes in provision for assurance-type | | | | | |
| warranties (Note 24) | 2,341 | 3,233 | - | - | |

9. Employee benefits expense

| | Group | | |
|-------------------------------|--------|--------|--|
| | 2022 | 2021 | |
| | RM'000 | RM'000 | |
| Wages, salaries and bonus | 32,755 | 32,821 | |
| Defined contribution plan | 4,691 | 4,867 | |
| Social security contributions | 273 | 253 | |
| Other benefits | 5,474 | 5,129 | |
| | 43,193 | 43,070 | |

Included in employee benefits expense of the Group are executive directors' remuneration (excluding benefits-in-kind) amounting to RM2,996,000 (2021: RM2,804,000) as further disclosed in Note 10.

10. Directors' remuneration

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

| | Group | | Cor | Company | |
|--|----------------|----------------|----------------|----------------|--|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 | |
| Executive director's remuneration (Note 9) - Other emoluments | 2,996 | 2,804 | - | - | |
| Non-executive directors' remuneration - Fees - Other emoluments | 525 60 | 497 58 | 525 60 | 497 58 | |
| - Other emolaments | 585 | 555 | 585 | 555 | |
| Total directors' remuneration Estimated monetary value of benefits-in-kind | 3,581 447 | 3,359 462 | 585 18 | 555 18 | |
| Total directors' remuneration including benefits-in-kind | 4,028 | 3,821 | 603 | 573 | |

The details of remuneration receivable by directors of the Company during the year are as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| | KW 000 | KW 000 | KW 000 | KW 000 |
| Executive: | | | | |
| - Salaries and other emoluments | 1,810 | 1,673 | - | - |
| - Bonus | 1,186 | 1,131 | - | - |
| - Estimated monetary value of benefits-in-kind | 429 | 444 | - | - |
| | 3,425 | 3,248 | - | - |
| Non-Executive: | | | | |
| - Fees | 525 | 497 | 525 | 497 |
| - Allowances | 60 | 58 | 60 | 58 |
| - Estimated monetary value of benefits-in-kind | 18 | 18 | 18 | 18 |
| | 603 | 573 | 603 | 573 |
| Total directors' remuneration | 4,028 | 3,821 | 603 | 573 |

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 | |
|---------------------------|------|-----------------------------|--|
| | 2022 | 2021 | |
| Executive director: | | | |
| RM3,000,001 - RM3,500,000 | 1 | 1 | |
| Non-executive directors: | | | |
| RMO - RM50,000 | 1 | 1 | |
| RM50,001 - RM100,000 | 4 | 4 | |
| RM100,001 - RM150,000 | 2 | 2 | |
| | 8 | 8 | |

Other

Information

11. Income tax expense

| | Group | | Co | Company | |
|---|--------|----------|--------|---------|--|
| | 2022 | 2021 | 2022 | 2021 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | |
| Current tax expense: | | | | | |
| - Malaysian income tax | 26,672 | 28,750 | 417 | 337 | |
| - Foreign tax | 724 | 789 | - | - | |
| | 27,396 | 29,539 | 417 | 337 | |
| (Over)/under provision in prior years | | | | | |
| - Malaysian income tax | (254) | 7 | 17 | - | |
| - Foreign tax | 1 | - | - | - | |
| | (253) | 7 | 17 | - | |
| | 27,143 | 29,546 | 434 | 337 | |
| Deferred tax (Note 17): | | | | | |
| - Relating to origination and reversal of | | | | | |
| temporary differences | (741) | (16,944) | - | - | |
| - (Over)/under provision in prior years | (181) | 345 | - | - | |
| | (922) | (16,599) | - | - | |
| Total income tax expense | 26,221 | 12,947 | 434 | 337 | |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% for the first RM100 million and 33% thereafter (2021: 24%) of the estimated assessable profit for the year. The 33% is a one-off prosperity tax, gazetted by the Government on 31 December 2021 via Finance Act 2021, which would be imposed on the Company for the year of assessment 2022.

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% (2021:18.5%).

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 | |
|---|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Profit before tax | 103,102 | 49,728 | 41,432 | 44,689 |
| Taxation at Malaysian statutory tax rate of 24% | | | | |
| (2021: 24%) | 24,744 | 11,935 | 9,944 | 10,725 |
| Effect of prosperity tax at 33% | 614 | - | - | - |
| Effect of difference in tax rate and tax structure in | | | | |
| other jurisdiction | (226) | (247) | - | - |
| Income not subject to tax | (123) | (140) | (9,968) | (10,820) |
| Expenses not deductible for tax purposes | 1,646 | 1,047 | 441 | 432 |
| (Over)/under provision of tax expense in prior years | (253) | 7 | 17 | - |
| (Over)/under provision of deferred tax expense | | | | |
| in prior years | (181) | 345 | - | - |
| Income tax expense | 26,221 | 12,947 | 434 | 337 |

12. Earnings per share

Basic earnings per share is 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.

| | Group | | |
|--|---------|---------|--|
| | 2022 | 2021 | |
| | | | |
| Profit attributable to ordinary equity holders of the Company (RM'000) | 76,881 | 36,781 | |
| Weighted average number of ordinary shares in issue (number '000) | 164,386 | 164,386 | |
| Basic and diluted earnings (sen per share) | 46.77 | 22.37 | |

There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

13. Dividends on ordinary shares

| | Sen per share | Total amount RM'000 | Date of payment |
|---|------------------|---------------------------|-------------------|
| Recognised in the financial year ended 31 December 2022 | | | |
| Interim tax exempt (single-tier): | | | |
| Fourth interim 2021 | 5.0 | 8,219 | 25 March 2022 |
| Special interim 2021 | 4.0 | 6,577 | 25 March 2022 |
| First interim 2022 | 5.0 | 8,219 | 24 June 2022 |
| Second interim 2022 | 5.0 | 8,219 | 23 September 2022 |
| Third interim 2022 | 5.0 | 8,219 | 16 December 2022 |
| | | 39,453 | - |
| Recognised in the financial year ended 31 December 2021 | | | |
| Interim tax exempt (single-tier): | | | |
| Fourth interim 2020 | 5.0 | 8,219 | 26 March 2021 |
| Special interim 2020 | 7.5 | 12,329 | 26 March 2021 |
| First interim 2021 | 5.0 | 8,219 | 25 June 2021 |
| Second interim 2021 | 5.0 | 8,219 | 27 September 2021 |
| Third interim 2021 | 5.0 | 8,219 | 17 December 2021 |
| | | 45,205 | - |

On 27 February 2023, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2022, 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 18.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM29,589,000.

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 2023.

14. Property, plant and equipment

| | Long term leasehold | | Building | Leasehold fixtures and | Furniture, fittings and | Motor | Capital work-in- | |
|------------------------------|------------------------|--------|----------|------------------------|-------------------------|----------|---------------------|---------|
| | land | _ | | improvements | equipment | vehicles | progress | Total |
| Group | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 31 December 2022 | | | | | | | | |
| Cost | | | | | | | | |
| At 1 January 2022 | 20,074 | 31,667 | 22,103 | 7,490 | 41,983 | 1,030 | 6 | 124,353 |
| Additions | - | - | - | 221 | 922 | - | 1,995 | 3,138 |
| Disposals | - | - | - | - | - | (498) | - | (498) |
| Write-offs | - | - | (69) | (13) | (3,797) | (4) | - | (3,883) |
| Transfer in/(out) | - | - | - | 901 | 575 | - | (1,476) | - |
| At 31 December 2022 | 20,074 | 31,667 | 22,034 | 8,599 | 39,683 | 528 | 525 | 123,110 |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2022 | 7,122 | 7,758 | 16,592 | 6,816 | 31,382 | 914 | - | 70,584 |
| Charge for the year (Note 8) | 268 | 633 | 662 | 678 | 2,226 | 40 | - | 4,507 |
| Disposals | - | - | - | - | - | (498) | - | (498) |
| Write-offs | - | - | (53) | (13) | (3,757) | (3) | - | (3,826) |
| At 31 December 2022 | 7,390 | 8,391 | 17,201 | 7,481 | 29,851 | 453 | - | 70,767 |
| Net carrying amount | 12,684 | 23,276 | 4,833 | 1,118 | 9,832 | 75 | 525 | 52,343 |

Included in the cost of property, plant and equipment of the Group are fully depreciated assets which are still in use amounting to RM46,775,000 (2021: RM47,463,000).

| | Long term leasehold | | Building | Leasehold fixtures and | Furniture, fittings and | Motor | Capital work-in- | |
|------------------------------|------------------------|-----------|----------|------------------------|-------------------------|----------|---------------------|---------|
| | land | Buildings | | improvements | equipment | vehicles | progress | Total |
| Group | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 31 December 2021 | | | | | | | | |
| Cost | | | | | | | | |
| 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 |
| Accumulated depreciation | | | | | | | | |
| 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 |
| Net carrying amount | 12,952 | 23,909 | 5,511 | 674 | 10,601 | 116 | 6 | 53,769 |

15. Intangible assets

| | Computer Software RM'000 | Development Costs RM'000 | Goodwill RM'000 | Total RM'000 |
|------------------------------|--------------------------------|--------------------------------|--------------------|-----------------|
| Group At 31 December 2022 | | | | |
| Cost | | | | |
| At 1 January 2022 | 1,066 | 27,168 | 4,782 | 33,016 |
| Additions | 11 | 494 | - | 505 |
| Write-offs | (289) | (4,491) | - | (4,780) |
| At 31 December 2022 | 788 | 23,171 | 4,782 | 28,741 |
| Accumulated amortisation | | | | |
| At 1 January 2022 | 1,061 | 10,301 | 1,487 | 12,849 |
| Amortisation (Note 8) | 7 | 8,829 | - | 8,836 |
| Write-offs | (289) | (3,179) | - | (3,468) |
| At 31 December 2022 | 779 | 15,951 | 1,487 | 18,217 |
| Net carrying amount | 9 | 7,220 | 3,295 | 10,524 |
| At 31 December 2021 | | | | |
| Cost | | | | |
| 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 |
| Accumulated amortisation | | | | |
| At 1 January 2021 | 1,047 | 1,615 | 1,487 | 4,149 |
| Amortisation (Note 8) | 17 | 8,686 | - | 8,703 |
| Write-offs | (3) | - | - | (3) |
| Impairment (Note 8) | - | - | - | |
| At 31 December 2021 | 1,061 | 10,301 | 1,487 | 12,849 |
| Net carrying amount | 5 | 16,867 | 3,295 | 20,167 |

Included in the cost of intangible assets of the Group are cost of fully amortised intangible assets which are still in use amounting to RM777,000 (2021: RM1,416,000).

Other

Information

15. Intangible assets (contd.)

(a) Goodwill

Goodwill arose from the acquisition of Amway (B) Sdn. Bhd. For the purpose of impairment testing, goodwill is allocated to the business operations of Amway (B) Sdn. Bhd., which represent a CGU on its own.

The Group performed a review on the recoverable amount of goodwill during the financial year. The Group considers the Brunei ABOs' momentum have a direct impact on its sales performance.

The recoverable amount is determined based on its value-in-use ("VIU") calculation using cash flows projections from financial budgets approved by management covering a five-year period.

The VIU was determined by discounting the future cash flows expected to be generated from the continuing operation of CGU and was based on the following key assumptions:

- (i) Cash flows were projected based on actual operating results and the five-year financial budget which has reflected the softer sales demands.
- (ii) The CGU will continue its operation indefinitely with terminal growth rate of nil (2021: nil).
- (iii) A pre-tax discount rates of 13% (2021: 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 |
|--------------------------|--------|---------|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| | | |
| Unquoted shares, at cost | 86,202 | 86,202 |

Details of the subsidiaries are as follows:

| Proportion of Name of subsidiaries ownership interest | | Principal activities | |
|---|------|----------------------|---|
| | 2022 | 2021 | |
| | % | % | |
| Held by the Company: Amway (Malaysia) Sdn. Bhd., incorporated in Malaysia | 100 | 100 | Distribution of consumer products principally under the "AMWAY" trademark |
| Held by Amway (Malaysia) Sdn. Bhd.: Amway (B) Sdn. Bhd., incorporated in Negara Brunei Darussalam*^ | 100 | 100 | Distribution of consumer products principally under the "AMWAY" trademark |

Amway (Malaysia) Sdn. Bhd. and Amway (B) Sdn. Bhd.'s principal place of business is located in Malaysia and Negara Brunei Darussalam respectively.

- * Audited by a member firm of Ernst & Young Global in Brunei Darussalam.
- ^ As a director of Amway (Malaysia) Sdn. Bhd., Michael Jonathan Duong holds 1 ordinary share in Amway (B) Sdn. Bhd. on behalf of Amway (Malaysia) Sdn. Bhd. in order to comply with the Laws of Brunei Chapter 39 Companies Act which requires a minimum of 2 shareholders.

17. Deferred tax

| | | Group | Co | Company | | |
|--|--------|--------|--------|---------|--|--|
| | 2022 | 2021 | 2022 | 2021 | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | | |
| At beginning of financial year | 40,765 | 24,166 | - | - | | |
| Recognised in profit or loss (Note 11) | 922 | 16,599 | - | - | | |
| Exchange difference | 4 | - | - | - | | |
| At end of financial year | 41,691 | 40,765 | - | - | | |
| Presented after appropriate offsetting as follows: | | | | | | |
| Deferred tax assets | 41,691 | 40,765 | - | - | | |
| Deferred tax liabilities | - | - | - | - | | |
| | 41,691 | 40,765 | - | - | | |

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 2021 | (2,619) | (1,859) | (4,478) |
| Recognised in profit or loss | (3) | (337) | (340) |
| Less: Set-off of deferred tax assets At 31 December 2021 | | | 4,818 |
| At 1 January 2022 Recognised in profit or loss | (2,622) 650 | (2,196) 271 | (4,818) 921 |
| | (1,972) | (1,925) | (3,897) |
| Less: Set-off of deferred tax assets At 31 December 2022 | | _ | 3,897 |

17. Deferred tax (contd.)

Deferred tax assets of the Group:

| | | | Accrued | |
|---|-------------|-------------|------------|---------|
| | Lease | Contract | expenses | |
| | liabilities | liabilities | and others | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 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 |
| At 1 January 2022 | 2,275 | 5,473 | 37,835 | 45,583 |
| Recognised in profit or loss | (267) | 875 | (607) | 1 |
| Exchange differences | - | - | 4 | 4 |
| | 2,008 | 6,348 | 37,232 | 45,588 |
| Less: Set-off of deferred tax liabilities | | | | (3,897) |
| At 31 December 2022 | | | | 41,691 |
| ALS I December 2022 | | | | 71,091 |

18. Inventories

| | | Group |
|-------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Consumer products: | | |
| At cost | 210,799 | 148,075 |
| At net realisable value | 2,356 | 1,944 |
| | 213,155 | 150,019 |

During the financial year, inventories recognised as cost of sales amounted to RM675,971,000 (2021: RM692,440,000).

19. Trade and other receivables

| | Group | | Coi | Company | |
|---|---------|---------|--------|---------|--|
| | 2022 | 2021 | 2022 | 2021 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | |
| Trade receivables | | | | | |
| Third parties | 40,693 | 22,470 | - | - | |
| Due from related companies | 74 | 297 | - | - | |
| | 40,767 | 22,767 | - | - | |
| Less: Allowance for expected credit loss | (862) | (718) | - | - | |
| Trade receivables, net | 39,905 | 22,049 | - | - | |
| Other receivables | | | | | |
| Due from penultimate holding company | - | 2 | - | - | |
| Due from related companies | 28 | 50 | - | - | |
| Sundry receivables | 4,989 | 232 | 11 | 7 | |
| Deposits | 1,674 | 1,630 | 4 | 4 | |
| Prepayments | 1,461 | 1,309 | 77 | 17 | |
| | 8,152 | 3,223 | 92 | 28 | |
| Total trade and other receivables | 48,057 | 25,272 | 92 | 28 | |
| Add: Cash and cash equivalents (Note 21) | 180,303 | 236,840 | 90,015 | 88,539 | |
| Less: Prepayments | (1,461) | (1,309) | (77) | (17) | |
| Total financial assets, carried at amortised cost | 226,899 | 260,803 | 90,030 | 88,550 | |

(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 from 90 to 150 (2021: 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 |
|-------------------------------|--------|--------|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| | | |
| Neither past due nor impaired | 39,905 | 22,049 |
| Impaired | 862 | 718 |
| | 40,767 | 22,767 |
| | | |

19. Trade and other receivables (contd.)

(a) Trade receivables

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 | |
| | 2022 | 2021 RM'000 |
| | RM'000 | |
| At beginning of financial year | 718 | 663 |
| Net change for the year (Note 8) | 138 | 55 |
| Exchange difference | 6 | - |
| At end of financial year | 862 | 718 |

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Due from related companies

Related companies are companies within the Alticor Global Holdings Inc. group of companies. Amounts due from certain related parties are unsecured and bear interest equal to the Base Lending Rate set by the Central Bank of Malaysia plus 0.5% per annum, compounded on a monthly basis on overdue balances exceeding 30 to 90 (2021: 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 |
|----------------------|----------|----------|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Contract assets | 862 | 483 |
| Contract liabilities | (26,467) | (22,805) |
| Contract hashing | (20,407) | (22,000) |

(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 | | |
|---|--------|--------|--|
| | 2022 | 2021 | |
| | RM'000 | RM'000 | |
| Deferred annual and renewal fees (Note (i)) | 9,882 | 7,774 | |
| Deferred product sales (Note (ii)) | 11,211 | 10,609 | |
| Others (Note (iii)) | 5,374 | 4,422 | |
| | 26,467 | 22,805 | |
| Current | 25,913 | 22,805 | |
| Non-current | 554 | - | |

(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 RM7,774,000 (2021: RM7,293,000).

| | Group | |
|---------------------------------------|----------|----------------|
| | 2022 | 2021 RM'000 |
| | RM'000 | |
| At 1 January | 7,774 | 7,293 |
| Deferred during the year | 17,144 | 15,627 |
| Recognised as revenue during the year | (15,036) | (15,146) |
| At 31 December | 9,882 | 7,774 |

(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 RM10,609,000 (2021: RM13,062,000).

Other

Information

20. Contract balances (contd.)

(b) Contract liabilities (contd.)

(iii) Others

The sales and marketing plan of the Group includes offering coupons to the customers 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 Group also provide extended warranty beyond fixing the defects that existed at the time of sale to customers. The service-type warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The Group recognises the allocated revenue when the performance obligation for the service-type warranty service is satisfied over the coverage period based on time elapsed. The amount of revenue recognised in the financial year that was included in the contract liabilities of the Group at the beginning of the year was RM3,854,000 (2021: RM1,815,000).

| | Group | | |
|---------------------------------------|---------|---------|--|
| | 2022 | 2021 | |
| | RM'000 | RM'000 | |
| At 1 January | 4,422 | 1,815 | |
| Deferred during the year | 4,806 | 4,422 | |
| Recognised as revenue during the year | (3,854) | (1,815) | |
| At 31 December | 5,374 | 4,422 | |
| Current | 4,820 | 4,422 | |
| Non-current | 554 | - | |

21. Cash and cash equivalents

| | Group | | Company | |
|--|---------|---------|---------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash on hand and at banks Deposits with licensed banks | 119,863 | 117,701 | 88,015 | 86,539 |
| | 60,440 | 119,139 | 2,000 | 2,000 |
| Total cash and cash equivalents | 180,303 | 236,840 | 90,015 | 88,539 |

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

| | | Group | | Company | |
|----------------|-------|-------|-------------|---------|--|
| | 2022 | 2021 | 2 2021 2022 | 2021 | |
| | % | % | % | % | |
| | | | | | |
| Licensed banks | 2.60% | 1.69% | 2.60% | 1.70% | |

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

| | Group | | Company | | |
|----------------|-------|-----------|----------------|------|------|
| | 2022 | 2022 2021 | 2022 2021 2022 | 2022 | 2021 |
| | Days | Days | Days | Days | |
| | | | | | |
| Licensed banks | 30 | 33 | 90 | 88 | |
| | | | | | |

22. Share capital

Group/Company

| | Nu | mber of | | | |
|--|-----------------|----------------|-----------|---------|------|
| | ordinary shares | | Amount | | |
| | 2022 | 2022 2021 2022 | 2022 2021 | 2022 | 2021 |
| | '000 | '000 | RM'000 | RM'000 | |
| | | | | | |
| Issued and fully paid | | | | | |
| Share capital at beginning and end of financial year | 164,386 | 164,386 | 166,436 | 166,436 | |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares have no par value and rank equally with regard to the Company's residual assets.

23. Retained earnings

The Company may distribute dividends on a single-tier basis out of its entire retained earnings as at 31 December 2022 without any restrictions.

24. Trade and other payables

| | Group | | Company | |
|---|---------|---------|---------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade payables | | | | |
| Third parties | 14,323 | 15,161 | - | - |
| Due to related companies | 27,933 | 50,376 | - | - |
| | 42,256 | 65,537 | - | - |
| Other payables | | | | |
| Due to related companies | 2,131 | 133 | - | - |
| Sundry payables | 6,113 | 6,566 | 137 | 273 |
| Accruals | 202,835 | 196,733 | 378 | 346 |
| Refund liabilities | 448 | 535 | - | - |
| Provisions (Note (e)) | 7,518 | 6,768 | - | - |
| | 219,045 | 210,735 | 515 | 619 |
| Total trade and other payables | 261,301 | 276,272 | 515 | 619 |
| Less: Provision (Note (e)) | (7,518) | (6,768) | - | |
| Total financial liabilities carried at amortised cost | 253,783 | 269,504 | 515 | 619 |
| | | | | |

(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 (2021: 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 (2021: 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.

24. Trade and other payables (contd.)

(c) Accruals

Included in the accruals of the Group is an amount of RM181,839,000 (2021: RM174,971,000) for 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

Sustainability

Statement

The Group provides warranties for durable 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 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:

| Group | Restoration cost RM'000 | Assurance- type warranties RM'000 | Total RM'000 |
|--------------------------------|-------------------------------|--|-----------------|
| At 1 January 2022 | 2,030 | 4,738 | 6,768 |
| Net change for the year | (177) | 2,341 | 2,164 |
| Utilisation during the year | - | (1,512) | (1,512) |
| Unwinding of discount (Note 7) | 98 | - | 98 |
| At 31 December 2022 | 1,951 | 5,567 | 7,518 |

| | | Assurance- | |
|--------------------------------|-------------|------------|---------|
| | Restoration | type | |
| | cost | warranties | Total |
| Group | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | 1,956 | 3,315 | 5,271 |
| 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 |
| At 31 December 2021 | 2,030 | 4,738 | 6,768 |

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:

| | Other | | |
|--------------------------------|----------|-----------|---------|
| | Premises | Equipment | Total |
| | RM'000 | RM'000 | RM'000 |
| At 1 January 2022 | 8,765 | 387 | 9,152 |
| Additions | 252 | 46 | 298 |
| Depreciation expenses (Note 8) | (3,350) | (278) | (3,628) |
| Modification | 2,000 | - | 2,000 |
| Exchange differences | 24 | - | 24 |
| At 31 December 2022 | 7,691 | 155 | 7,846 |
| At 1 January 2021 | 7,079 | 668 | 7,747 |
| Additions | 868 | - | 868 |
| Depreciation expenses (Note 8) | (3,050) | (301) | (3,351) |
| Modification | 3,868 | 20 | 3,888 |
| At 31 December 2021 | 8,765 | 387 | 9,152 |

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

| | 2022 | 2021 |
|-----------------------|---------|---------|
| | RM'000 | RM'000 |
| At 1 January | 9,480 | 7,970 |
| Additions | 298 | 898 |
| Accretion of interest | 505 | 496 |
| Payments | (4,117) | (3,770) |
| Modification | 2,177 | 3,886 |
| Exchange differences | 24 | - |
| At 31 December | 8,367 | 9,480 |
| Current | 3,282 | 3,182 |
| Non-current | 5,085 | 6,298 |

Other

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. Leases (contd.)

The Group as lessee (contd.)

The following are the amounts recognised in profit or loss:

| | 2022 | 2021 |
|---|--------|--------|
| | RM'000 | RM'000 |
| Depreciation expense of right-of-use assets (Note 8) | 3,628 | 3,351 |
| Gain on lease modification (Note 6) | - | (2) |
| Interest on lease liabilities (Note 7) | 505 | 496 |
| Expenses relating to short term lease and leases of low-value assets (Note 8) | 351 | 416 |
| Variable lease payments not included in lease liabilities (Note 8) | 30 | 60 |
| Total amount recognised in profit or loss | 4,514 | 4,321 |

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:

| | 2022 RM'000 | 2021 RM'000 |
|---|----------------|----------------|
| Extension options expected not to be exercised within 5 years | 468 | 468 |

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 2022 for the Group amounted to RM4,498,000 (2021: RM4,246,000), in which RM3,612,000 (2021: RM3,274,000) 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 | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Capital expenditure in respect of Development costs and property, plant and equipment: | | |
| - Approved and contracted for | 271 | 296 |
| - Approved and not contracted for | 22,867 | 14,639 |
| | 23,138 | 14,935 |

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.

| | Group | |
|---|------------------------------|------------------------|
| | 2022 RM'000 | 2021 RM'000 |
| Sales of goods: | | |
| Amway (Singapore) Pte. Ltd. Amway Hong Kong Limited | (60) (274) | (64) |
| Purchases: Access Business Group International L.L.C. Amway International Inc. Amway (Thailand) Limited Amway (Singapore) Pte. Ltd. | 522,200 594 379 250 | 465,205 - - - |
| Royalties paid/payable: Access Business Group International L.L.C. | 4,908 | 5,035 |
| Sale of property, plant and equipment: Amway IT Services Sdn. Bhd. | 161 | - |

(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 2022 are disclosed in Notes 19 and 24.

The nature of the related party relationships are entities within the Alticor Global Holdings Inc..

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

| | Group | |
|--|--------|--------|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Short-term employee benefits | 5,954 | 6,152 |
| Post-employment benefits: | 3,33 | 3,.32 |
| - Defined contribution plan | 399 | 457 |
| Non-executive directors' remuneration: | | |
| - Directors' fees and others | 603 | 573 |
| | 6,956 | 7,182 |

Other

Information

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. Financial risk management objectives and policies

Statement

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.

Interest rate risk (a)

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 | |
|------------------------------|--------|---------|---------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | | | | |
| Fixed rate instruments | | | | |
| Deposits with licensed banks | 60,440 | 119,139 | 2,000 | 2,000 |

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").

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

| | | Group |
|---|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Due from related companies Singapore Dollar | 28 | 50 |
| | | |
| Due from related companies | | |
| United States Dollar | 74 | |
| Due to related companies | | |
| Thailand Baht | (8) | (36) |
| Cash and bank balances | | |
| United States Dollar | 1,437 | 934 |

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.

29. Financial risk management objectives and policies (contd.)

(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.

| | or within | More than | |
|---|--|---------------------------|--------------------------|
| | | | |
| | one year | one year | Total |
| | RM'000 | RM'000 | RM'000 |
| December 2022 | | | |
| ncial liabilities | | | |
| p | | | |
| e and other payables (excluding provisions) (Note 24) | 253,783 | - | 253,783 |
| e liabilities | 3,642 | 5,537 | 9,179 |
| undiscounted financial liabilities | 257,425 | 5,537 | 262,962 |
| nanv | | | |
| e and other payables (Note 24) | 515 | - | 515 |
| | On domond | | |
| | | More than | |
| | | | Total |
| | RM'000 | RM'000 | RM'000 |
| December 2021 | | | |
| ncial liabilities | | | |
| р | | | |
| e and other payables (excluding provisions) (Note 24) | 269,504 | - | 269,504 |
| e liabilities | 3,591 | 6,833 | 10,424 |
| undiscounted financial liabilities | 273,095 | 6,833 | 279,928 |
| pany | | | |
| e and other payables (Note 24) | 619 | - | 619 |
| pany e and other payables (Note 24) December 2021 Incial liabilities p e and other payables (excluding provisions) (Note 24) e liabilities undiscounted financial liabilities pany | 515 On demand or within one year RM'000 269,504 3,591 273,095 | More than one year RM'000 | 262,9 5 76 RM'C |

Other

Information

29. Financial risk management objectives and policies (contd.)

Statement

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.
- the fair value is measured using inputs other than quoted prices included within Level 1 that are observable Level 2 for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- 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 2022 and 31 December 2021.

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 | 24 |
| Trade and other payables | 24 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their shortterm nature.

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 2022 and 31 December 2021. The Group is not subjected to any externally imposed capital requirements.

PARTICULARS OF PROPERTIES AS AT 31 DECEMBER 2022

| 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 | 21,836 | 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 | 19,317 | 19 November 2004 |

GROUP'S PHYSICAL PRESENCEAS AT 31 DECEMBER 2022

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

KI ANG

4 & 6 (Ground Floor), Jalan Kasuarina 11, Bandar Botanic, 41200 Klang, Selangor Darul Ehsan

KOTA BAHRU

10 & 11, Bangunan Yakin, Jalan Raja Perempuan Zainab 2, Bandar Baru Kubang Kerian, 16150 Kota Bharu, Kelantan Darul Naim

KOTA KINABALU

Lot 6 (1st Floor) & Lot 7 (Ground & 1st Floor), Block F, Sri Kepayan Commercial Centre, 88200 Kota Kinabalu, Sahah

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, 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 SO198-SO201 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, Kampong 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 28th 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, 24 May 2023 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 2022 together with the Directors' and the Auditors' Reports thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. | To re-elect Mr Michael Jonathan Duong who is retiring pursuant to Clause 76(3) of the Constitution of the Company ("the Constitution"). | Ordinary Resolution 1 |
| 3. | To re-elect Pn Aida Binti Md Daud who is retiring pursuant to Clause 76(3) of the Constitution. | Ordinary Resolution 2 |
| 4. | To re-elect Mr Low Han Kee who is retiring pursuant to Clause 76(3) of the Constitution. | Ordinary Resolution 3 |
| 5. | To re-elect Ms Ho Kim Poi who is retiring pursuant to Clause 78 of the Constitution. | Ordinary Resolution 4 |
| 6. | To approve the Directors' fee of up to RM48,600 payable to Tan Sri Faizah Binti Mohd Tahir, the Chairperson and the Senior Independent Non-Executive Director, for the financial period from 1 January 2023 to 24 May 2023. | Ordinary Resolution 5 |
| 7. | To approve the Directors' fee of up to RM110,350 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 2023. | Ordinary Resolution 6 |
| 8. | 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 2023. | Ordinary Resolution 7 |
| 9. | 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 2023. | Ordinary Resolution 8 |
| 10. | To approve the Directors' fee of up to RM85,450 payable to Datin Seri Azreen Binti Abu Noh, the Independent Non-Executive Director, for the financial year ending 31 December 2023. | Ordinary Resolution 9 |
| 11. | 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 2023. | Ordinary Resolution 10 |
| 12. | To approve the Directors' fee of up to RM68,600 payable to Ms Ho Kim Poi the Independent Non-Executive Director, for the financial year ending 31 December 2023. | Ordinary Resolution 11 |
| 13. | To approve the Directors' benefits of up to RM124,250 for the financial year ending 31 December 2023. | Ordinary Resolution 12 |
| 14. | To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 13 |
| | | |

Information

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

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

15. 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")

"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 19 April 2023, 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:

- 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;
- 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
- revoked or varied by ordinary resolution passed by the shareholders in a general (iii) 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."

16. 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 19 April 2023 **Ordinary Resolution 14**

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 28th 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 28th 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 <u>Information for Shareholders on 28th AGM</u> 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 16 May 2023**. 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 28th 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 28th AGM.

Information

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, 22 May 2023 at 9.30 a.m.
- 13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- 14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- 15. It is important that you read the Information for Shareholders on 28th AGM.
- 16. Shareholders are advised to check the Company's website at <u>www.amway.my</u> and announcements from time to time for any changes to the administration of the 28th AGM.

NOTICE OF ANNUAL GENERAL MEETING

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 to 4

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

3. Ordinary Resolutions 5 to 11

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 fee structure for the Board Chairperson, Non-Executive Board members, Chairmen of the Board Committees and Board Committee members for the financial year ending 31 December 2023 remains the same as the preceding financial year. The total amount of Directors' fees sought from the shareholders for the financial year ending 31 December 2023 is RM542,400.

With regards to Ordinary Resolutions 5, 6 and 11, Tan Sri Faizah Binti Mohd Tahir has indicated that she will resign as the Chairperson of the Board immediately after the conclusion of the AGM. In conjunction with her resignation, En Abd Malik Bin A Rahman will be redesignated as the Chairman of the Board and Senior Independent Non-Executive Director and Ms Ho Kim Poi will be redesignated as the Audit Committee Chairperson.

In the event new Director(s) is/are appointed after the AGM on 24 May 2023, the Company would seek approval for the payment of fees to the new Director(s) at the next AGM.

4. Ordinary Resolution 12

The proposed Directors' benefits under Ordinary Resolution 12 are based on the current number of Directors on the Board and Scheduled Board and Committee Meetings for the financial year ending 31 December 2023. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

5. Ordinary Resolution 13

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 28th AGM are disclosed in the Corporate Governance Overview Statement of this Annual Report.

Explanatory Note on Special Business

1. Ordinary Resolution 14

This Resolution, if passed, will allow the Group to renew its existing mandate obtained at the 27th AGM held on 25 May 2022 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 19 April 2023 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 28th Annual General Meeting.

Mr Michael Jonathan Duong, Pn Aida Binti Md Daud, Mr Low Han Kee and Ms Ho Kim Poi ("Retiring Directors") are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 28th AGM. Their profiles can be found on pages 75, 76, 81 and 82 of the Annual Report 2022.

The Nominating Committee ("NC") conducts a Board Effectiveness Evaluation ("BEE") annually 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 2022.

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 has conducted a review and assessment of the Retiring Directors in accordance with the Directors' Fit and Proper Policy and is satisfied that they have met the criteria prescribed by the said Policy.

Contributions and reasons for the Retiring Directors' re-election are as follows:

Mr Michael Jonathan Duong

Mr Michael Jonathan Duong was appointed as the Executive Director of the Company on 1 January 2017 and redesignated as the Managing Director on 1 May 2018.

Having started his career in Amway in 2008, the Board believes that Mr Michael Jonathan Duong's in-depth understanding of Amway's operations and the direct selling industry together with his strong leadership skills are all hugely beneficial to the Company and essential to delivering the Company's strategic priorities in the years ahead.

Pn Aida Binti Md Daud

Pn Aida Binti Md Daud was appointed as the Non-Independent and Non-Executive Director of the Company on 21 August 2019.

With over 30 years of experience in research, company and industry analysis as well as human capital management and talent development, the Board believes her extensive experience in the field of human resources provides a strong addition to the skill sets on the Board.

Mr Low Han Kee 3.

Mr Low Han Kee was appointed Director of the Company on 6 June 1996. On 1 September 1998, he took over the helm as the Managing Director of the Company until his retirement from this position on 31 January 2016.

The Board is of the view that his past senior leadership role combined with his sharp and incisive thinking, enables him to bring essential insight to the Board and Audit Committee discussions.

4. Ms Ho Kim Poi

Ms Ho Kim Poi was appointed as the Independent Non-Executive Director of the Company on 15 March 2023.

The Board believes that she brings significant value to the Board with her experience of more than 30 years in finance and human resources and strong track record in senior management and leadership roles. Ms Ho Kim Poi will take on the role as Chairperson of the Audit Committee upon the conclusion of the 28th AGM.

The Board (save for the Retiring Directors who have abstained from deliberation on discussions relating to their own re-election), believes that the contribution, commitment, and performance of the Retiring Directors continue to be invaluable and relevant to the long-term sustainable goals and success of the Company and strongly supports their re-election as Directors.

ANALYSIS OF SHAREHOLDINGS AS AT 15 MARCH 2023

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 | 446 | 8.33 | 8,618 | 0.01 |
| 100 – 1,000 | 2,187 | 40.84 | 1,422,832 | 0.87 |
| 1,001 - 10,000 | 2,375 | 44.35 | 7,900,185 | 4.81 |
| 10,001 - 100,000 | 319 | 5.96 | 7,502,494 | 4.56 |
| 100,001 - 8,219,281 | 24 | 0.45 | 15,378,800 | 9.35 |
| 8,219,282 and above | 4 | 0.07 | 132,172,716 | 80.40 |
| Total | 5,355 | 100.00 | 164,385,645 | 100.00 |

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

| | < Direct | > | < Indirect | | |
|--|--------------------|-------|---------------------------|-------|--|
| Size of Shareholders | No. of Shares held | % | No. of Shares held | % | |
| GDA B.V. ("GDA") | 84,990,283 | 51.70 | - | - | |
| Amway Nederland Ltd. ("Amway Nederland") | - | - | 84,990,283*i | 51.70 | |
| Amway International Inc. ("Amway International") | - | - | 84,990,283* | 51.70 | |
| Alticor Inc. ("Alticor") | - | - | 84,990,283* | 51.70 | |
| Solstice Holdings Inc. ("SHI") | - | - | 84,990,283*iv | 51.70 | |
| Alticor Global Holdings Inc. ("AGH")*vi | - | - | 84,990,283* ^v | 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:

- Deemed interest by virtue of its interest in GDA pursuant to Section 8 of the Companies Act 2016.
- Deemed interest by virtue of its interest in Amway Nederland pursuant to Section 8 of the Companies Act 2016.
- Deemed interest by virtue of its interest in Amway International pursuant to Section 8 of the Companies Act 2016.
- 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.

SHAREHOLDINGS OF DIRECTORS

(As per Register of Directors' Shareholdings)

| | < Direct | <> | | |
|-------------------------------------|----------------------|------|--------------------|---|
| Name Of Directors | No. of Shares held % | | 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 | Neg. | - | - |
| Datin Seri Azreen Binti Abu Noh | - | - | - | - |
| Aida Binti Md Daud | - | - | - | - |
| Ho Kim Poi | - | - | - | - |

Information

ANALYSIS OF SHAREHOLDINGS AS AT 15 MARCH 2023

THIRTY LARGEST SHAREHOLDERS

| Name | | No. of Shares Held | % |
|-------|--|--------------------|-------|
| 1. (| GDA B.V. | 84,990,283 | 51.70 |
| | AmanahRaya Trustees Berhad – Amanah Saham Bumiputera | 21,667,000 | 13.18 |
| | Kumpulan Wang Persaraan (Diperbadankan) | 14,481,700 | 8.81 |
| | Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board | 11,033,733 | 6.71 |
| | AmanahRaya Trustees Berhad – Amanah Saham Malaysia | 8,000,000 | 4.87 |
| | AmanahRaya Trustees Berhad – Amanah Saham Bumiputera 2 | 2,884,300 | 1.75 |
| | AmanahRaya Trustees Berhad – Public Dividend Select Fund | 834,900 | 0.51 |
| | Citigroup Nominees (Tempatan) Sdn Bhd – Kumpulan Wang Persaraan (Diperbadankan) (Kenanga) | 548,600 | 0.33 |
| | Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chew Er Hong (E-KPG) | 385,000 | 0.23 |
| | Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lee Sey Liang (KLC/KEN) | 225,100 | 0.14 |
| 11. (| Chua Soon Gin | 199,700 | 0.12 |
| 12. | Teo Chiang Hong | 195,000 | 0.12 |
| | AMSEC Nominees (Tempatan) Sdn Bhd – Pledged Securities Account – Ambank (M) Berhad for Ho Teik Chuan @ Ho Sonney (SMART) | 191,500 | 0.12 |
| 14. | Ang Lay Pheng | 180,000 | 0.11 |
| | Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Skyture Capital Sdn Bhd (KL C/PIV) | 180,000 | 0.11 |
| | Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ng Thong Kook (E-SS2) | 165,400 | 0.10 |
| 17. H | 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. E | Boh Plantations Sdn Berhad | 122,500 | 0.07 |
| 21. 1 | New Tong Fong Plywood Sdn Bhd | 120,000 | 0.07 |
| 22. H | Hong Weng Hwa | 116,900 | 0.07 |
| 23 ` | Yeoh Saik Khoo Sendirian Berhad | 114,500 | 0.07 |
| | Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Choo Ghee Eng (E-KBU) | 110,000 | 0.07 |
| 25. I | Maisarah Binti Ramli | 106,000 | 0.06 |
| | Maybank Nominees (Tempatan) Sdn Bhd – Chua Eng Ho Wa'a @ Chua Eng Wah | 105,200 | 0.06 |
| | Amanahraya Trustees Berhad – ARB for Yayasan Tun Ismail Mohamed Ali (Berdaftar) | 103,500 | 0.06 |
| 28. l | Lim Ng Kiat | 101,000 | 0.06 |
| 29. I | Koo Sing Huat | 92,800 | 0.06 |
| 30. I | Khoo Loon See | 90,000 | 0.05 |
| | | 147,734,316 | 89.87 |

INFORMATION FOR SHAREHOLDERS ON 28TH ANNUAL GENERAL MEETING

Date : Wednesday, 24 May 2023

Time : 9.30 a.m.

Broadcast Venue : Van Andel & DeVos Training Centre

Amway (Malaysia) Sdn. Bhd. 28, Jalan 223, 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia

The 28th Annual General Meeting ("AGM") will be conducted entirely through live streaming from the Broadcast Venue.

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 28th AGM in person at the Broadcast Venue on the day of the meeting.

We strongly encourage you to attend the 28th 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 28th AGM.

REMOTE PARTICIPATION AND VOTING

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

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 28th 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 28th AGM using the RPV facilities:

| Befo | Before the 28 th AGM Day | | | | | |
|------|-------------------------------------|--|--|--|--|--|
| Prod | cedure | Action | | | | |
| (i) | Register as a user with TIIH Online | Using your computer, access to website at https://tiih.online . Register as a user under the "e-Services" and select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. | | | | |
| | | Registration as a user will be approved within one (1) working day and you will be notified via e-mail. | | | | |
| | | If you are already a user with TIIH Online, you are not required to register as a user again. You will receive an e-mail to notify you that the remote participation for the 28th AGM is available for registration at TIIH Online. | | | | |

INFORMATION FOR SHAREHOLDERS ON 28TH ANNUAL GENERAL MEETING

| Procedure | | Action | | | |
|-----------|---|---|--|--|--|
| (ii) | Submit your request to attend 28 th AGM remotely | Registration is open from Wednesday, 19 April 2023 until the day of 28 th AGM on Wednesday, 24 May 2023. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 28 th AGM to ascertain their eligibility to participate the 28 th AGM using the RPV. | | | |
| | | Login with your user ID (i.e. e-mail address) and password and select the corporate event: | | | |
| | | (Registration) Amway (Malaysia) Holdings Berhad 28th AGM | | | |
| | | Read and agree to the Terms & Conditions and confirm the Declaration. | | | |
| | | Select "Register for Remote Participation and Voting". | | | |
| | | Review your registration and proceed to register. | | | |
| | | System will send an e-mail to notify that your registration for remote participation is received and will be verified. | | | |
| | | After verification of your registration against the Record of Depositors as at 16 May 2023, the system will send you an e-mail after 22 May 2023 to approve or reject your registration for remote participation. | | | |
| | | (Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV). | | | |
| On | the 28 th AGM Day | | | | |
| (i) | Login to TIIH Online | Login with your user ID and password for remote participation at the 28 th 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, 24 May 2023. | | | |
| (ii) | Participate through Live Streaming | Select the corporate event: (Live Stream Meeting) Amway (Malaysia) Holdings Berhad 28 th AGM to engage in the proceedings of the 28 th AGM remotely. | | | |
| | | If you have any question for the Chairperson/Board, you may use the query box to transmit your question. The Chairperson/Board will try to respond to questions submitted by remote participants during the 28 th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting. | | | |
| (iii) | Online remote voting | Voting session commences from 9:30 a.m. on Wednesday, 24 May 2023 until a time when the Chairperson announces the end of the session. | | | |
| | | Select the corporate event: (Remote Voting) Amway (Malaysia) Holdings Berhad 28th AGM or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box. | | | |
| | | Read and agree to the Terms & Conditions and confirm the Declaration. | | | |
| | | Select the CDS account that represents your shareholdings. | | | |
| | | Indicate your votes for the resolutions that are tabled for voting. | | | |
| | | Confirm and submit your votes. | | | |
| (iv) | End of remote participation | Upon the announcement by the Chairperson on the conclusion of the 28th AGM, the Live Streaming will end. | | | |

Notes to users of the RPV facilities:

- Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your (ii) location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616/011-40803168/011-40803169/011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

INFORMATION FOR SHAREHOLDERS ON 28TH ANNUAL GENERAL MEETING

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only members whose names appear on the Record of Depositors as at 16 May 2023 shall be eligible to attend, speak and vote at the 28th 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 28^{th} 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 28th AGM yourself, please do not submit any Proxy Form for the 28th AGM. You will not be allowed to participate in the 28th 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 28th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 22 May 2023 at 9.30 a.m**:

- (i) In Hard copy:
 - (a) By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;
 - (b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com.
- (ii) By Electronic form:

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

| Procedure | Action | | |
|---------------------------------------|--|--|--|
| (i) Steps for Individual Shareh | olders | | |
| Register as a user with TIIH Online | Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register as a user again. | | |
| Proceed with submission of Proxy Form | After the release of the Notice of Meeting by the Company on Wednesday, 19 April 2023, login with your username (i.e. email address) and password. Select the corporate event: Amway (Malaysia) Holdings Berhad 28th AGM – "Submission of Proxy Form". | | |
| | Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. | | |
| | Review and confirm your proxy(ies) appointment.Print the Proxy Form for your record. | | |

INFORMATION FOR SHAREHOLDERS ON 28TH ANNUAL GENERAL MEETING

| Procedure | Action | | | |
|---------------------------------------|---|--|--|--|
| (ii) Steps for corporation or ins | titutional shareholders | | | |
| Register as a User with TIIH Online | Access TIIH Online at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". | | | |
| | Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. | | | |
| | Proceed to activate your account with the temporary password given in the email and re-set your own password. | | | |
| | 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. | | | |
| Proceed with submission of Proxy Form | Login to TIIH Online at https://tiih.online Select the corporate exercise name: "Amway (Malaysia) Holdings Berhad 28th AGM – "Submission of Proxy Form". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxy(ies) by inserting the required data. Submit the proxy appointment file. Proceed to upload the duly completed proxy appointment file. | | | |
| | Select "Submit" to complete your submission. Print the confirmation report of your submission for your record. | | | |

VOTING AT MEETING

The voting at the 28th 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 28th 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 28th AGM and the results of the voting will be announced at the 28th AGM and subsequently via an announcement made by the Company through Bursa Securities at www.bursamalaysia.com.

INFORMATION FOR SHAREHOLDERS ON 28TH ANNUAL GENERAL MEETING

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

The Board recognises that the 28th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 28th AGM, shareholders may in advance, before the 28th 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, 22 May 2023.** The Board of Directors will endeavour to address the questions received at the 28th 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's website – www.bursamalaysia.com under Company's announcements.

You may request for a printed copy of the Annual Report at https://tiih.online by selecting "Request for Annual Report" under the "Investor Services".

Kindly consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the 28th 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).

PROXY FORM



AMWAY (MALAYSIA) HOLDINGS BERHAD Registration No: 199501011153 (340354-U) (Incorporated in Malaysia)

| No. of shares held | CDS Account No. |
|--------------------|-----------------|
| | |

| ^I/We | [Full name in block and as per NRIC/pas: | NRIC/Passpo | rt/Company No.: | | | |
|------------------|--|---|------------------|-------------------------|--------------|--------------------|
| | | • | | | | |
| Tel/HI | P No: of | | l Address) | | | |
| being | member(s) of Amway (Malaysia) Holdings Berhad, hereby a | ppoint: | | | | |
| Full | Name (in Block and as per NRIC/Passport) | NRIC/Passport No. | | Prop | ortion of Sh | areholdings |
| | | | | No. of | Shares | % |
| Add | iress | | | | | |
| and | | | | | | |
| Full | Name (in Block and as per NRIC/Passport) | NRIC/Passport No. | | Prop | ortion of Sh | nareholdings |
| | | | | No. of | Shares | % |
| Add | dress | | | | | |
| the Co 28, Ja | ing ^him/her, the Chairperson of the Meeting, as ^my/our pro ompany which will be conducted entirely through live stream alan 223, 46100 Petaling Jaya, Selangor Darul Ehsan, Mala o vote as indicated below: | ning from the broadcast venue at Van Andel | & DeVos Training | Centre, | Amway (Mal | laysia) Sdn. Bhd., |
| Des | cription of Resolution | | Resolution | on | FOR | AGAINST |
| 1. | Re-election of Mr Michael Jonathan Duong as Director | | Ordinary Reso | lution 1 | | |
| 2. | Re-election of Pn Aida Binti Md Daud as Director | | Ordinary Reso | lution 2 | | |
| 3. | Re-election of Mr Low Han Kee as Director | | Ordinary Reso | lution 3 | | |
| 4. | Re-election of Ms Ho Kim Poi as Director | | Ordinary Reso | lution 4 | | |
| 5. | Approval of Directors' fee of up to RM48,600 payable to T Chairperson and the Senior Independent Non-Executive D 1 January 2023 to 24 May 2023 | | Ordinary Reso | lution 5 | | |
| 6. | Approval of the Directors' fee of up to RM110,350 payabl Committee Chairman and the Independent Non-Executive 31 December 2023 | | Ordinary Reso | lution 6 | | |
| 7. | Approval of the Directors' fee of up to RM83,800 payable the Nominating Committee Chairman and the Independer year ending 31 December 2023 | | Ordinary Reso | lution 7 | | |
| 8. | Approval of the Directors' fee of up to RM76,100 payable Non-Executive Director for the financial year ending 31 De | | Ordinary Reso | lution 8 | | |
| 9. | Approval of the Directors' fee of up to RM85,450 payable the Independent Non-Executive Director for the financial y | | Ordinary Reso | lution 9 | | |
| 10. | Approval of the Directors' fee of up to RM69,500 payable Non-Independent Non-Executive Director for the financial | | Ordinary Resol | ution 10 | | |
| 11. | Approval of the Directors' fee of up to RM68,600 payable Non-Executive Director for the financial year ending 31 De | | Ordinary Resol | ution 11 | | |
| 12. | Approval of the Directors' benefits of up to RM124,250 fo 31 December 2023 | r the financial year ending | Ordinary Resol | ution 12 | | |
| 13. | Re-appointment of Ernst $\&$ Young PLT as Auditors of the C to fix their remuneration | ompany and authority to the Directors | Ordinary Resol | ution 13 | | |
| 14. | Proposed Renewal of Shareholders' Mandate for Recurrer of a Revenue or Trading Nature | nt Related Party Transactions | Ordinary Resol | ution 14 | | |
| | se indicate with an "X" in the space provided whether you proxy will vote or abstain as he/she thinks fit.) | u wish your votes to be cast for or against | the resolutions. | In the ab | sence of sp | pecific direction |
| Date 1 | this day of | , 2023. | | | | |
| | | | _ | nature* ember | | - |

^ 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
 - (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 28th 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 28th 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 <u>Information</u> for <u>Shareholders on 28th AGM</u> in order to participate remotely via RPV.

- 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 16 May 2023**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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
- A member who has appointed a proxy or attorney or authorised representative to participate at the 28^{th} 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 28th 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:

 $\underline{\text{In hard copy form}}$ 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.

 $\underline{\text{By electronic means}}$ 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, 22 May 2023 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, phease 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:
 - 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.
 - 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

AMWAY (MALAYSIA) HOLDINGS BERHAD

199501011153 (340354-U)

28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan

161.05-7340.2000

www.amway.my