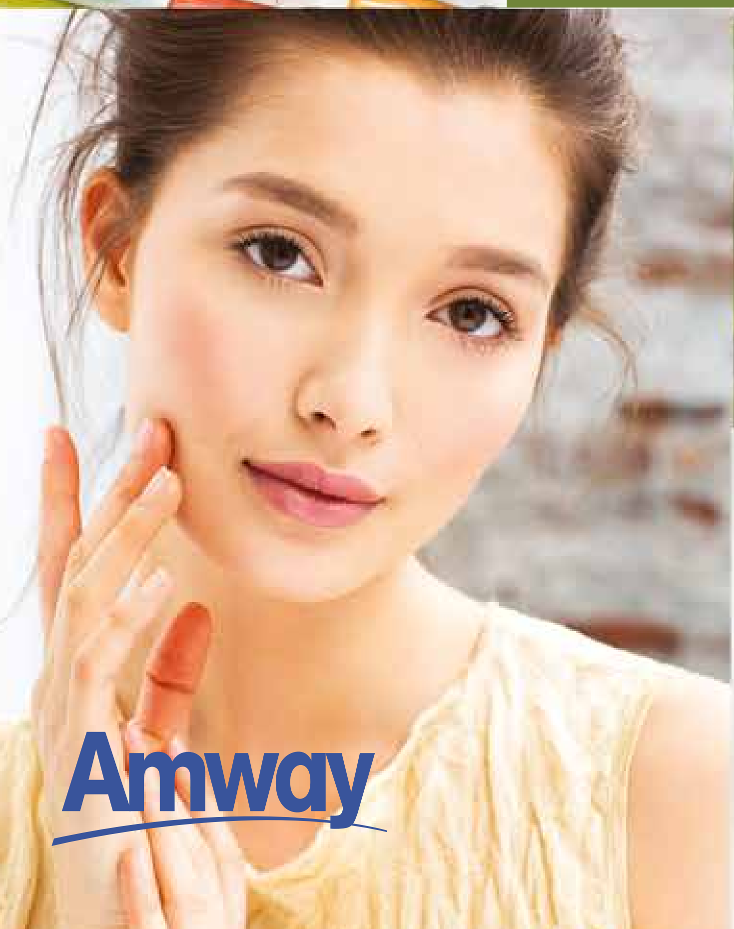
Unlocking Potential

BETTER AND BIGGER

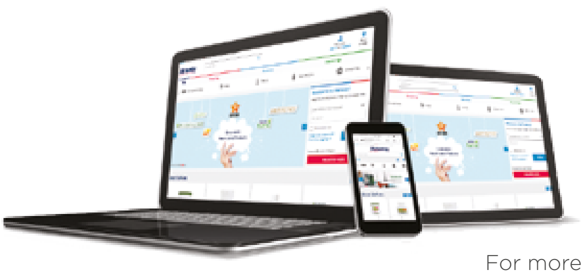
ANNUAL REPORT 2019



Amway

Unlocking Potential

Our community, especially our Amway Business Owners ("ABOs") and customers, has always been a part of who we are. From the moment we started our business in Malaysia, we have evolved with technology and produced more products than we could have ever dreamt of producing. This can be seen on the cover, featuring a little bit of everything and everyone to represent Amway as we unlock our potential through every step we take with them, leading us to be better and bigger as a company.



For more information, visit our website

www.amway.my

Hello!

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Mission

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

Vision

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

Values

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

PARTNERSHIP

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

PERSONAL WORTH

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

ACHIEVEMENT

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

INTEGRITY

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

PERSONAL RESPONSIBILITY

Each individual is accountable and responsible for achieving their personal goals. With the principle of helping others to help themselves, Amway maximises the potential of the individual and shared success. Amway 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.

Quarterly Performance

SALES REVENUE
RM966.3mil

PROFIT BEFORE TAX
RM64.6mil

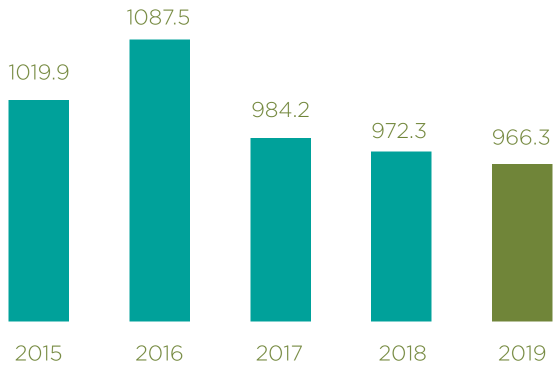
NET PROFIT
RM51.2mil

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

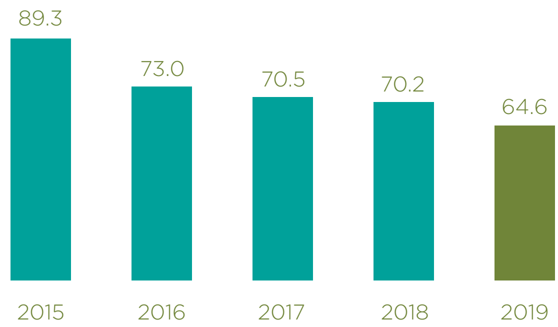
2018	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Sales Revenue (RM' Million)	235.3	227.8	260.2	249.0	972.3
Profit Before Tax (RM' Million)	11.0	10.3	21.5	27.4	70.2
Net Profit (RM' Million)	8.0	7.5	17.1	21.9	54.5
Net Earnings Per Share (Sen)	4.9	4.6	10.4	13.3	33.2
Net Dividend Per Share (Sen)	5.0	5.0	5.0	12.5	27.5

5-Year Financial Highlights

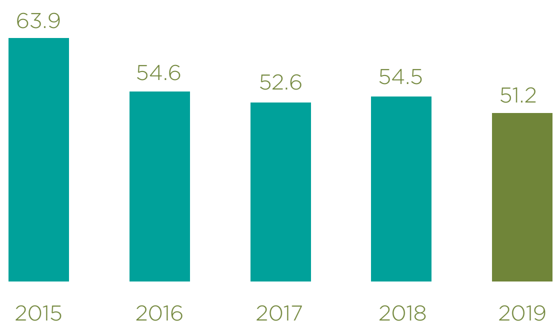
SALES REVENUE (RM' Million)



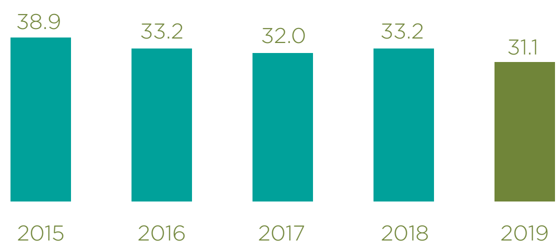
PROFIT BEFORE TAX (RM' Million)



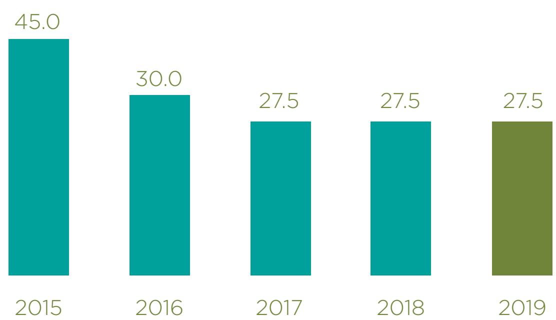
NET PROFIT (RM' Million)



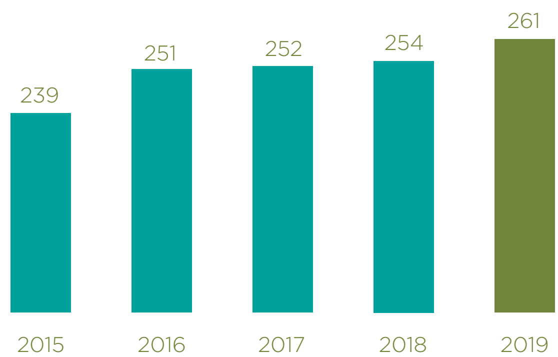
NET EARNINGS PER SHARE (Sen)



NET DIVIDEND PER SHARE (Sen)



CORE ABO FORCE ('000)



Chairman's Statement

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

Dear Valued Shareholders

It is my pleasure and honour 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 2019 ("FY2019").

This is my first statement as the new Chairperson following my appointment in May 2019. Prior to this, I had the privilege of serving on the Board of Amway for some five years and garnered an in-depth understanding of the workings of the Company. During my tenure, I have seen Amway and its subsidiaries (collectively known as "the Group") grow from strength to strength and remain resilient amidst a highly challenging business and competitive environment. Together with my colleagues on the Board and Senior Management, you have our assurance that we will continue to provide the kind of robust and responsible leadership that stakeholders have grown accustomed to. We remain committed to ensuring that Amway continues delivering value to its shareholders.

TURNING IN A RESILIENT PERFORMANCE

The year 2019 turned out to be another challenging year for Malaysia as economic growth declined to 4.3% from 4.7% growth in 2018.[i] While private consumption remained resilient, overall economic activity was weighed down by softer-than-expected investment growth and weakening export demand.[ii] The retail industry experienced sluggish growth due to a host of factors including dwindling consumer sentiment.[iii]

Against this dreary backdrop, Amway maintained a steady course to turn in sales revenue amounting to RM966.3 million which was marginally lower against sales revenue of RM972.3 million in FY2018. While we remained profitable in FY2019, our profit before tax ("PBT") came in at a lower level of RM64.6 million against a PBT of RM70.2 million in FY2018. This 8.0% decline in PBT was mainly due to higher investment in ABO experience-related infrastructure, incentives and rewards, which were partially offset by lower import costs caused primarily by a favourable exchange rate.

All in all, FY2019 was a year of transition and consolidation in which we bolstered our infrastructure to reinforce our position for the future. The year saw the Group working hard to regain its growth momentum by leveraging on third-party outsourcing and making investments in digital infrastructure as well as sales and marketing programmes in greater measure. These initiatives went a long way in strengthening our value proposition to our Amway Business Owners ("ABOs"). Moving forward, we will continue to leverage on outsourcing, digital transformation and a more attractive incentives-linked growth strategy to better serve and inspire our Core ABO Force ("CAF") so that they can expand their reach and impact their customers in a more sustainable manner. At the end of FY2019, Amway's CAF stood at some 260,900-strong against a CAF of 254,000 in FY2018.

For more comprehensive insights into the Group's operational and financial performance, kindly refer to the Management Discussion and Analysis section within this Annual Report.

UPHOLDING RESPONSIBLE CORPORATE PRACTICES

Good Governance

Acknowledging that good governance translates into healthy and sustainable business, the Board is committed to upholding and applying strong standards of corporate governance as well as robust risk management and internal control measures throughout the Group. These fundamental elements not only help ensure the sustainable, long-term growth of our businesses but also strengthen investor confidence, safeguard Amway's reputation, and ensure continued shareholder value creation.

The year in review saw the Company strengthened its compliance in line with the spirit and intended outcomes of the enhanced Malaysian Code on Corporate Governance ("MCCG"). Following the conclusion of the 24th Annual General Meeting on 29 May 2019, Amway went on to implement a strategic restructuring at the Board level and rolled out a measured succession plan. In line with MCCG Practice 4.2 which recommends that the tenure of an independent director should not exceed a cumulative term limit of nine years, Dato' Ab. Halim Bin Mohyiddin retired as the Chairman and Senior Independent Non-Executive Director ("Senior INED") of Amway. As part of the Company's succession plan, I was re-designated as the Board's Chairperson and Senior INED.

[i] Extracted from the Bank Negara Malaysia Quarterly Bulletin (Fourth Quarter 2019) – refer https://www.bnm.gov.my/files/publication/qb/2019/Q4/p3.pdf

[ii] Extracted from an article titled "World Bank maintains Malaysia's 2019 economic growth at 4.6%" in thestar.com.my on 10 October 2019 – refer https://www.thestar.com.my/business/business-news/2019/10/10/world-bank-maintains-malaysia039s-2019-economic-growth-at-46

[iii] Extracted from an article titled "Cover story: Embracing the retail omni-channel experience" in theedgemarkets.com on 11 March 2020 – refer https://www.theedgemarkets.com/article/cover-story-embracing-retail-omnichannel-experience

Chairman's Statement

At the same time, I relinquished my role as Audit Committee ("AC") Chairperson and was re-designated as an AC member to ensure compliance with MCCG Practice 8.1. This stipulates that the Chairman of the AC be distinct from the Chairman of the Board so as to uphold the independence and objectivity of the AC. In my stead, En. Abd Malik Bin A Rahman, a member of the AC, was re-designated as AC Chairman, while Datin Azreen Binti Abu Noh was appointed as a member of the AC, thus bringing the total number of members on the AC to five. Of these five AC members, four are Independent Directors.

Subsequently, following the resignation of En. Mohammad Bin Hussin as a Director on 21 August 2019, Pn. Aida Binti Md Daud was appointed to the Board as a Non-Independent Non-Executive Director ("Non-INED") on the same day. With the addition of Pn. Aida to the Board, the total number of female Directors on the Amway Board has risen to three (of eight Directors) thereby surpassing the target under our Boardroom Diversity Policy which calls for at least one female Director to be on the Board. With this development, the current percentage of women directors on the Board has increased to 38%, which exceeds the requirement of having at least 30% women directors for Large Companies (although Amway is not categorised as a Large Company). The Board demonstrates our ongoing commitment to having a high level of female engagement at the highest decision-making levels within the Group.

Today, Amway has the appropriate mix of individuals and team players to dynamically propel the Company forward. We also have in place a systematic succession plan to ensure the Group's sustainability. In line with our Board Charter, at least 50% or four out of our eight Board members are Independent Directors reflecting our commitment towards ensuring balanced decision making and equitable outcomes. These Independent Directors continue to take up more leadership roles in Board Committees as well which lends to better objectivity all around. Given the diversity of backgrounds, skills, experiences, leadership styles and fresh perspectives that the current members bring to the table, Amway is in a solid position to grow from strength to strength.

Being a company that upholds integrity, we are committed towards ensuring transparent and ethical transactions. Moreover, we are constantly keeping abreast of changes in the regulatory environment to ensure the most robust and comprehensive governance framework. To prepare for the upcoming Section 17A of The Malaysian Anti-Corruption Commission Act 2009 which introduces corporate liability for corruption and imposes personal liability on directors, controllers and management, the Board has looked into potential areas of risk as well as introduced the necessary measures to ensure compliance. Our Directors too have undergone training to ensure that they understand and comply with these new requirements before Section 17A takes effect on 1 June 2020.

Robust Risk Management

Amway continues to uphold stringent risk management practices especially in relation to two key risks, namely foreign exchange fluctuations and the unauthorised selling of products. With regard to foreign exchange risk, we continue to adopt the fixed exchange rate that we have agreed upon with Amway Headquarters to minimise foreign exchange fluctuations. In terms of the latter risk, we have taken measures to enhance the traceability of product via invisible tracking and other means of detection.

We have also elevated the level of training and awareness as well as issued warnings towards those who potentially buy, sell, supply or use our products in an inappropriate manner. To this end, we have brought an effective communications strategy into play as well as taken other tangible measures to tackle the issue including establishing a foundation for legal claims against unauthorised sellers and eCommerce platforms. We also continue to work with third-party eCommerce platforms, the authorities and legal firms to ensure the channels and third-party platforms that sell and supply products are made aware of their responsibilities under the Direct Sales and Anti-Pyramid Scheme Act 1993.

At the same time, we continue to stress the importance of the Amway Rules of Conduct among ABOs and demonstrate how by applying the principles of equality, fairness and honesty, our ABOs stand a better chance of building profitable and sustainable businesses. More details of these and related efforts can be found within the Management Discussion and Analysis section of this Annual Report.

Sustainable Measures

As Amway goes about its business of helping shape economies, businesses and communities through its day-to-day activities, we recognise the need to create long-term shared value for our stakeholders and to secure the future of the Group. To ensure we deliver a sustainable performance, we remain genuinely committed to balancing out our economic performance with responsible environmental and social considerations. For more details on the Group's sustainability performance in FY2019, please refer to the year's Sustainability Statement which provides an account of our sustainability-related highlights, achievements and the overall positive impact we have created for the environment and community at large.

OUTLOOK AND PROSPECTS

At the time of writing, there are signs that the ongoing COVID-19 pandemic may drive the global economy into recession. To avoid a cascade of bankruptcies and emerging market debt defaults, several countries have responded with a variety of stimulus packages with the US leading the way with a multi-trillion dollar domestic aid package to cushion the blow to its citizens and businesses.

Similarly, in Malaysia, 27 March 2020 saw the Federal Government announcing a RM250 billion stimulus package comprising loan deferments, one-off cash assistance, credit facilities and rebates as well as a direct fiscal injection of RM25 billion.[iv] In early April, the Government followed through with a RM10 billion stimulus package aimed at alleviating the plight of small and medium-sized enterprises ("SMEs") and micro-businesses that make up two-thirds of the nation's workforce and contribute 40% of the country's GDP. [v]

Malaysia will have to be prepared for any economic impact from a possible global recession as a result of global factors such as the oil price slump and the extended Movement Control Order imposed by the Government to mitigate the impact of COVID-19.

Given the rapid pace at which these events are taking place, the Group will continue to closely monitor all related developments and their potential impact on our business. Rest assured that we are adopting a prudent approach as well as proactively implementing additional measures to continue our support of the ABOs that are conducting their business during this challenging period.

Moving forward amidst intensifying competition and a highly challenging economic environment weighed down by COVID-19 concerns, Amway will endeavour to retain its position as one of the country's leading direct selling market players and a long-trusted brand among Malaysians. Even as we remain committed to strengthening our ABOs and their businesses, we hope that our ABO force will continue to remain resilient amidst the prevailing headwinds and that people will continue to equate the Amway brand with opportunities to create value.

As we work towards the 50-year mark, we will continue to invest in the necessary infrastructure, systems, partners and people to help us prepare for future growth.

IN APPRECIATION

On behalf of the Board of Amway, I wish to express my gratitude to the many parties who have played a part in helping our Company remain resilient through these challenging times.

My most sincere appreciation goes to our valued shareholders for their unwavering support and trust in the Company. To our many enterprising ABOs, our heartfelt gratitude to you for your continued loyalty and confidence in Amway. We look forward to journeying with you in greater measure as together we pursue new pathways to prosperity. A big thank you also goes to the many partners who work tirelessly together with us and whose cooperation and professionalism have helped Amway progress steadfastly forward.

Our utmost appreciation to our dedicated and diligent staff for their commitment to excellence. My sincere appreciation also to our Senior Management for continuing to provide Amway strong strategic direction and tactical leadership. Last but not least, my sincere gratitude to my colleagues on the Board for their wise counsel and insights which have helped Amway navigate expertly through another challenging year.

At this juncture, please join me in bidding farewell to En. Mohammad Bin Hussin who resigned as a Non-INED on 21 August 2019. We thank him for his contributions to Amway and wish him every success in his undertakings. We bid a warm welcome to Pn. Aida Binti Md Daud who joined us as a Non-INED on 21 August 2019 from Permodalan Nasional Berhad. Bringing with her a fiduciary responsibility and vast experience in the areas of Finance and Human Resources, she will strengthen the Company's human capital planning and succession planning agendas.

This year, Amway is 43 years old. As we work towards the 50-year mark, we will continue to invest in the necessary infrastructure, systems, partners and people to help us prepare for future growth. As we do so, I humbly ask all our stakeholders to lend Amway their staunch support as we work hard to overcome any challenges and capitalise on any opportunities that come our way. Thank you.

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

[iv] Extracted from an article titled "Is Malaysia really prepared for the economic fallout from Covid-19?" in thestar.com.my on 30 March 2020 – refer https://www.thestar.com.my/opinion/letters/2020/03/30/is-malaysia-really-prepared-for-the-economic-fallout-from-covid-19

[v] Extracted from an article titled "Muhyiddin unveils RM10bil special stimulus package" in thestar.com.my on 6 April 2020 – refer https://www.thestar.com.my/news/nation/2020/04/06/muhyiddin-unveils-rm10bil-special-stimulus-package

Management Discussion and Analysis

Financial year 2019 ("FY2019") was a year characterised by a stagnant economic backdrop and rapidly changing market conditions. Against this landscape, Amway (Malaysia) Holdings Berhad ("Amway") recognised the need to prepare for a different future given the spread of globally disruptive forces that are impacting our business and the world around us.

Be it disruption due to technology, globalisation or demographics, the forces of change are here to stay and we acknowledge the need to prepare for and make the most of the emerging megatrends.

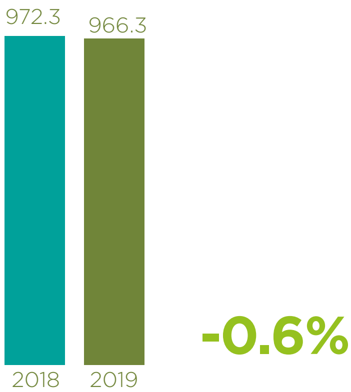
The year saw Amway and its subsidiaries ("the Group") taking measures to bolster our business by investing in the right infrastructure, systems, partners and people. These measures included rolling out digital transformation initiatives, outsourcing services to strong third-party professional partners, implementing new incentives linked to sustainable growth behaviours, and launching personalised products for ABO communities. By maintaining a laser-focus on our strategies for growth and laying down strong foundations, we are ensuring the resilience of our business in Malaysia over the short to medium-term as well as positioning Amway and our ABOs for long-term future growth.

This year's review of the Group's financial and operational performance not only encapsulates our efforts to remain resilient amidst stagnant market conditions but also provides insights into how we are preparing ourselves for sustainable, future business growth by leveraging on a host of disruptive forces and capitalising on emerging megatrends.

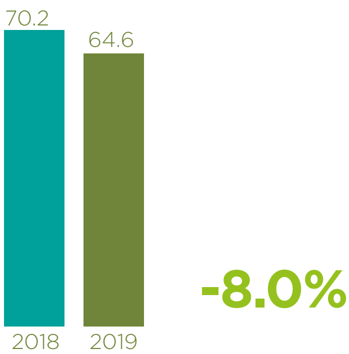
REMAINING RESILIENT AMIDST CHALLENGING TIMES

The year 2019 saw global growth decelerate to 2.4% versus 3.0% growth in 2018 – its lowest performance since the global financial crisis.[i] Meanwhile, Malaysia's gross domestic product ("GDP") growth slowed to 4.3% in 2019 against GDP growth of 4.7% previously.[ii] The retail industry experienced sluggish growth due to a host of factors including dwindling consumer sentiment.[iii]

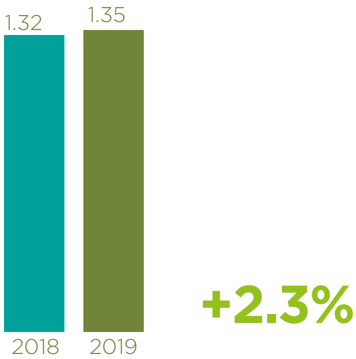
Sales Revenue
(RM' Million)



Profit Before Tax
(RM' Million)



Net Asset Per Share
(RM)



Against this lacklustre backdrop and pressure on profitability exerted by the weakening Ringgit, the Group continued to operate in a steadfast manner in FY2019. Although we registered a marginal drop in sales revenue, we carried on investing in critical areas to ensure long-term growth while remaining profitable and enhancing shareholders' value.

Sales Revenue

For FY2019, Amway registered sales revenue of RM966.3 million which was 0.6% lower than sales revenue of RM972.3 million in the preceding year. The marginal decline in Group revenue was due to a much softer response by ABOs towards sales and promotions in the third quarter of 2019.

Earnings

The year saw the Group's Profit Before Tax ("PBT") decrease by 8.0% to RM64.6 million against a PBT of RM70.2 million in FY2018. The reduced PBT was primarily the result of higher selling and administrative expenses, partially cushioned by lower import costs resulting from a favourable foreign exchange impact.

Dividends

Amway is committed to protecting shareholders' interests and creating sustainable value. To this end, we remain committed to distributing a gross dividend of no less than 80% of the Group's annual net earnings attributable to the equity holders of the Company. This is of course dependent on the Company's level of cash and retained earnings, business operations, financial performance, prospects, capital expenditure, and current and expected obligations.

During FY2019, three single tier interim dividends of 5.0 sen net per share amounting to RM24.7 million were paid.

On 26 February 2020, a fourth single tier interim dividend of 5.0 sen net per share and a special single tier interim dividend of 7.5 sen net per share totalling RM20.5 million in respect of FY2019 was declared. Shareholders' entitlement to the fourth single tier interim dividend and the special single tier interim dividend was determined based on the shareholders registered in the record of depositors as at 16 March 2020. This payment was made on 27 March 2020.

Altogether in respect of FY2019, Amway has made a total dividend pay-out of 27.5 sen net per share amounting to RM45.2 million. This represents a pay-out ratio of 88% of net earnings for the year under review and is higher than the pay-out ratio of 83% in FY2018.

Financial Position and Liquidity

The Group continues to maintain a healthy balance sheet and strong cash position. As at 31 December 2019, the Group's net assets per share stood at RM1.35 in comparison to net assets per share of RM1.32 at end FY2018, whilst our cash balance stood at RM183.4 million at end FY2019 against RM176.7 million at end FY2018.

Capital Expenditure Requirements, Capital Structure and Capital Resources

FY2019 saw us continuing to upgrade our operations by making capital expenditure ("capex") investments amounting to RM13.9 million into infrastructure, particularly that linked to enhancing the ABO experience, our operational efficiencies and our competitive edge. We invested in several key areas to modernise our organisation. Capex activities included the development of a new eCommerce website, the renovation of office space and a new PhytoCafé at the Amway Headquarters ("HQ") in Petaling Jaya, as well as the development of the new Southern Flagship Experience Centre in Johor Bahru.

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[i] Summary from World Bank Group's January 2020 Global Economic Prospects Report (pgs 3-5) – refer https://openknowledge.worldbank.org/bitstream/handle/10986/33044/9781464814693.pdf

[ii] Extracted from Bank Negara Malaysia's publication titled "Developments in the Malaysian Economy" – refer https://www.bnm.gov.my/files/publication/qb/2019/Q4/p3.pdf

[iii] Extracted from an article titled "Cover Story: Embracing the retail omni-channel experience" in the theedgemarkets.com – refer https://www.theedgemarkets.com/article/cover-story-embracing-retail-omnichannel-experience

Management Discussion and Analysis

HONOUR OUR PAST; PREPARE TODAY FOR THE FUTURE

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

Back in 1976, AMSB begun operations with a single storefront and was the first direct selling company in Malaysia. Since then, AMSB has become one of the nation's leading direct selling brands. Amway currently has more than 20 shops within its nationwide network and retails over 450 high-quality consumer goods ranging from health supplements to skincare, personal care and the durables category.

Today, Amway's fundamentals remain strong and the business is in good shape. We continue to lay strong foundations for our sustainable growth by providing the best opportunity and platform for our ABOs to build their own community of customers. We acknowledge the need to strike a balance between the short-term objectives of profitability and rewarding shareholders with the long-term goals of retaining our market position and driving business sustainability.

To that end, FY2019 saw us reviewing our existing structures at the front office and back office as well as at the domestic and global levels. In order to scale for the future, we outsourced our call centre, warehousing and home delivery operations to industry leading third-party professional vendors leveraging on their expertise and infrastructure to derive greater operational efficiencies and to deliver superb customer experiences.

- Under our eCommerce transporter initiative, we have made the move from traditional transporters to established eCommerce transporters who are able to provide a more effective last mile experience by offering systematic tracking and daily status updates which are linked to the Amway Digital Assistant or ADA chatbot.

- To ensure more efficient stock movements and inventory management, we began outsourcing our eCommerce warehouse requirements to a professional third-party warehouse logistics provider. By making the most of their knowledge and expertise in operations management as well as industry best practices, our daily picking efficiency has jumped 5X in terms of parcels picked per day.

By laying solid foundations for Amway today and getting the right infrastructure, systems and partners in place, we are preparing all the necessary groundwork for the seamless integration of business, technology and the people to ensure a dynamic future.

What will the world look like in 2030 or even 2050 and beyond? Will it be one where super consumers, personalised health and traceable food supplies are commonplace? Will it be one where smart neighbourhoods, seamless communities, and Zettabyte (1 trillion Gigabytes) economies flourish? How will artificial intelligence, 5G wireless, automated cars/drones, and augmented human interfaces transform our daily lives?

While no one can predict the future completely, we have some idea of how tomorrow may look like given the new disruptive megatrends that are emerging on the back of technological innovation, demographic shifts, and the spread of globalisation. China and the USA will continue to be epicentres for disruption driven by entities such as Amazon, Uber, Alibaba, Tencent, Google, and WeChat. On the domestic front, Malaysians will continue to experience significant disruptive ripples in the way we live, work and play via the likes of Lazada, Grab, Foodpanda, and WhatsApp, among others.

As Amway navigates its way through a highly challenging and fast-evolving playing field, we are pinpointing the megatrends that will impact our future and are bringing into play the strategies that will help us leverage on these forces of change.

PURPOSEFULLY PREPARING FOR EMERGING MEGATRENDS

Megatrend#1: The Rise of the Super Consumer[iv]

Today, the evolution and interaction between artificial intelligence, machine learning, ubiquitous sensors, smart devices and new computing interfaces are elevating consumer empowerment to an entirely different level. Technological disruption is not only changing the way consumers communicate with markets, companies and each other, but also how they work, live and play. Machines are enhancing human decision-making, voice technology is driving interactions, and access to technology is quickly becoming all-pervading. As technology takes consumer empowerment up to a whole new level, we are beginning to see the advent of super consumers.

Super consumers want their brand experiences to be cohesive and elegant across all their touchpoints. Their expectation is that they be treated as individuals, with their wants, tastes and distastes not only acknowledged but remembered. They expect to receive highly personalised products and services as well as advice that is perfectly in tune with their interests. Super consumers expect to be delighted across all physical and digital realms, as well as diverse channels and devices in a seamless manner. Technology is seen as a means to help and not hinder their desire to get what they want, where and when they want it.

To reach this goal, companies are having to invest in the appropriate mix of new infrastructure and systems, particularly the technologies that will provide valuable data insights into current and potential consumers. It doesn't stop there – companies are also having to reimagine business processes and operations to achieve a holistic view of the super consumer across the entire brand journey. Super consumers are here to stay and will have their say.

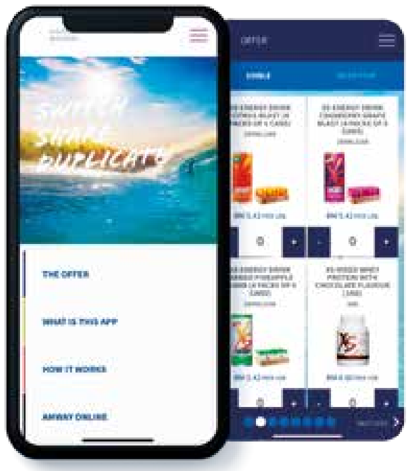
Preparing for the Super Consumer

As the Ernst & Young's PLT ("EY") article points out, technology takes consumer empowerment up to a whole new level, and we are beginning to see the advent of super consumers who want their brand experience to be cohesive and elegant across all touchpoints. At Amway, we have undertaken a host of improvements to strengthen the interaction between our ABOs, consumers, businesses and brands.

Over the last few years, we have made conscious efforts to digitise various touchpoints to create seamless mobile-enabled interactions to match or surpass the offline process in terms of convenience, security, or accessibility. The following are some examples of our FY2019 digital initiatives:

- Launched the ADA chatbot. Envisioned as a constantly evolving smart personal assistant, ADA was introduced to facilitate 24/7 customer support for ABO's business building and product purchases activities. Accessible via the Amway Central Malaysia app, ADA currently helps answer ABO's questions in two areas, namely Order/Delivery Status and Point/Business Volume enquiries. With future enhancements in the pipeline, we foresee ADA evolving and growing smarter via machine learning thus becoming an indispensable part of the ABO and customer experience;

- Introduced the ABO eCard incorporating all relevant information of an individual ABO member digitally on a mobile phone, plus facilitated easy identification and ordering;



- Implemented e-Statements in relation to bonus statements for all ABOs;

- Rolled out the Online Banking Account Update feature for ABOs' convenience;

- Created digital first business support materials in tandem with printed materials for new product launches;

- Made enhancements to existing apps and the website; and launched the new @artistry_msb Instagram page for engagement with younger ARTISTRY fans and the respective beauty communities; and

- Launched the Digital Switch, Share and Duplicate or SSD app which offers ABOs a simple, faster and more effective way to demonstrate the Amway Business Opportunity to prospects.

All these digital investments and enhancements reflect Amway's underlying strategy to stay connected with and relevant to emerging generations of super consumers.

[iv] Adapted from EY "What's after what's next? The upside of disruption: Megatrends shaping 2018 and beyond" at https://www.megatrends2018.com/

Management Discussion and Analysis

In January 2020, we launched our newest store, Amway's Southern Flagship Centre at Taman Ponderosa in Johor Bahru. Amway Ponderosa takes the customer and brand experience up several notches through its offer of a cohesive brand and business experience across all touchpoints. This flagship store features digital enhancements such as the ability to track in-store customer traffic and interactions. It also features design elements that enable ABOs to create and share beautiful Instagram-able moments, showcases company-staffed health as well as beauty assessment centres, and offers demo rooms where ABOs can take advantage of the Live Broadcast System to create their own live broadcasts. The flagship centre also has a state-of-the-art training hall enabling ABOs to easily live-stream rallies, conferences, workshops, and guest speakers to/from large convention halls or individual mobile devices.

Amway's long-term focus is to move towards modern experience centres that provide immersive retail, assessment, and brand experiences which support personalised ABO communities. This will allow our ABOs to meet their prospects for drinks at the PhytoCafé, perform cooking demos in the AmwayKitchen, conduct beauty or nutritional assessments, receive training, hold small group business meetings, shop for Amway products, sign up new customers/ABOs, and do much more in a digitally connected retail space.

Megatrend#2: Healthy Living[v]

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

As consumers pursue healthier lifestyles, their preference is for prevention over treatment. This more preventative health approach sees consumers embracing holistic regimes, inclusive of physical form, mental well-being and nutrition. Nutrition, one of the key factors for maintaining health is scrutinised by consumers as they are choosing more conscious alternatives, incentivising manufacturers to replace artificial ingredients with natural ones. Consumers are opting for simplification of ingredients that only include the necessary and natural components, thus opening up opportunities for clean label brands that include fewer and purely natural ingredients. Food and beverage-inspired initiatives are gaining consumers' attention in the beauty market with the rise of brands that use superfoods as the main product ingredient as well as those that exclude harmful ingredients from product formulations.

Meanwhile prevention on the beauty front is underscored by the growth of thriving categories such as face masks, facial cleansers and moisturisers that help maintain healthy looking skin. Premium products such as anti-agers too are on the uptrend. Younger consumers in particular, are pursuing prevention over cure strategies when it comes to ageing. Less conservative than their baby boomer predecessors, they are influenced by media images of active and wrinkle-free models and celebrities. Unwilling to take a passive attitude towards ageing, they are attempting to remain youthful, healthy and energetic for as long as they can. When it comes to product benefits, consumers are more disposed to products that will suit their skin's needs, address specific concerns and perfect their skin's look and feel. As such, products that protect from sun damage and/or pollution, fight free radicals, minimise pores, provide anti-oxidants and prevent wrinkles or fine lines are sought by consumers of all ages.

[v] Extracted from article titled "Healthy Living: The New Face of Healthy Ageing" in Euromonitor International (a market research blog) on 24 April 2018 – refer https://blog.euromonitor.com/healthy-living-healthy-ageing/

Meeting Emerging Consumer Needs and Wants

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

To date, the Group offers an extensive portfolio of consumer goods ranging from health supplements to skincare, personal care and home care products as well as the durables category. Amway's high-quality products are developed and strongly backed by extensive research and development ("R&D") capabilities across more than 100 laboratories located throughout the world.

Our product portfolio also encompasses many award-winning and industry-leading products and we are particularly proud of our range of Nutrilite supplements, the ingredients of which are grown on Amway's very own certified organic farms in the USA, Mexico and Brazil.

The Nutrition & Wellness category is Amway's largest product category. As the demand for more innovative and healthy solutions increases, we are ensuring better accountability to safeguard the health of consumers. To address the demands of today's and tomorrow's discerning consumers, we are getting ready to tell the story beyond the origins of our Nutrilite supplements. In expressing Nutrilite's seed-to-supplement story, we endeavour to live up to the brand's promise of offering our customers the "Best of Nature, Best of Science". This effort serves not only to strengthen the credibility of the Nutrilite brand, but also boosts the level of confidence in our ABOs and consumers for our products.

In FY2019, we launched new lines and product bundles under the Nutrilite, XS, ARTISTRY and Atmosphere brands to help people live better and healthier lives. We also undertook multiple community-based branding and marketing programmes across multiple brand categories and reinforced these with aggressive conventional and social media activities. Our efforts gained good traction among our ABOs and reinforced the Amway brand among our target audiences.

The year saw us introducing three Nutrilite products including the 900g family-size variant of Nutrilite's best-selling product, the Soy Protein Drink; Nutrilite Mixed Probiotic with Chicory Root Extract; and the BodyKey Snack Bar On-The-Go Seaweed Flavour, a savoury snack packed with fibre and protein.

Under the XS brand, we added another variant to the XS Energy Drink range – a sugar-free and caffeine-free variant that combines three flavours – Mango, Pineapple and Guava. We also introduced the XS Mixed Whey Protein with Chocolate Flavour. The first whey protein product under the XS brand in Malaysia, it is aimed primarily at those who live an active lifestyle, body-builders and gym-goers.

Management Discussion and Analysis

To strengthen our domestic market presence and market share in the Beauty & Personal Care categories, we introduced several innovative activities and new ARTISTRY products. These included a sunscreen (ARTISTRY Phyto UV Protect); three make-up collections (ARTISTRY STUDIO NYC Edition, ARTISTRY STUDIO Parisian Style Edition and ARTISTRY STUDIO Bangkok Edition); a skincare range to address the younger skin needs of 18 to 25-year olds (essentials by ARTISTRY 3-Step Skin Care Set); and the ARTISTRY INTENSIVE SKINCARE 14 Night Reset Programme.

We also launched the ARTISTRY SIGNATURE SELECT Masks, a range of face masks that contains Nutrilite-sourced ingredients, that enable one to easily create a highly personalised skincare regimen. The range allows users to indulge in the art of multi-masking i.e. using multiple masks on different parts of the face at once to address different skin concerns.

For our ABOs, the essence of building sustainable businesses is to foster and cultivate an authentic community of engaged customers that upholds the brand and its products for the long-term. To this end, we have established such communities and are supporting them both online and offline through several programmes and events.

We supported our ABOs via the following programmes in FY2019:

- BodyKey Fit Fighter programme – Over 600 ABOs learned ways to grow their Amway business with the weight management programme, BodyKey by Nutrilite. These 600+ participants lost over 7.8 tonnes;
- XS Force – An opportunity for our team of ABOs and part-time personal trainers to come together to share their fitness experiences;
- 2019 Ace the XS Race – An obstacle course challenge where a total of 616 teams (3 pax per team) competed to overcome 15 different obstacles within a 5 km trail run; and
- Passionista Boot Camp – Six beauty enthusiasts from Malaysia and Singapore underwent a training regime to emerge as the first batch of ARTISTRY Passionistas who were tasked with growing the ARTISTRY community by sharing their love for beauty products on social media.

Under Amway's Home Living category, we offer products to make the home, car and workplace a cleaner and safer place for everyone. The Home Living category offers the Atmosphere SKY and DRIVE air purifiers, eSpring Water Treatment System, and environmentally friendly Home Care laundry and cleaning products.

For the year in review, we introduced a new and improved filter for Atmosphere DRIVE, our in-car air filter. The improved three-stage filtration system promises to upgrade the in-car experience by reducing over 300 airborne contaminants and removing 99% of harmful particles.

We also extended Amway's Home Repair Services offering to customers in the Segamat, Johor, and Mentakab, Pahang, areas whereby they could have their (selected) faulty appliances fixed by Amway technicians from the comfort of their homes.

Our commitment to delivering consistent value to evolving super consumers is underscored by the various awards and accolades that we have received. For the year under review, Nutrilite received a Gold Award at the country level in the vitamin/health supplement category at the Reader's Digest Trusted Brand Awards 2019. At the same event, our eSpring Water Treatment System was bestowed two Gold Awards at the Malaysia and Asia levels respectively in the water purifier category. The eSpring Water Treatment System was also hailed the "Home Water Treatment Company of the Year" at the 2019 Frost & Sullivan Asia Pacific Best Practices Award.

NURTURING TEAM AMWAY

Growing Our Community of Entrepreneurs

Being a people-centric business, we continue to grow our community of entrepreneurs by actively engaging with ABO Leaders via various events and forums. Through these platforms, the Group provides ABO Leaders with major updates, identifies major challenges and formulates plans for future growth. These engagements also help facilitate two-way communication between Management and our ABO Leaders as well as ensure healthy partnerships are fostered and maintained.

As the first level of recognised leadership with Amway, our Platinum ABOs set the tone and pace for their groups. We organise several initiatives to ensure this group remains well-informed and well-supported. Our Diamond and Above ABOs are the leaders of leaders who oversee large organisations made up of hundreds or thousands of ABOs. Training and engagement activities are crucial for our Diamond ABOs even as they continue to develop, mentor and grow those under them.

The National Leadership Conference & Dinner 2019 with its theme "Amway NEXTogether", saw around 2,400 Leaders gather at the Setia City Convention Centre for an afternoon of information gathering on the company's direction while the Head of Departments shared their respective strategies for the year. This was followed by a dinner party where leaders heard messages from Mike Duong, Managing Director of Amway Malaysia, Singapore and Brunei, as well as Milind Pant, CEO of Amway.

In FY2019, we took the opportunity to engage with key ABO communities and groups to address entrepreneurship issues specific to their segments. Our efforts centred on social media and brand awareness, community-relevant products, networking, training and workshops, among other things. One of these sessions was the Young Leaders Committee which grouped together influential young ABO Leaders who lead large groups of predominantly under-35 downlines.

Management Discussion and Analysis

In addition, we organised almost 190 workshops which were attended by over 18,000 participants who gathered to learn more about Amway products, the Amway Business Opportunity and leadership skills. In addition, we organised 18 rallies for over 11,000 people.

In May 2019, over 3,500 Diamond Leaders and above from all over the world gathered to celebrate Amway's 60th Anniversary at the Mandalay Bay Resort in Las Vegas, Nevada. The celebrations comprised several events, including business meetings to highlight the company's achievements over the past 60 years and the Group's vision for the next decade, called A70.

December 2019 marked the first-ever Asia Pacific ("APAC") Amway Leadership Seminar ("ALS") which saw more than 8,000 ABOs from 11 countries in the Asia Pacific, including Malaysia, Singapore and Brunei, congregate at the Dubai World Trade Centre. Present at this landmark ALS event were guest speakers Doug Devos & Steve Van Andel and other members of Amway's Founding Family members; Amway CEO Milind Pant; a world renown entrepreneur; a global award-winning musician; plus, several astronauts who all came together to celebrate the success of the APAC ABO Leaders.

On the domestic front, Amway's growing popularity is sustained by our continually expanding Core ABO Force ("CAF") size. We take pride in the fact that our CAF of some 260,900 members personifies a truly multi-cultural Malaysia. This is especially evident among the Bumiputera segments and is reflected in the growing number of loyal customers. For FY2019, Amway registered over 10% growth in new Bumiputera signups and activations.

In terms of the Amway team and workforce, we continue to reinforce our position as an employer of choice by effectively nurturing our more than 400 employees in Malaysia and according them competitive benefits and equal opportunities for career advancement, as well as their professional and personal development. In FY2019, for the third year running, AMSB was recognised as a "Top Employer" in Malaysia and Asia Pacific by the Top Employers Institute ("the Institute"). This certification by the Institute validates our position as a preferred employer and one of the top-10 performing affiliates within the Amway worldwide group.

We also continue to draw new talent through the values, healthy *esprit de corps* and responsible corporate practices that we uphold. On the corporate social responsibility ("CSR") front, the Group's commitment towards enriching communities is underscored via the implementation of tangible sustainability initiatives and CSR campaigns that include Projek HeadSTART under the *Program Harapan* initiative, as well as the many projects under the umbrella of the Nutrilite Power of 5 initiative.

Rewarding ABOs Who Build Sustainable Businesses

Today, we continue to support the professional growth of our enterprising ABOs and enable them to expand their footprint by making aggressive investments in business and technology infrastructure, brand development activities, physical shopfronts, our eCommerce store, mobile tools, enhanced rewards and incentives, plus new product innovation. Our incentives are designed to reward ABOs for their execution of strong, sustainable, structured businesses – meaning the better their structures, the better their incentives.

In FY2019, we introduced the **Amway™ Core Plus+** discretionary incentives programme, the new, global programme designed to complement the Amway ABO Compensation Plan ("the Core Plan"). Under the new Core Plus+ initiative, which is designed in partnership with ABO Leaders around the world, Amway with the support of the Founding Families, is investing even more in business owner compensation. The Core Plus+ was launched in phases with the Leader Incentives component launched first in September 2019. Under this component, ABO Leaders get to earn more from the Core Plan and Core Plus+ when they build businesses with sustainable growth and a balance of width and depth.

In conjunction with the introduction of Core Plus+ and to commemorate **Amway's 60th Anniversary**, Amway Global launched new achievement pin designs which will be awarded to ABOs who qualify starting from Performance Year 2020.

We also strengthened the Core Plan via the introduction of the Global Award Recognition ("GAR") back in 2018, an enhancement to the way we recognise profitable and sustainable leaders who are Executive Diamonds and above.

In FY2019, the GAR helped incentivise several ABO Leaders to qualify for the next level of achievement. Of these, 10 ABO businesses qualified for Executive Diamond; five for Founders Executive Diamond; and one each for Double Diamond and Founders Double Diamond. We are immensely proud to have one of the pioneers in Malaysia achieve Amway's highest pin recognition i.e. Founders Crown Ambassador.

Management Discussion and Analysis

SAFEGUARDING THE AMWAY BUSINESS

As Amway ventures forth amidst a highly challenging operating environment, we acknowledge that we are exposed to certain anticipated or known risks that may have a material effect on our operations, performance, financial condition and liquidity. As such, we continue to closely monitor all material, financial, business and operational risks and adopt measures to mitigate these risks. This includes implementing robust internal controls and clearly defined limits of authority, coupled with defined standard operating procedures and processes.

In FY2019, our risk factors remained largely the same with movements in foreign exchange and the unauthorised selling of our products online being our two biggest risks.

Foreign Exchange Risk

Ongoing fluctuations of the Ringgit against the US Dollar have had a significant impact on the Group as a substantial portion of our Amway products are sourced from the USA. The forex movements have also impacted foreign-denominated support charges and overseas leadership seminars costs. To mitigate this, the Group continues to adopt a fixed exchange rate (which is negotiated and agreed upon yearly) with Amway Headquarters to reduce our risk exposure to currency movements.

Proliferation of eCommerce

According to Frost & Sullivan, global online retail sales are expected to reach US$4.3 trillion by 2025 accounting for 19% of total retail globally.[vi] While eCommerce is undoubtedly something that Amway is embracing increasingly so, it doesn't come without its downsides.

The fast-paced growth of eCommerce has led to the unauthorised selling of Amway products on third-party eCommerce sites. This undermines the efforts of ABOs (operating on a relationship-based business model) who adhere to Amway's regulations and governance guidelines. On top of this, the unauthorised selling of our products at reduced prices erodes the confidence and trust of ABOs and consumers as well as affects Amway's value propositions of product originality, quality and service.

In early FY2019, Amway brought its full force into play to do battle against unauthorised online selling. To safeguard the Amway brand, reputation and price margins of our products, we continued to work closely with the administrators of eCommerce platforms and the relevant authorities to fight these illegal activities. We continued to take action (including legal action) against sellers and enforced strict action against ABOs who were violating the Amway Rules of Conduct ("Rules").

Alongside these enforcement measures, we issued communications to ABOs and the consuming public which highlighted that unauthorised online selling is prohibited and urged them to refrain from getting involved in such activity. We also set in place mechanisms to enhance the traceability of products via invisible tracking and other means of detection.

MOVING FORWARD

There can be no doubt that in today's world that disruption is accelerating, innovation is unyielding, growth is fluctuating, expectations are extreme, and social tensions are intensifying. These dramatic forces of change can be seen as both opportunities or as existential threats. Amway for one, has chosen to embrace and make use of these forces of change to help us make better strategic choices, shape markets to our advantage, and create a brighter future.

Moving forward into FY2020, the direct selling industry is expected to face another challenging year due to the economic impact of the COVID-19 pandemic that may potentially bring on a global recession. Competition is also expected to intensify with the entry of new players across all product categories. Amway expects to operate in a highly challenging business environment weighed down by the COVID-19 impact. However, given our strong brand positioning, our expanding ABO force, and market position, we will endeavour to maintain our resilience. We believe that our robust fundamentals, proven and tested business model and brand equity, our investments to meet emerging megatrends, as well as the solid and sustainable partnerships we have built with our enterprising ABOs, will support the long-term sustainable growth and overall health of both the Group and our ABOs.

[vi] Extracted from a Frost & Sullivan Mega Trends article, page 19 – refer https://www.thegeniusworks.com/wp-content/uploads/2016/01/Megatrends-2025-Frost-and-Sullivan.pdf

Amidst the possible sombre outlook that may be triggered by the COVID-19 pandemic and other macro factors such as the global oil price decline, Malaysia may have to come to grips with the potential economic impact of the extended national Movement Control Order. With all this in mind, Amway will take a measured but proactive approach to the sustainability of our business moving forward. On top of implementing additional measures to support the ABOs conducting their business at this challenging time, we will continue to invest in ABO-experience related infrastructure as well as a more attractive incentives-linked growth strategy to better serve our ABOs and place them in a stronger position to take advantage of the megatrends. We anticipate that our investments into ABO-related expenses and the economic impact of the COVID-19 pandemic will exert pressure on our operating margins.

Going forward, the Group will implement measures to adapt to the prevailing economic headwinds and the forces of change in an effort to ensure Amway remains relevant to the market and its ABOs. Amway's domestic business is today 43 years old. As we move towards the 50-year marker and beyond, we will continue to work hard to ensure we maintain a fine balance between our financial performance, shareholder rewards and the Group's sustainable future.

Sustainability Statement

Amway (Malaysia) Holdings Berhad ("Amway") has grown progressively over the years and is today one of Malaysia's leading direct selling brands. As we go about our daily business of helping shape economies, society and businesses through our diverse offerings, we acknowledge the need to create long-term shared value for our stakeholders and to secure our future.

To this end, we remain committed to upholding responsible management and sustainable development on the Economic, Environmental and Social or EES fronts. The agenda of Sustainability remains a key consideration in Amway's overall business strategy and is further amplified through the 6 Amway Values that were established by our Founders. Our Values encompass:

- **Personal Worth**
- **Partnership**
- **Integrity**
- **Achievement**
- **Personal Responsibility**
- **Free Enterprise**

Our agenda of Sustainability is also supported by our EES framework and lines up with 7 of the 17 United Nations' Sustainable Development Goals ("SDGs") that are relevant to our business. The SDGs help us to align our sustainability efforts with global targets set by the United Nations in its endeavours to achieve a better and more sustainable future for all.

Today, Amway continues to work closely with our Amway Business Owners ("ABOs"), employees and the local communities, leveraging on common synergies and resources to refine our approach to business sustainability and further integrate it into our organisation and ecosystem. By embedding sustainable progress throughout Amway and its subsidiaries ("the Group"), we are providing the momentum for the Group to strengthen its performance and operational efficiencies as well as deliver long-term growth.

SCOPE AND BOUNDARY

Our Sustainability Statement ("Statement") for financial year 2019 ("FY2019") aims to provide a formal account of our sustainability strategies and action plans, as well as the year's sustainability achievements and the overall positive impact we have created for our business, the environment and society at large.

The scope and boundary of this Statement is aligned with the Annual Report to cover the breadth of Amway Malaysia's operations with the exclusion of third-party contractors, suppliers and vendors. It covers the period 1 January 2019 to 31 December 2019 and is undertaken on an annual basis. The data presented in this Statement is the result of internal and external data collection methods which include, but are not limited to, internal surveys, workshops and other methods.

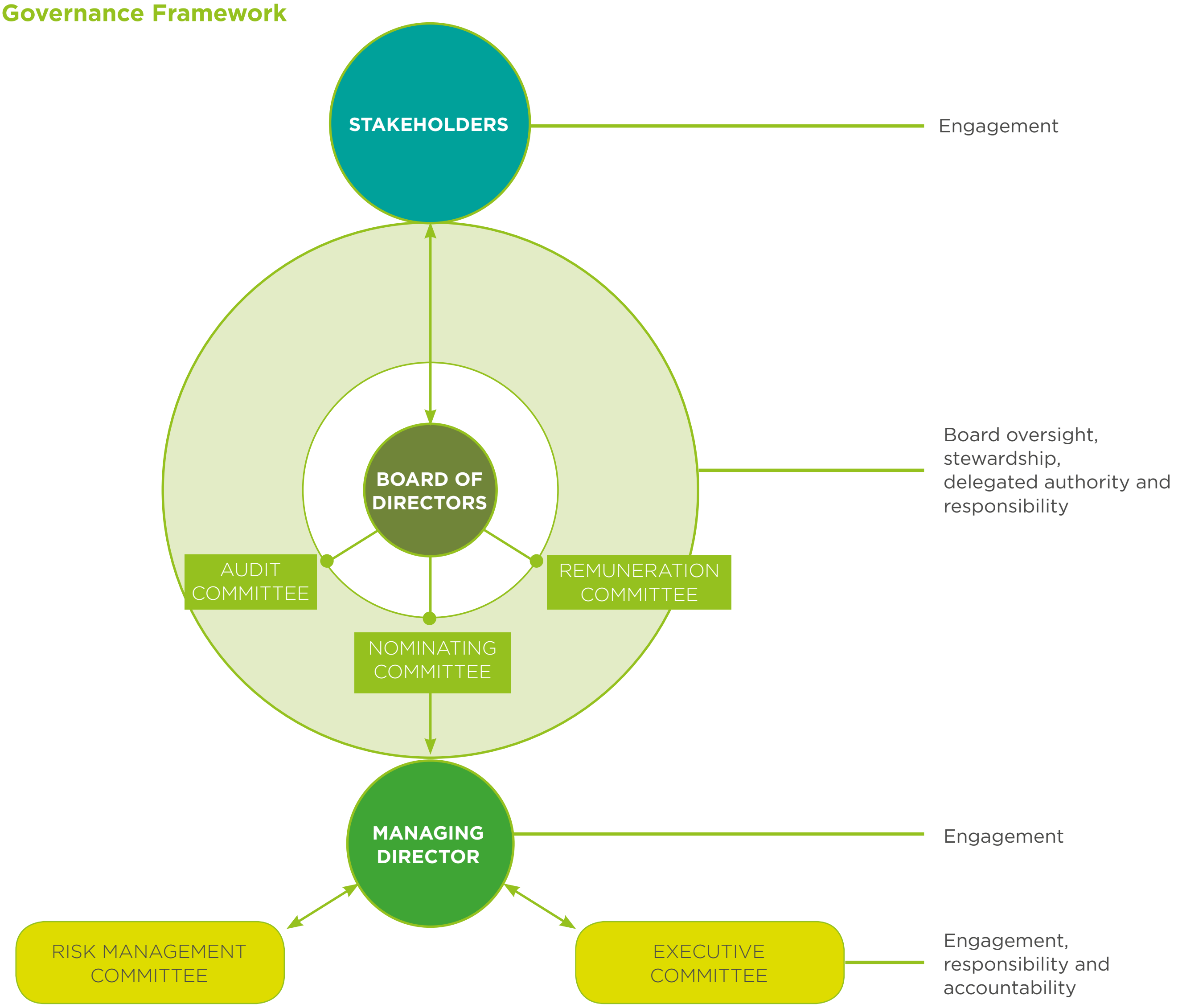
SUSTAINABILITY LEADERSHIP AND GOVERNANCE

Sustainability leadership and governance reside at the highest levels of the Group, namely with our Board of Directors and Senior Management. Acknowledging that the agenda of Sustainability is growing in importance in terms of its material impact on Amway's business strategy and business performance as well as our ability to create value, our leadership is deeply committed to embedding sustainable practices and initiatives into our business framework.

Our leadership also recognises that matters such as ABO satisfaction, staff retention and talent development, as well as product sustainability, are integral to how the Amway brand is perceived among stakeholders. As such, these matters remain a priority on the Board's agenda.

The Audit Committee ("AC") and Risk Management Committee ("RMC") play key roles in ensuring business sustainability by reviewing key issues such as corporate governance, business policies as well as operational and business risk, among others. The roles and responsibilities of both the AC and RMC are outlined in the AC Report and the Statement on Risk Management and Internal Control within this Annual Report. Additional disclosure on Amway's overall governance framework and practices can be viewed in our FY2019 Corporate Governance Report.

Governance Framework



Sustainability Statement

STAKEHOLDER ENGAGEMENT

We define stakeholders as individuals or interest groups who are impacted or influenced by our business activities and/or presence and vice versa. Our stakeholders, comprising our ABOs and employees, the investing community and the regulators, continue to be valuable resources that help us as a conscientious corporate citizen to gauge what is material on the EES fronts.

We strive to ensure that we remain an inclusive organisation that is perceptive to the needs of its stakeholders. As such, we actively pursue engagement with our stakeholders through a range of platforms, all with the aim of hearing and understanding their concerns as well as garnering their feedback and perspectives. FY2019 saw us continuing to actively engage with our diverse stakeholder groups by leveraging on a wide range of communication channels and mediums. Through these engagement platforms, we gathered solid stakeholder insights that are helping us to finetune our overall approach to sustainability and define what is most material or most important to the Group and its diverse stakeholders.

AMWAY BUSINESS OWNERS (“ABOS”)

Engagement Approach
- Marketing and promotions
- Leader Growth Solutions Team
- Customer Careline
- Social media
- Events, forums/seminars, roadshows and rallies
- Amway Diamond Advisory Council (“ADAC”)

Focus Areas
1. “Top-of-mind” and consumer awareness
2. Marketing activities
3. Product training
4. Business process changes

EMPLOYEES

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

Focus Areas
1. Career development and goals
2. Job satisfaction
3. Work-life balance
4. Service culture
5. Business objectives alignment

SHAREHOLDERS, INVESTORS & ANALYSTS

Engagement Approach
- Annual reports
- Annual General Meetings
- Financial reports
- Analyst briefings
- Media releases
- Investor relations page on our website

Focus Areas
Short and long-term business goals and performance

GOVERNMENT & REGULATORS

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

Focus Areas
Regulatory and legal compliance

COMMUNITY & GENERAL PUBLIC

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

Focus Areas
Community investment, development and impact

MEDIA

Engagement Approach
- Social media engagement
- Media monitoring

Focus Areas
Continuous and meaningful communication

MATERIALITY MATTERS

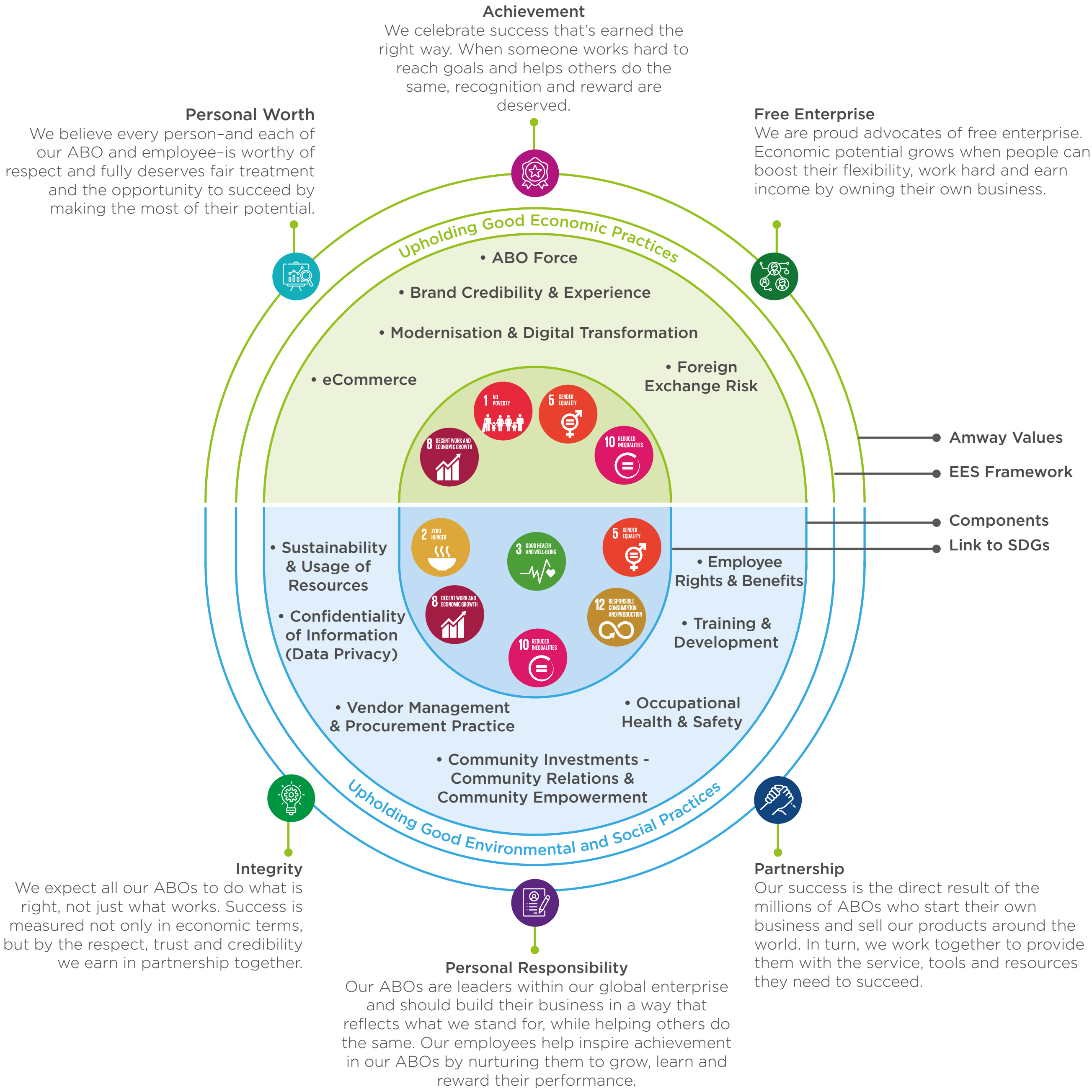
Utilising the data and insights that we gathered from our stakeholders and through our own understanding of the economic environment and business climate, we have defined the materiality topics, aspects and disclosures that are most pertinent to the Group and the 6 Amway Values.

On top of this, we have linked them to 7 of the 17 United Nations’ Sustainable Development Goals (“SDGs”). The SDGs are a collection of 17 global goals designed to be a “blueprint to achieve a better and more sustainable future for all” by the year 2030. By adopting common global goals that outline what really matters for the future – individuals, organisations and governments worldwide now have a reference point to agree on and act upon.

Sustainability Statement

The SDGs also serve as a universal framework for the private sector which can be leveraged on to harness combined potential and drive collaboration among industry peers and across sectors. Now all businesses that choose to align with the SDGs have a common guide and metrics by which to measure their progress. More importantly they have a new universal lens through which to translate the world's needs and ambitions into business solutions. Ultimately, the SDGs aim to help businesses better manage their risks, anticipate consumer demand, build positions in growth markets, secure access to needed resources, and strengthen their supply chains, while moving the world towards a sustainable and inclusive development path.

As Amway aligns with the United Nations 2030 Agenda for Sustainable Development, a practice that is also adopted by Amway Global, we have chosen 7 SDGs to guide us in our endeavours.



UPHOLDING GOOD ECONOMIC PRACTICES

As we focus our efforts on upholding good Economic Practices, we are aligning our efforts with 4 of the 17 SDGs, namely Goal 1: End poverty in all its forms; Goal 5: Gender equality and women's empowerment; Goal 8: Decent work and economic growth; and Goal 10: Reduced inequalities.

At Amway, we believe each individual has the potential to achieve great things and we empower them to reach their goals by providing ample and equal opportunities to prosper in diverse areas. As a result, millions of men and women around the world have realised their potential, become healthier, and provided themselves and their families better lives.

We also accord entrepreneurs – many in developing countries – the opportunity to build and grow lifelong businesses as well as their individual skills. By enabling access to business and learning tools, both online and offline, we equip our ABOs with practical skills that they can use in their businesses and beyond.

ABO Force

The Group is fully committed to supporting the growth and advancement of our ABOs. In FY2019, we focused our efforts on equipping our ABO force by providing them with the necessary tools, programmes and infrastructure needed to help them create more sustainable business opportunities for themselves.

We introduced the Amway™ Core Plus+ Discretionary Incentives Programme which is designed to promote sustainability and profitability by rewarding ABOs who turn in outstanding business performances. The new programme aims to strengthen our ABOs' competencies in selling products and nurturing their business community to ensure the Amway Business Opportunity remains attractive and competitive.

The Group also recognises that engagement is essential to our success. To this end, we continue to actively pursue and facilitate engagement with ABO leaders via a variety of engagement platforms. These platforms serve as a means of disseminating information to our ABOs and facilitate effective two-way communication.

In FY2019, we supported ABO-organised activities through our Leader Growth Solutions initiative and organised ABO events to regularly engage and motivate our ABO force. These events included our Recognition Rallies, National Leadership Conference and Dinner, Platinum Forums and Diamond Meetings, among others.

Our ABOs were further motivated to strive for better outcomes with the top performers eligible to qualify and participate in the Amway Global 60th Anniversary Diamond Invitational held in Las Vegas (May 2019) and the first-ever Asia Pacific Amway Leadership Seminar held in Dubai (December 2019). For a more in-depth look into our engagement efforts, please refer to the Event Highlights and our Management Discussion and Analysis sections.

We also took other measures to strengthen our existing programmes and infrastructure to support the continued growth of our ABOs.

As a result of our collective efforts, over 123,000 new ABOs joined our team in FY2019. Our Core ABO Force grew to over 260,900 ABOs in FY2019 from 254,000 ABOs previously.

New applications through our online registration channel grew to 44.2% (123,566) in FY2019 in comparison to 33.6% (129,611) in FY2018. Meanwhile the number of Bumiputera ABOs and Leaders increased by over 10% and 7.5% respectively.

Moving forward, our sales and marketing programmes will zero in on helping our ABOs acquire and retain a community of engaged customers. This will lead to more successful ABOs with sustainable and profitable business, and hence better retention.

Brand Credibility & Experience

Trust, awareness and brand credibility remain fundamental components of our business and are integral to the success of our business and the growth of our ABOs. Even as we uphold the core Amway value of Integrity, we expect all our ABOs to do what is right by upholding good, credible marketplace practices that build respect and trust.

Amway is fully committed to operating in a trustworthy and credible manner so as to protect and advance our brand. We strive to ensure that our products are of the highest quality through employing only best practices in our sourcing and manufacturing process. For example, Amway health supplements are derived from organic fruits and vegetables that are cultivated and grown using sustainable, non-synthetic, and pesticide-free methods.

New ABOs

FY2019
>123,000
new ABOs

Core ABO Force

FY2019
260,900

FY2018
254,000

New applications via online channels

FY2019
>44.2%

Sustainability Statement

All our products across the board originate from world class research and development which is spearheaded by top scientists and monitored by the strictest regulations from leading international regulatory boards. On the consumer front, we also go a step further to guarantee the standard and quality of Amway products with our Amway Satisfaction Guarantee which gives the right to the buyer to use the product for a reasonable period of time to determine if it is satisfactory and to return it if it is deemed otherwise.

In FY2019, the Group focused its efforts on strengthening the branding for our Nutrilite, ARTISTRY and XS products. This saw us organising diverse brand building exercises that included product launches and workshops.

We also continued to make both our physical and virtual presence known through partnering with ABOs in various community events such as XS basketball tournaments, BodyKey challenges and the Ace The XS Race event. These activities are not just platforms aimed at growing the Amway business or boosting our social media following, rather they reflect our genuine desire to help build communities that focus on wellness and health by targeting specific demographics such as the young and active through XS events.

Modernisation & Digital Transformation

We continue to champion sustainable value creation through the implementation of strategic initiatives and cutting-edge technology that are inspiring our ABOs to expand their reach and impact. To this end, we implemented several initiatives and technologies as part of our effort to modernise and digitise the ABO aspect of our operations.

Since the pilot launch of the Amway Digital Assistant or ADA, Amway's chatbot, an estimated 3,000 ABOs have been using ADA on average per month. This has helped cut down the number of ABOs calling the Customer Careline by 24%. We've also added additional products to our Digital Switch, Share and Duplicate or SSD app which offers ABOs a simple, faster and more effective way to demonstrate the Amway Business Opportunity to prospects. Today, there are a total of 16 products that can be showcased via the SSD app.

We also introduced other digital initiatives in FY2019, which included the ABO eCard; e-Statements; online banking account update features; digital-first business support materials for new product launches; as well as made enhancements to existing apps and our website. For more information on our digitisation efforts, please refer to the Management Discussion and Analysis of this Annual Report.

eCommerce

According to Frost & Sullivan, global online retail sales are forecast to touch USD4.3 trillion by 2025 accounting for 19% of total retail globally[i].

While eCommerce offers many advantages in the modern business marketplace, the unauthorised presence and sales of Amway products via third party websites and online sales platforms continues to undermine the efforts of our ABOs. To safeguard the Amway brand, reputation and price margins of our products, we continue to work closely with industry associations, administrators of eCommerce platforms and the relevant authorities to fight these illegal activities.

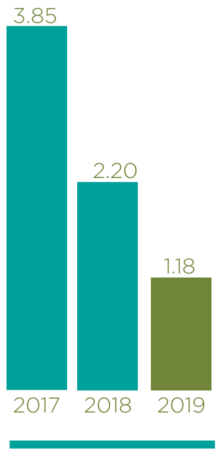
Under our eCommerce transporter initiative, we have moved away from using traditional transporters and are utilising established eCommerce transporters. The latter transporters are able to provide a more effective last mile experience by offering systematic tracking and daily status updates which are linked to ADA. For more information on these efforts, please refer to the Management Discussion and Analysis of this Annual Report.

Foreign Exchange Risk

The ongoing fluctuation of the Ringgit against the US dollar continues to have a significant impact on the Group as a substantial portion of our Amway products are sourced from the USA and purchased in the US dollar. To mitigate our risk exposure to currency fluctuations, we continue to have an arrangement with our headquarters where imported products are purchased based on a fixed exchange rate. The rate is determined based on the forecasted rates of major reputable banks.

[i] Extracted from a Frost & Sullivan Mega Trends article, page 19 – refer https://www.thegeniusworks.com/wp-content/uploads/2016/01/Megatrends-2025-Frost-and-Sullivan.pdf

Number of printed copies of *Achieve* and *Amagram* (Million)



-46.3%

Attributed cost savings RM39,548

Recycled 102 metric tonnes of cartons, plastic, shrink wrap, metal and other recyclable materials

UPHOLDING GOOD ENVIRONMENTAL AND SOCIAL PRACTICES

As we set our sights on upholding good Environmental and Social Practices, we are aligning our efforts with 6 of the United Nations' SDGs. These encompass Goal 2: Zero hunger; Goal 3: Good health and well-being; Goal 5: Gender equality and women's empowerment; Goal 8: Decent work and economic growth; Goal 10. Reduced inequalities; and Goal 12: Responsible consumption and production.

Being a responsible and conscientious corporate citizen, Amway recognises that we must be a good steward of all that we are entrusted with. We see our duty as extending beyond simply creating or marketing products, to improving the well-being of people around the world and preserving the environment for today's and tomorrow's generations. Our products, values and culture underscore these commitments. We are dedicated to making continuous improvements in all that we produce as well as reducing waste and upholding sustainable operations that have little or no impact on the environment.

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

Sustainability & Usage of Resources

Amway takes every effort to mitigate wastage and generate savings throughout our operations.

Paper usage

In FY2019, the Group continued to reduce its overall paper usage across the organisation. The success of these effort stems from the continuous digitisation of internal and external business processes and materials. This includes the use of electronic/online versions of documents which are a far more sustainable alternative compared to traditional print materials.

The year saw us reducing the print version of our publications called *Achieve* and *Amagram* by some 46.3% to 1.18 million copies.

Today, apart from our online *eAchieve* and *eAmagram* publications, other digitised versions of conventional paper documents are also contributing to reduced paper consumption. These are some outcomes of the paper reduction initiative:

- A 10.6% increase in new online applications following the switch from conventional registration materials to online registration;
- An average of 10,000 new signups per month in FY2019 following the timely switch to the digital ABO eCard which incorporates all relevant information of an individual ABO member on a smartphone; and
- Significant inroads on the paper reduction front as we have switched to digital statements like the eIncome statement, eTax statement and eCP58 statements and stopped printing physical copies of these for all ABOs.

Recycling

Our recycling efforts in FY2019 saw us recycle 102 metric tonnes of cartons, plastic, shrink wrap, metal and other recyclable materials. This exercise enabled the Group to garner savings amounting to RM39,548 and prevent unnecessary wastage of resources. We will continue to explore further avenues by which we may decrease our environmental footprint while better stewarding our resources.

Confidentiality of Information (Data Privacy)

The Group is committed to upholding ABO and consumer privacy and takes reasonable measures to ensure the security of the personal data that we collect, store, process or disseminate. In compliance with the Personal Data Protection Act ("PDPA") 2010, all data collection is limited to information that is absolutely Vendor Management & Procurement Practices required and is solely for the Group's own use. This includes demographic data and other related information, i.e. income levels, spending and consumption patterns. The consent of our ABOs and consumers are sought for any use of consumer data for marketing or other purposes.

All Amway staff are required to complete the Confidential Information Policy, Information Security Training and other related privacy policy training as part of the Global Code of Conduct Training. Meanwhile, the Website Privacy Policy has been revised to reflect the latest information and update in December 2019. Other appropriate technical and organisational measures have been put in place to ensure compliance with the law.

Sustainability Statement

Vendor Management & Procurement Practices

As part of our strategic measures to build long-term partnerships with key suppliers, we have begun to identify key suppliers and enrol them into our rigorous supplier management programme. This programme involves the regular, rigorous review of the key performance index of these suppliers and serves as a platform providing insights into supplier trends and growth in the Supply Space. This initiative aims to ensure the continuous growth of our partnerships with key suppliers which will help optimise their contributions and ensure a steady supply to Amway as well as reduce the cost of doing business. The Key Suppliers programme began in FY2019 and we will finetune it as we continue to identify the right suppliers to partner with.

To empower our employees to deal with suppliers and partners, all employees are to undertake a Code of Business Conduct training programme to ensure that a high level of professionalism and integrity is demonstrated in dealings with suppliers and partners. This training is supported by our Amway Senior Leadership and Board of Directors thus underscoring Amway's commitment to demonstrating responsibility and accountability in our business dealings at all levels.

Employee Rights and Benefits

Equal Opportunity Employment & Work Environment

We remain committed to providing a non-discriminatory, as well as ethnically and culturally-diverse work environment where merit and initiative are the basis upon which one is rewarded. This we believe is material to the Group as it allows us to recruit and retain the best possible talent.

Given that our products cater to a large demographic beyond any specific age group, race or income level, it is imperative that we maintain a diverse workforce to support customer service and business growth. The effectiveness of Amway's talent related policies is reflected in the present composition of our staff:

Executive								
Age Range	Below 30		Between 31-40		Between 41-50		Between 51-60	
Gender	F	M	F	M	F	M	F	M
Malay	2	0	1	4	1	1	1	0
Chinese	12	4	30	14	21	10	7	2
Indian	3	0	2	4	2	1	1	0
Others	0	0	5	1	1	1	0	0

Non-Executive								
Age Range	Below 30		Between 31-40		Between 41-50		Between 51-60	
Gender	F	M	F	M	F	M	F	M
Malay	22	9	20	21	13	15	4	4
Chinese	6	1	8	6	5	2	4	2
Indian	5	4	3	1	4	3	6	4
Others	3	2	4	2	1	1	0	1

Creating Opportunities for the Physically Challenged & Those with Disabilities

To truly reflect the spirit of equal opportunity within Amway, we offer persons with disabilities suitable employment opportunities wherever possible. Currently, the Group has on its workforce one permanent staff in the Supply Chain Division working in the retail sector.

The Group also subscribes to a policy of non-discrimination with regards to employment and treatment of ABOs, employees and other stakeholders based on ethnicity and religion.

Good Work-Life Balance
We continue to place an emphasis on the overall well-being of our staff, especially in leading fulfilling lives outside of their employment with the Group. We believe that the enjoyment of one's work, coupled with a healthy balance of leisure and family time is essential for sustainable, long-term staff retention.

One of the programmes that we rolled out during the year was "Work by Design" which helps our employees to be flexible with the way they work without impairing their productivity and service level to our ABOs. In July 2019, our Company's Dress Code Policy was revised to allow proper casual attire among employees during working hours to promote a casual and conducive working environment.

In FY2019, our employee-led Amway Sports & Recreation Club ("ASRC") organised employee engagement activities that sought to promote work-life balance within a fun environment. These included activities such as

- Badminton
- Six-month bootcamp
- The Amway Premier League
- Amway Superstar
- ATV Adventure Park

Training & Development

In FY2019, the Group focused its training and development efforts on building the capabilities of its managers so that this group could navigate and lead others through the transformational change that the organisation is encountering. The training sessions sought to teach managers how to remain agile and resilient amidst change as well as how to improve their performance while remaining adaptable amidst shifting market conditions.

Each Amway employee is required to sign off on the Amway Malaysia Code of Ethics ("COE") annually as acknowledgement that they have read and fully understand the COE. In addition, all staff are required to complete the mandatory Global Code of Conduct Training comprising three modules (i.e. Global Compliance Training, Harassment Prevention Training, and Information Security Training). Moreover, the Amway Malaysia Whistleblower Policy, Procurement Code of Conduct, and many other related standards and policies are also made available to the employee.

Amway remains committed to fostering an inclusive work environment that values both the differences and commonalities of others. In line with this commitment, the Inclusive Leadership Programme was introduced to our managers which includes concepts such as unconscious bias and cultural intelligence. In FY2019, the Group invested RM547,000 into our training and development programmes, spanning over 2,037 hours.

Occupational Health & Safety

We are unswerving in our resolve to provide a safe and healthy working environment for our employees. We have put the following Health, Safety and Environmental ("HSE") and Occupational Health & Safety ("OHS") measures in compliance with the national OSH regulations. Amway has also structured a HSE unit that produces monthly HSE reports, and a committee that is trained in Basic Occupational First Aid, Cardiopulmonary Resuscitation ("CPR") and Automated External Defibrillator ("AED") under the supervision of an HSE officer. The committee members reside in each department, and strive to create a safer, healthier and more conducive working environment.

Utilising our Home and Living range, we ensure our employees enjoy better quality water and air in their workplace with eSpring and Atmosphere products. Atmosphere SKY proved to be especially helpful during the unfortunate haze season in 2019, which helped to minimise risks to airborne diseases among our employees.

Sustainability Statement

As part of our crisis management procedures, we have put the following in place:

- To minimise the impact of the haze, we provided disposable masks to employees and postponed ABO events that were held outdoors;
- To mitigate the effects of the COVID-19 outbreak, we enhanced our crisis management procedures to align with the World Health Organization's ("WHO") and the Ministry of Health's standards. We ensure that our staff complies with specific procedures that include self-quarantine and travel restrictions locally, regionally and globally. We have also made hand sanitisers available at critical points, conducted mandatory temperature checks at the entrances, and implemented background screening for everyone who enters our shops and the Amway Headquarters ("HQ") in Petaling Jaya.

Community Investments – Community Relations & Community Empowerment

Legacy is a major theme that continues to inspire and drive us forward as an organisation. It is also reflected in the Group's Corporate Social Responsibility ("CSR") efforts. Our aim is to create a sustainable and enduring positive impact on the various communities that we operate in for generations to come.

The Hope Programme

As part of Amway's commitment to giving back to society, we continue to implement various proven and tested initiatives to enrich communities. These include *Program Harapan* or the Hope Programme which was launched in 2014 to help meet the needs and enrich the lives of children from the *Rumah Tunas Harapan* ("RTH") foster homes. The programme is implemented in partnership with the Social Welfare Department (*Jabatan Kebajikan Masyarakat*) and the Ministry of Women, Family & Community Development ("KPWKM").

Amway Friends of the Community Cheer Visits

Our ABOs are also active in giving back to their communities. Under the Hope Programme, we run the Amway Friends of the Community ("AFC") initiative where ABO groups contribute their time and energy to bring cheer to children within the community through Cheer Visits. In 2019, our ABOs organised 5 visits to four RTH homes in Selangor and other charitable homes to spread cheer and hope. Their efforts were recognised through the AFC Award.

Projek HeadSTART

Under the ambit of the Hope Programme is *Projek HeadSTART*, an initiative which focuses on young adults who are approaching their final year in foster homes. Potential candidates are selected jointly by us and KPWKM to complete a six-month apprenticeship within the Group which sees them learning the ropes at the various departments within Amway. These apprentices come under the guidance of mentors who are committed to successfully transforming them into independent working adults. To date, 11 candidates have been retained and are in full employment following their apprenticeship process.

Nutrilite Power of 5 Campaign

The Nutrilite Power of 5 campaign, an initiative under Amway's Global CSR umbrella, utilises Amway's expertise in nutrition to help prevent and fight childhood malnutrition in the first (critical) five years of a child's life. Highlighting Amway's role in addressing this issue with Nutrilite Little Bits and five key partnerships, the campaign's ultimate aim is to improve the health and wellness of children and families around the world by inviting individuals and organisations to join Amway in fighting the issue of childhood malnutrition.

The year in review saw Amway launching the Power of 5 Donation Wall Campaign 2019. This first-of-a-kind initiative within Amway is a call for action to help combat malnutrition in children by donating a minimum of RM520 to supply Nutrilite Little Bits to one child for one year. Those participating in the campaign, namely the PO5 (Power of 5) Heroes, get to leave their handprints at the Power of 5 Donation Wall located at the Product Pavilion at Amway HQ.

Over the last three years, the Group and our ABOs have donated over RM1.6 million to prevent and help fight childhood malnutrition, which has helped feed a total of 3,333 children for one year.

the power of 5 NUTRILITE

>RM1.6mil donated to help fight childhood malnutrition

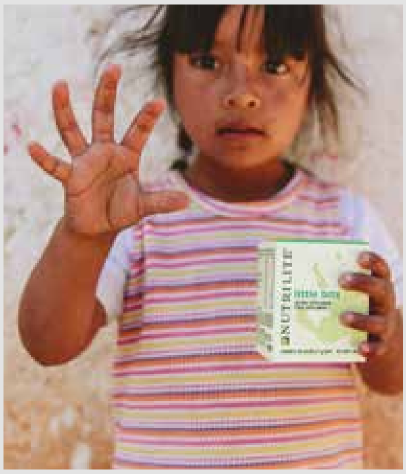
Helped feed a total of 3,333 children for one year

About Nutrilite™ Little Bits™

Nutrilite Little Bits is the first micronutrient supplement in powder form for malnutrition. The formula, which is enhanced with plant nutrients, is based on the WHO guidance for micronutrient powders designed to help address malnutrition in the first five years of a child's life. Combining 15 essential vitamins and minerals, clinical studies have shown that Little Bits has helped reduce iron-deficiency anaemia in children by 93% and stunting by 40%.

About the Nutrilite Power of 5 Leadership Circle

The Power of 5 Leadership Circle is an exclusive partnership opportunity between Amway Founders Council members and Amway Corporation to help fight childhood malnutrition around the world. Leadership members are asked to promote the Power of 5 at one of their events throughout the year. Five of Amway's top ABO Leaders were invited to participate and help distribute Nutrilite Little Bits to malnourished children in Zambia in 2017 and in Brazil in 2018. This experience made such an impression that these leaders have gone on to inspire their business groups to contribute by hosting fundraisers and helping people around the world learn more about malnutrition and how they may support the cause.



Amway Contributes 25 units of Atmosphere Air Purifiers (worth about RM150,000)

MAKNA
Majlis Kanser Nasional
National Cancer Council

Continuing to Enrich Communities

Amway also continues to extend its support to communities through donations in kind. In FY2019, Amway contributed 25 units of Atmosphere Air Purifiers worth about RM150,000 to the MAKNA Cancer Council. This maiden air purifier CSR initiative sought to benefit local communities coping with the negative effects of the haze which plagued Malaysia that same year.

MOVING FORWARD

As Amway ventures forth, we remain committed to integrating the agenda of sustainability into our operations and business strategies in greater measure. The various stakeholders that are responsible for the Group's sustainability agenda will continue to plan, implement and review sustainability measures to ensure that the Group's sustainability agenda aligns with its business strategies and that it delivers a sustainable performance on the EES fronts. Ultimately, our intention is to balance out our economic performance with responsible environmental and social considerations for the long-term so that Amway, together with our diverse stakeholders, can grow in a sustainable manner.

Awards and Achievements

NUTRILITE™

Reader's Digest Trusted Brand Award 2019 Gold (Malaysia) in the Vitamin/Health Supplement Category

eSPRING™ WATER TREATMENT SYSTEM

Reader's Digest Trusted Brand Award 2019 Gold (Malaysia) in the Water Purifier Category

Reader's Digest Trusted Brand Award 2019 Gold (Asia) in the Water Purifier Category

2019 Frost & Sullivan Asia Pacific Best Practices Award – Home Water Treatment Company Of The Year

2019 Event Highlights

Protein for the Family – Bigger and Better!
Sunway Pyramid Convention Centre, Bandar Sunway

Nutrilite's best-selling product, the Soy Protein Drink, is now available double the regular size! The 900g family-size drink was launched with much euphoria among Amway Business Owners ("ABOs") during nationwide protein rallies themed 'Protein for the Family – Bigger and Better'. Apart from fun and interactive foyer games, the rallies also involved photo opportunities with a larger than life photo wall and ABOs tucking into delicious protein waffles, and protein-packed power smoothies. The highlight of the rallies was a presentation by Amway Research & Development (Nutrition Research & Clinical Investigations) Principal Research Scientist Kerry Grann on why and how protein applies to every member of the family.

From Passionate ABOs to Passionista Squad
Hotel Stripes, Kuala Lumpur

Six talented beauty enthusiasts from Malaysia and Singapore converged for an intensive 3-day Passionista Boot Camp, which included training exercises and tests that pushed their beauty knowledge and skills to the limit. They emerged to become Malaysia and Singapore's first batch of ARTISTRY Passionistas. These ladies are the Passionista Squad and embody all that a Passionista stands for. As pillars of the ARTISTRY Beauty Community, they inspire those who wish to pursue their own beauty aspirations, leading the ARTISTRY brand through social media. The Passionista Boot Camp ended with the Passionista Graduation Party, which celebrated the start of all 6 Passionistas' journey.

2019 Event Highlights

Celebrating Amway's 60th
Mandalay Bay Resort, Las Vegas, Nevada

Over 3,500 Diamond and Above leaders from all over the world gathered to celebrate Amway's 60th Anniversary. The grand celebrations kickstarted with a Welcome Dinner for the Founders Council, followed by an outdoor A60 Welcome Party. The next day saw the leaders gathering for a business meeting that kicked off with Doug DeVos & Steve Van Andel fondly recalling Amway's achievements over the past 60 years, followed by Amway's CEO Milind Pant, who shared his vision as Amway moves towards A70. Subsequently a moderated session with young ABO leaders and the third generation members of the founding families took place. Then it was time for Market Business Meetings. For Malaysia, Singapore and Brunei, this was led by Mike Duong, Managing Director, and Amanda Kok, Head of Sales. The A60 event culminated in the A60 Dinner & Celebration, which ended on a high note with the XS Young & Active Urban Street vibe at the XS Nite Life party.

A60 New Diamond Experience
Grand Rapids, Michigan

Our new Diamonds had the experience of a lifetime as they took part in the A60 New Diamond Experience. Besides a grand Welcome Dinner at the Grand Rapids Brewing Company, they received unprecedented recognition at Amway World Headquarters, and were invited for the World Headquarters VIP Tours, which concluded with the Amway Grand Rapid Contributions Tour. The event ended with the Amway Hangar Dinner which featured the Wolverine Air School/Riverside Drive-in. Partnering with the West Michigan Aviation Academy, the hangar was transformed to resemble the original Riverside Drive-in and Wolverine Air school for a once-in-a-lifetime experience that our leaders truly relished.

National Leadership Conference & Dinner 2019
Setia City Convention Centre, Setia Alam

Themed 'Amway NEXTogether', thousands of Amway Leaders cheered when we announced several exciting upcoming launches and the destination for the 2020 Amway Leadership Seminar - Sydney, Australia. They also received marketing and sales updates from Head of Marketing Leong Kok Fong, and Head of Sales Amanda Kok, respectively. As evening fell, the venue was transformed into one fit for a masquerade dinner party. After the welcoming message by Mike Duong, Managing Director of Amway Malaysia, Singapore and Brunei, there was a live video call session with Milind Pant, CEO of Amway. The night ended on a high note, spurring the leaders to look forward to the exciting year ahead.

2019 Event Highlights

Your BFF (Balanced Friendly Fibre) is Alive!
Sunway Pyramid Convention Centre, Bandar Sunway

The new superhero that joined the Nutrilite team was none other than the Mixed Probiotic with Chicory Root Extract. Packed with 6.3 billion colony forming units (CFU) of beneficial bacteria and 5 hero probiotic strains, the probiotic supplement also comes with prebiotic derived from chicory root that helps the good bacteria, arrive alive, multiply and stay strong in your gut with the Stick-To-The-Gut technology. To commemorate the launch of this product, rallies were held among ABOs across Malaysia and Singapore. The main highlight of the rally was a presentation by Nutrilite Research Scientist Alli Klosner, who spoke on the importance of gut health and how it affects your digestive and immune health.

BodyKey Fit Fighter
Ideal Convention Centre, Shah Alam

The 2-day BodyKey Fit Fighter programme saw almost 600 ABOs learning the tricks of the BodyKey trade, including ways to grow their Amway business with the weight management programme – BodyKey by Nutrilite. Among the speakers were Double Diamond Naruss Mahakkapong & Samornsri Mahakkapong and Diamond Kitja Watcharapichat & Chenchira Lamueangrit, both from Amway Thailand; InBody Regional Business Manager Kwanho Lee, who spoke about the benefits of owning an InBodyWATCH & introducing the new InBody Dial. The BodyKey Fit Fighter event was a prelude to the BodyKey 60 Days & 30 Days Challenges and the Fit with Retailing campaign.

2019 ARTISTRY Beauty Social
De.Wan 1958 by Chef Wan, The Linc, Kuala Lumpur

The 2019 ARTISTRY Beauty Social was attended by over 300 guests, fittingly dressed to the theme #Fame #Fab #Glitz #Glam. They were treated to a make-up show in which stunning looks were created using the ARTISTRY STUDIO collections. The crowd got a sneak peek of upcoming launches: the ARTISTRY INTENSIVE SKINCARE 14 Night Reset Program, the Skin Reset Pack and essentials by ARTISTRY Sheet Masks. The brand's latest Instagram account (@artistry_msb) was also launched. The highlight of the day was an intimate session with Diamond Soraya Amphaphai of Amway Thailand, who shared the story of how she grew her business by harnessing the power of social media.

Ace The XS Race
Prima 11, Cyberjaya

A total of 616 teams, consisting of 1,848 pax (3 pax per team), showed up for Ace The XS Race, with each team working together to overcome 15 different obstacles within a 5km trail run. Team XS Sungai Besar (Men <35) was declared the overall champion as they were the first team to cross the finish line. The first and second runner ups were Team Uncover Lenglui (Men <35) and Team Underdog (Mix >35) respectively. The champions of each of the seven race categories also won prizes. Everyone who crossed the finish line received an Ace The XS Race Finisher Medal and Finisher T-shirt.

Night of Renewal
Nexus @ Connexion Conference & Event Centre, Bangsar South

Over 800 ABOs gathered for the launch of the ARTISTRY INTENSIVE SKINCARE 14 Night Reset Program, featuring a brand new formula that resets skin to address common skin concerns in just 14 nights. Amway China Research & Development Manager Helen Song took to the stage to reveal the remarkable technology behind the new product. On top of this, four ABOs of all ages shared their experience with the 14 Night Reset Program relating how it had transformed their skin, even with their diverse lifestyles and skincare routines.

Corporate Information

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Kuan Hui Fang (MIA 16876)
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Public Bank Berhad
Standard Chartered Bank Malaysia Berhad

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Fax : 03-7946 2399
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COMPANY WEBSITE

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STOCK EXCHANGE LISTING

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

Directors' Profile

Tan Sri Faizah Binti Mohd Tahir

Nationality : Malaysian
Gender : Female
Age : 69
Position : Chairperson, Senior Independent Non-Executive Director

Tan Sri Faizah Binti Mohd Tahir (Tan Sri Faizah) was appointed a Director of Amway (Malaysia) Holdings Berhad ("AMHB") on 8 May 2014. She was subsequently appointed the Chairperson and Senior Independent Non-Executive Director of AMHB upon the conclusion of the Twenty Fourth ("24th") Annual General Meeting ("AGM") on 29 May 2019.

Tan Sri Faizah has been a member of the Audit Committee ("AC") since 8 May 2014 and was the Chairperson of the AC from 26 February 2018 until the conclusion of the 24th AGM where she was re-designated as a member of the AC following her appointment as Chairperson of AMHB. She was also appointed as a member of the Remuneration Committee upon the conclusion of the 24th AGM.

She graduated with a Bachelor of Economics (Honours) from Universiti 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 the Secretary-General of the Ministry of Women, Family and Community Development, a position which she held from 2001 until her retirement in 2009.

Tan Sri Faizah is the Chairman of OrphanCare Foundation and Yayasan Sejahtera, and sits on the Board of Trustees of Yayasan Kebajikan Negara Malaysia and Temasek Foundation International (formerly known as Temasek Foundation), Singapore.

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

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

Tan Sri Faizah attended all four Board meetings held during the financial year ended 31 December 2019.

Directors' Profile

Michael Jonathan Duong

Nationality : American
Gender : Male
Age : 46
Position : Managing Director

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

He began his career with Amway holding the positions of Director of Internal Audit, Director of Amway Business Services Asia Pacific, and Director of Strategy & Planning Asia Pacific between 2008 to 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 2019.

Low Han Kee

Nationality : Malaysian
Gender : Male
Age : 60
Position : Non-Independent Non-Executive Director

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

He joined AMSB in 1990 as 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 2019.

Directors' Profile

Scott Russell Balfour

Nationality : American
Gender : Male
Age : 58
Position : Non-Independent Non-Executive Director

Scott Russell Balfour (Mr. Scott Balfour) was appointed a Director of Amway (Malaysia) Holdings Berhad on 15 January 2004. He is the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nominating Committee.

He is a member of the American, Michigan and Grand Rapids Bar Associations. He has authored several articles regarding Korean and Asian jurisprudence and co-authored the book entitled "Korean Labor and Employment Laws".

Currently, he is the Vice President and Deputy General Counsel, International Legal and Business Conduct and Rules–Asia and Greater China of Alticor Inc. He coordinates and oversees Alticor's diverse legal issues for all of Alticor's Asian affiliates, including those in Australia, China, Korea, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, Thailand and Vietnam. Mr. Scott Balfour also leads a legal team responsible for global compliance and issues in direct selling law, customs and rules governing more than three million Amway Business Owners.

Prior to joining Alticor in 1998, he spent eight years as a Senior Foreign Legal Consultant for the law firm of Kim & Chang in Seoul, South Korea. His clients included Amway, Citibank, Pepsico, Morgan Stanley, Nike, McDonald, 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 2019.

Dato' Abdullah Thalith Bin Md Thani

Nationality : Malaysian
Gender : Male
Age : 65
Position : Independent Non-Executive Director

Dato' Abdullah Thalith Bin Md Thani (Dato' Abdullah) was appointed a Director of Amway (Malaysia) Holdings Berhad on 15 May 2015. He was appointed the Chairman of the Nominating Committee upon conclusion of the Twenty Fourth Annual General Meeting on 29 May 2019 and also serves as a member of the Audit Committee. Dato' Abdullah was also a member of the Remuneration Committee from 15 May 2015 until his resignation from the same on 26 February 2020.

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

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

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

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

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

Dato' Abdullah attended three of the four Board meetings held during the financial year ended 31 December 2019.

Directors' Profile

Abd Malik Bin A Rahman

Nationality : Malaysian
Gender : Male
Age : 71
Position : Independent Non-Executive Director

Abd Malik Bin A Rahman (En. Abd Malik) was appointed a Director of Amway (Malaysia) Holdings Berhad on 1 January 2019. He was the Chairman of the Nominating Committee ("NC") and a member of the Audit Committee ("AC") from 1 January 2019 until the conclusion of the Twenty Fourth Annual General Meeting on 29 May 2019, where he was re-designated as a member of the NC and the Chairman of the AC.

He is a Chartered Accountant member of the Malaysian Institute of Accountants. He is also a Fellow of the Association of Chartered Certified Accountants (UK), and a member of the Malaysian Institute of Certified Public Accountants. He is also a member of the Malaysian Institute of Management.

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

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

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

En. Abd Malik is 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.

En. Abd Malik attended all four Board meetings held during the financial year ended 31 December 2019.

Datin Azreen Binti Abu Noh

Nationality : Malaysian
Gender : Female
Age : 50
Position : Independent Non-Executive Director

Datin Azreen Binti Abu Noh (Datin Azreen) was appointed a Director of Amway (Malaysia) Holdings Berhad on 26 February 2019. She was subsequently appointed a member of the Audit Committee upon the conclusion of the Twenty Fourth Annual General Meeting on 29 May 2019 and a member of the Remuneration Committee on 26 February 2020.

She graduated with a Bachelor Degree of Law (LLB) from Universiti Kebangsaan Malaysia and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1996.

Currently, Datin Azreen is the Managing Partner of Messrs Firuz Jaffril, Aidil & Zarina specialising in litigation and arbitration, particularly in corporate, commercial and conveyancing. 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 Azreen is also an advocate for empowering children with learning disabilities including dyslexia. In 2017, Datin Azreen received the "Personaliti Industri dan Usahawan Malaysia" award from NiagaTimes for her immense contribution to the food and beverage sector.

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

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

Datin 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 Azreen attended all three Board meetings held during the financial year ended 31 December 2019 following her appointment as a Director on 26 February 2019.

Directors' Profile

Aida Binti Md Daud

Nationality : Malaysian
Gender : Female
Age : 59
Position : Non-Independent Non-Executive Director

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 is currently the Group Head, Human Capital Division of Permodalan Nasional Berhad ("PNB"). She joined 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 more than 20 years of experience in management.

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 one Board meeting held during the financial year ended 31 December 2019 since her appointment as a Director on 21 August 2019.

Key Management Profiles

1

NG AI LEE
Chief Financial Officer

Nationality : Malaysian
Gender : Female
Age : 48

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 21 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. 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").

2

KOK LAY CHENG
Head of Sales

Nationality : Malaysian
Gender : Female
Age : 49

Ms. Kok Lay Cheng joined Amway Malaysia as its Regional Sales Manager in 2011, and progressed to Head of Sales in July 2016. Leading the Sales Division, her team is collectively responsible for various Amway Business Owner ("ABO") matters, with the key areas being ABO Business Relations, Business Transformation, Sales Administration, ABO Training, Business Conduct and Rules, ABO Records and Special Events. She holds a degree in Food Technology from Universiti Sains Malaysia and has many years of experience in sales and sales management in the pharmaceutical industry.

3

WONG CHOOM YEE
Head of Human Resource

Nationality : Malaysian
Gender : Female
Age : 50

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

4

LEONG KOK FONG
Head of Marketing

Nationality : Malaysian
Gender : Male
Age : 46

Mr. Leong Kok Fong was appointed Amway Malaysia's Head of Marketing in December 2013. He oversees the planning and execution of the Group's marketing and communication strategies which include product and brand management, product development, ABO communications as well as digital communications. Mr. Leong graduated from the University of Malaya with a major in Business Administration. He has many years of related industry experience having helmed marketing and communication positions previously with well-established large international retail and FMCG companies.

5

MAGDELINE TAY SWEE CHOO
Head of Retail Experience and Customer Service

Nationality : Malaysian
Gender : Female
Age : 52

Ms. Magdeline Tay Swee Choo joined Amway Malaysia in October 2017 as the Head of Supply Chain and assumed her present position as the Head of Retail Experience and Customer Service in March 2019. Apart from leading the operations teams, she is also responsible for elevating the customer shopping experience through Amway Malaysia's online presence and shops as well as modernising the Group's physical presence. Her other responsibilities include enhancing the services of the customer service, after sales and call centre teams, plus leading key projects such as Hybris CORE, Chatbot and the Contact Management Platform ("CMP"). She has over 24 years of related industry experience in all areas of supply chain management encompassing planning, procurement, customer service, inventory, warehousing, distribution and logistics. Ms. Tay has served in similar roles with leading international companies. She received her Master of Science in Supply Chain from Bolton University, the United Kingdom, in 2019.

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

Corporate Governance Overview Statement

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

For the financial year ended 31 December 2019 ("FY2019"), the Board continued to provide oversight on corporate governance and, by working together with Senior Management, further refined its corporate governance practices to ensure closer alignment with the Malaysian Code on Corporate Governance ("MCCG").

This Corporate Governance Overview Statement ("CG Overview Statement") is intended to provide an overview on how the Group achieved the following in FY2019:

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

A comprehensive disclosure of Amway's overall approach and specific practices pertaining to corporate governance is given in the Company's FY2019 Corporate Governance Report ("CG Report"). The CG Report provides a detailed account of how Amway has applied or departed from (and has adopted an alternative approach) in relation to the individual practices set out by the MCCG.

The CG Report is published at the same time as Amway's Annual Report 2019 and can be accessed via www.amway.my.

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

In FY2019, Amway complied with 29 out of the total 31 recommended practices for non-Large Companies under the MCCG with the exception of the following:

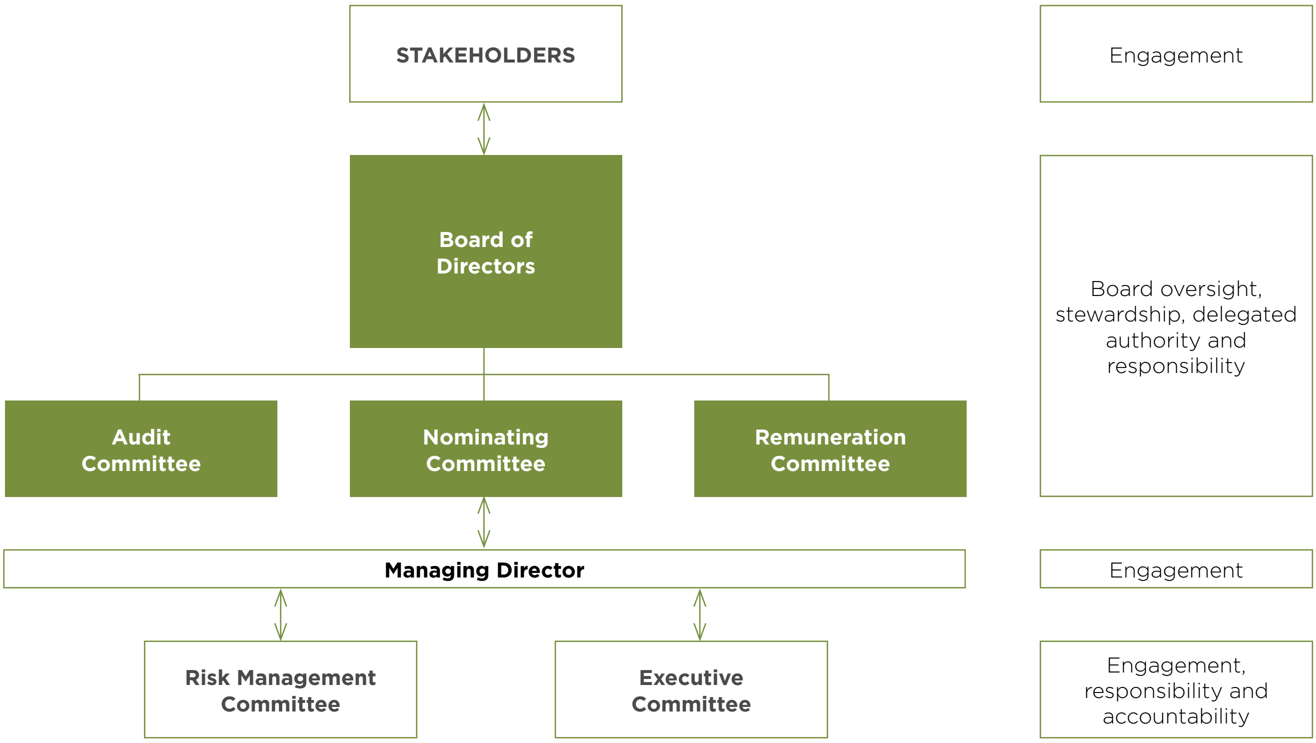
PRACTICE	DESCRIPTION
Practice 7.2	The Board discloses on a named basis the top five Senior Management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.
Practice 12.3	Listed companies with a large number of shareholders or which have meetings in remote locations should leverage on technology to facilitate: • voting in absentia; and • remote shareholders' participation at General Meetings.

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

GOVERNANCE FRAMEWORK



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

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

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

Corporate Governance Overview Statement

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

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

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

BOARD CHARTER

In executing its duties, the Board is guided by its Board Charter. The Board Charter clearly defines the Board's duties as well as that of its Board Committees, limits of authority as well as other related matters that are reserved for the Board. The duties of the Chairman, 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 Chairman, are also clearly defined in the Board Charter.

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

ROLES AND RESPONSIBILITIES OF KEY POSITIONS

Chairman • Provides leadership for the Board to ensure it executes its responsibilities effectively. • Helms the Board towards ensuring good corporate governance within the Group. • Represents the Board to shareholders. • Maintains regular contact with the MD. • Facilitates healthy discussion and deliberation at Board meetings and ensures all Board members participate actively. • Sets the Board agenda and ensures Board Members receive all required information in a timely manner prior to meetings. • Manages the interface between the Board and Management.	**Independent Directors** • Safeguard the interests of shareholders and bring an independent, non-biased perspective on matters discussed by the Board. • Specifically look into matters of corporate governance within the Group while providing an independent perspective of the proposals and plans put forward by the MD. • Monitor the areas of discussion, notably on those where potential conflicts of interest situations may arise.
Non-Executive Directors • Serve as a bridge between the Management, shareholders and other stakeholders. • Provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests while ensuring that high standards of corporate governance are applied.	**Managing Director** • Ensures effective implementation of the strategic direction set by the Board. • Develops tangible business targets and goals towards translating Board directives into achievable results. • Develops and ensures the execution of day-to-day operational strategies together with the Management team. • Accountable to the Board for the overall performance of the Group and the observance of Management's limits. • Acts within all specific authorities delegated by the Board.

Corporate Governance Overview Statement

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

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

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

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

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

SEPARATION OF ROLES BETWEEN THE BOARD AND SENIOR MANAGEMENT

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

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

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

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

BOARD ACCESS TO INFORMATION AND ADVICE

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.

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

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

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

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

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

Corporate Governance Overview Statement

BOARD ACTIVITIES AND TASKS IN FY2019

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

FOCUS AREA	ACTIVITIES AND ACCOMPLISHMENTS
Financial and Operations	• Deliberated on and approved capital expenditure; • Deliberated on and approved the Group's budget and forecasts; • Reviewed principal business risks and ensured the implementation of mitigating measures and internal controls; • Deliberated on and approved unaudited quarterly financial results and annual audited financial statements; and • Reviewed internal audit findings and management responses.
Strategic Plans and Sustainability	• Reviewed business strategies and operating plans; • Oversaw the conduct of the Group's business; and • Reviewed the succession planning and remuneration of the Board and Senior Management.
Corporate Governance	• Reviewed the Group's corporate governance framework to be in line with the Listing Requirements of Bursa Securities and the MCCG; • Reviewed Board effectiveness; • Reviewed the term of office and performance of the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"); • Deliberated on and agreed to seek shareholders' approval for the alteration of the existing Company's Memorandum and Articles of Association by replacing them with a new Constitution; and • Reviewed Management's assessment of the Group's application of the Guidelines on Adequate Procedures pursuant to Section 17A(5) of The Malaysian Anti-Corruption Commission Act 2009.

II. BOARD COMPOSITION

From 1 January 2019 to the Company's Twenty Fourth ("24th") Annual General Meeting ("AGM") held on 29 May 2019, the Board comprised of nine (9) directors, eight (8) of whom were Non-Executive Directors. The MD was the sole Executive Director on the Board. Of the eight (8) Non-Executive Directors, five (5) were Independent Directors. During this period, Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham resigned as a Director on 1 January 2019, while En. Abd Malik Bin A Rahman and Datin Azreen Binti Abu Noh were appointed to the Board on 1 January 2019 and 26 February 2019 respectively, as Independent Non-Executive Directors ("INEDs").

Upon the conclusion of the 24th AGM on 29 May 2019, Dato' Ab. Halim Bin Mohyiddin retired as the Chairman and Senior Independent Non-Executive Director ("Senior INED") of Amway, while Tan Sri Faizah Binti Mohd Tahir was re-designated as the Board's Chairperson and Senior INED. These boardroom changes aligned with the Company's succession plan formulated in 2018.

Subsequently, on 21 August 2019, En. Mohammad Bin Hussin resigned as a Director and Pn. Aida Binti Md Daud joined the Board as a Non-INED on the same day.

From 21 August 2019 until 31 December 2019, the Board comprised of eight (8) directors, seven (7) of whom were Non-Executive Directors. Of these seven (7) Non-Executive Directors, four (4) were Independent Directors:

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

Corporate Governance Overview Statement

For more details on the current Board composition, please refer to the Directors' Profiles on pages 41 to 48 of this Annual Report.

Throughout FY2019, the MD was the sole Executive Director on the Board and no alternate Director was appointed in respect of any of the Directors.

Over the course of FY2019, the Board made further progress in terms of Boardroom diversity by increasing its number of female Directors. Following the appointments of Datin Azreen Binti Abu Noh and Pn. Aida Binti Md Daud to the Board on 26 February 2019 and 21 August 2019 respectively, together with Tan Sri Faizah Binti Mohd Tahir (the first female Chairperson of Amway), Amway today has 38% female representation on its Board. This positive development of having three (3) female Directors including the Chairperson as part of the eight (8)-member Board is well above Amway's Boardroom Diversity Policy of having at least one (1) female director on the Board. It also surpasses the criteria of Practice 4.5 of the MCCG that requires Large Companies to have at least 30% women directors (even though Amway is not categorised as a Large Company).

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

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

COLLECTIVE SKILLS AND COMPETENCE OF THE BOARD

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

BOARD INDEPENDENCE

As at 31 December 2019, four (4) of the eight (8) Directors were Independent Directors. Throughout FY2019, the Board composition not only exceeded the one-third (1/3) requirement of Independent Directors as set out under the Listing Requirements but also complied with Practice 4.1 of the MCCG which stipulates that at least half of the Board comprises Independent Directors, which is also in line with the Board Charter.

The profile of each Director is set out in the Directors' Profiles section of this Annual Report.

The Board reviews the independence of directors before they are appointed, on an annual basis and at any other time where the circumstance 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 FY2019, all Independent Directors of Amway had demonstrated a high level of independence and had acted, to the best of their abilities, in the interest of the Group. In justifying its decision, the NC is entrusted to assess the Directors' suitability to continue as INEDs based on the criteria for independence.

SENIOR INED

The Company's Chairman, Dato' Ab. Halim Bin Mohyiddin was the Senior INED and provided an independent point of contact for shareholders until his retirement at the conclusion of the 24th AGM on 29 May 2019. Upon the conclusion of the 24th AGM, Tan Sri Faizah Binti Mohd Tahir was re-designated as the Chairperson and Senior INED of the Company.

Corporate Governance Overview Statement

CONFLICTS OF INTEREST

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

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

BOARD COMMITTEES

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

COMMITTEE	RESPONSIBILITIES
AC	• Oversees the financial reporting process; • Assesses the effectiveness of the system of internal control and risk management processes; and • Reviews the independence of Internal and External Auditors, and the performance of the audit functions.
NC	• Assesses the effectiveness of the Directors, Board and its Committees; • Proposes new nominees to the Board and Board Committees; and • Assesses the independence of the Independent Directors.
RC	• Recommends Directors' fees and allowances of the Non-Executive Directors taking into account their responsibilities and time commitment; and • Recommends the remuneration package of the Executive Director and Senior Management based on individual performance and that of the Group.

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

THE AC

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

From 1 January 2019 to the 24th AGM on 29 May 2019, Tan Sri Faizah Binti Mohd Tahir was the Chairperson of the AC. During this period, Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham resigned as a Director and ceased to be a member of the AC on 1 January 2019, while En. Abd Malik Bin A Rahman was appointed as an AC member on the same day. Following the re-designation of Tan Sri Faizah Binti Mohd Tahir as the Board's Chairperson upon the conclusion of the 24th AGM, she was re-designated as a member of the AC and En. Abd Malik Bin A Rahman was re-designated as the AC Chairman to ensure continued compliance with Practice 8.1 of the MCCG which states that the Chairman of the AC cannot be the Chairman of the Board. At the conclusion of the 24th AGM, Dato' Ab. Halim Bin Mohyiddin retired from the Board and ceased to be a member of the AC accordingly, while Datin Azreen Binti Abu Noh was appointed an AC member.

From the conclusion of the 24th AGM until 31 December 2019, the AC comprised of five (5) Non-Executive Directors, four (4) of whom were INEDs, including the Chairman:

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

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

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

THE RC

The Board's RC comprises exclusively of Non-Executive Directors, the majority of whom are Independent Directors. Mr. Scott Russell Balfour has been the RC Chairman since 2016.

As part of the succession plan following the retirement of Dato' Ab. Halim Bin Mohyiddin upon the conclusion of the 24th AGM on 29 May 2019, Tan Sri Faizah Binti Mohd Tahir was appointed as a member of the RC. From the conclusion of the 24th AGM until 31 December 2019, the RC comprised of three (3) Non-Executive Directors, two (2) of whom were INEDs:

- Mr. Scott Russell Balfour (Chairman, Non-INED);
- Tan Sri Faizah Binti Mohd Tahir (Member, Senior INED); and
- Dato' Abdullah Thalith Bin Md Thani (Member, INED).

Subsequently, on 26 February 2020, Dato' Abdullah Thalith Bin Md Thani resigned from the RC and Datin Azreen Binti Abu Noh was appointed as a member of the RC on the same day.

The current RC composition is as follows:
- Mr. Scott Russell Balfour (Chairman, Non-INED);
- Tan Sri Faizah Binti Mohd Tahir (Member, Senior INED); and
- Datin Azreen Binti Abu Noh (Member, INED).

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

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

THE NC

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

Following the resignation of Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham on 1 January 2019, the Board appointed En. Abd Malik Bin A Rahman as the new NC Chairman on the same day.

Following the retirement of Dato' Ab. Halim Bin Mohyiddin at the conclusion of the 24th AGM on 29 May 2019, En. Abd Malik Bin A Rahman was re-designated as an NC member and Dato' Abdullah Thalith Bin Md Thani was appointed as the NC Chairman. These changes aligned with the Company's succession plan formulated in 2018.

From the conclusion of the 24th AGM until 31 December 2019, the NC comprised of three (3) Non-Executive Directors, two (2) of whom were INEDs, including the Chairman:

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

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

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

- Reviewed and assessed the mix of skills, experience, size and composition of the Board of Directors;
- Reviewed and assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment, character, experience, integrity and competency;
- Assessed the effectiveness and performance of the Executive Director;
- Assessed the independence of the Independent Directors based on criteria set out in the Listing Requirements;
- Reviewed the character, experience, integrity, competency and time to effectively discharge the roles of the MD and Chief Financial Officer ("CFO");

Corporate Governance Overview Statement

- Reviewed and recommended the re-election of Mr. Low Han Kee, En. Abd Malik Bin A Rahman and Datin Azreen Binti Abu Noh who were subject to retirement by rotation;
- Reviewed and recommended the succession plan for the Board and Board Committees following the retirement of Dato' Ab. Halim Bin Mohyiddin at the conclusion of the 24th AGM on 29 May 2019;
- Reviewed and recommended the appointment of Datin Azreen Binti Abu Noh as a new board member and AC member effective 26 February 2019 and 29 May 2019 respectively; and
- Reviewed and recommended the appointment of Pn. Aida Binti Md Daud as a new board member effective 21 August 2019.

The NC held two (2) meetings during FY2019. All recommendations of the NC are reported by the NC Chairman at the Board Meetings. All recommendations are subject to the approval of the Board.

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

MANAGEMENT GOVERNANCE FRAMEWORK	
RMC	**EXCOM**
• Ensures effective implementation and maintenance of the risk management framework. • Manages the Group's principal business risks on a timely basis.	• Implements the Group's strategic plan, policies and decision adopted by the Board. • Oversees the operations and business development of the Group.

TIME COMMITMENT

The Board recognises that it is necessary for all Directors to allocate sufficient time to effectively discharge their duties. This includes attending meetings, being able to review Board papers prior to meetings and providing constructive viewpoints. This is in addition to the duties or commitments if the said Directors serve on any Board Committees. The Board obtains this commitment from Directors at the time of their appointment.

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

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

BOARD AND COMMITTEES ATTENDANCE

The following table outlines the attendance of the Board Members for Board meetings and Board Committee meetings held during FY2019:

Directors	Number of Meetings Held			
	Board	AC	RC	NC
Non-Executive Directors				
Dato' Ab. Halim Bin Mohyiddin (Retired as Board Chairman, AC member, RC member and NC member upon the conclusion of the 24th AGM on 29 May 2019)	1/1[1]	1/1[1]	1/1[1]	1/1[1]
Tan Sri Faizah Binti Mohd Tahir (Re-designated as Board Chairperson and AC member and appointed as RC member upon the conclusion of the 24th AGM on 29 May 2019)	4/4	4/4	N/A[2]	N/A
Dato' Abdullah Thalith Bin Md Thani (Appointed as NC Chairman upon the conclusion of the 24th AGM on 29 May 2019)	3/4[3]	3/4[3]	1/1	1/1[4]
Mr. Low Han Kee	4/4	N/A	N/A	N/A

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Directors	Number of Meetings Held			
	Board	AC	RC	NC
Mr. Scott Russell Balfour	4/4	4/4	1/1	2/2
En. Abd Malik Bin A Rahman (Appointed as Board member, AC member and NC Chairman on 1 January 2019 and re-designated as AC Chairman and NC member upon the conclusion of the 24th AGM on 29 May 2019)	4/4	4/4	N/A	2/2
Datin Azreen Binti Abu Noh (Appointed as Board member on 26 February 2019 and appointed as AC member upon the conclusion of the 24th AGM on 29 May 2019)	3/3(5)	3/3(5)	N/A	N/A
Pn. Aida Binti Md Daud (Appointed as Board member on 21 August 2019)	1/1(6)	N/A	N/A	N/A
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (Resigned as Board member, AC member and NC Chairman on 1 January 2019)	N/A	N/A	N/A	N/A
En. Mohammad Bin Hussin (Resigned as Board member on 21 August 2019)	2/2(7)	N/A	N/A	N/A

Director	Number of Meetings Held			
	Board	AC	RC	NC
Executive Director				
Mr. Michael Jonathan Duong	4/4	N/A	N/A	N/A

Notes:
1. *Only 1 meeting held prior to his retirement.*
2. *No meeting held after her appointment.*
3. *Absent from 1 meeting due to unforeseen circumstances.*
4. *Only 1 meeting held after his appointment.*
5. *Only 3 meetings held after her appointment.*
6. *Only 1 meeting held after her appointment.*
7. *Only 2 meetings held prior to his resignation.*

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 FY2019 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 BEE is a periodic exercise undertaken regularly. Having conducted the BEE in FY2019, the Board is satisfied with the outcome of the BEE. Areas requiring improvements were identified and action plans were recommended to the Board for implementation.

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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 FY2019.

BOARD APPOINTMENTS

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

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

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

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

RE-ELECTION OF DIRECTORS

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

As such, Mr. Scott Russell Balfour, Tan Sri Faizah Binti Mohd Tahir, Mr. Michael Jonathan Duong and Pn. Aida Binti Md Daud are subject to stand for re-election at the forthcoming AGM. The Board, via its NC, has assessed the said Directors based on their aptitude, experience, integrity, competence and time commitment and therefore has recommended their re-election subject to shareholders' approval.

Following the resignation of Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham on 1 January 2019 and the retirement of Dato' Ab. Halim Bin Mohyiddin upon the conclusion of the 24th AGM on 29 May 2019, there are no INEDs who have remained seated on the Board for a cumulative period beyond nine (9) years.

BOARD TRAINING

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

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

During the year, all Directors attended development and training programmes as well as conferences in areas of finance, corporate governance, risk management, leadership, legal, industry and regulatory developments.

Corporate Governance Overview Statement

In FY2019, Amway's Directors attended conferences, seminars and training programmes which included the following:

Corporate Governance/Risk Management	
1.	Governance Symposium
2.	Bursa Malaysia Diversity Xperience – The Board "Agender"
3.	Fighting Corruption: A New Era of Corporate Governance
4.	Corporate Liability (Section 17A of MACC Act) – Preparation for Corporate Liability on Corruption
5.	Corporate Governance, National Anti-Corruption Plan & The Role of Private Sector, MACC Act Section 17A & its Implications, Budget 2020 & The Economy
6.	Cyber Security Awareness for Board of Directors

Strategic/Leadership/Business Intelligence	
1.	Investment Forum 2019 - Wealth and Beyond
2.	Leadership in a Disruptive World
3.	Reading the Signs: The Next Financial Crisis and Potential Impact on Asia

Industry/Legal & Regulatory Development	
1	Responsibilities and Duties of Directors under the Companies Act 2016
2.	Anti-Pyramid Law Discussions

Finance/Tax	
1.	Islamic Finance for Board of Directors Programme
2.	Economic Prosperity and Taxation
3.	Direct Selling Tax Issues and the Special Voluntary Disclosure Programme
4.	Seminar on Malaysian Valuation Standards

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

III. REMUNERATION

REMUNERATION POLICIES

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

This is in line with the Board's aim to retain, attract and reward talent that is required in 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 individual Directors abstaining from the discussion of his/her own remuneration.

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

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During the year, the RC met with all members in attendance. The RC reviewed and recommended to the Board the remuneration for the MD and further recommended the Non-Executive Directors' fees and benefits to the Board for shareholders' approval at the Company's AGM.

Remuneration of the Directors for FY2019 is as follows:

Group	Fees RM'000	Salaries and other emoluments RM'000	Bonus RM'000	Defined Contribution Plan RM'000	Allowances RM'000	Benefits -in-kind RM'000
Executive Director						
Mr. Michael Jonathan Duong	-	1,719.5	742.9	-	-	433.4
Non-Executive Directors						
Dato' Ab. Halim Bin Mohyiddin (1)	52.4	-	-	-	4.0	0.9
Tan Sri Faizah Binti Mohd Tahir (2)	102.8	-	-	-	8.0	2.1
Dato' Abdullah Thalith Bin Md Thani (3)	78.9	-	-	-	8.0	0.1
Mr. Low Han Kee	62.9	-	-	-	4.0	2.8
Mr. Scott Russell Balfour	-	-	-	-	-	-
En. Abd Malik Bin A Rahman (4)	78.8	-	-	-	10.0	1.4
Datin Azreen Binti Abu Noh (5)	56.8	-	-	-	6.0	-
Pn. Aida Binti Md Daud (6)	22.6(9)	-	-	-	1.0	-
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (7)	-	-	-	-	-	-
En. Mohammad Bin Hussin (8)	40.3 (9)	-	-	-	2.0	0.4
Company						
Executive Director (10)						
Mr. Michael Jonathan Duong	-	-	-	-	-	-
Non-Executive Directors (11)						
Dato' Ab. Halim Bin Mohyiddin (1)	52.4	-	-	-	4.0	0.9
Tan Sri Faizah Binti Mohd Tahir (2)	102.8	-	-	-	8.0	2.1
Dato' Abdullah Thalith Bin Md Thani (3)	78.9	-	-	-	8.0	0.1
Mr. Low Han Kee	62.9	-	-	-	4.0	2.8
Mr. Scott Russell Balfour	-	-	-	-	-	-
En. Abd Malik Bin A Rahman (4)	78.8	-	-	-	10.0	1.4
Datin Azreen Binti Abu Noh (5)	56.8	-	-	-	6.0	-
Pn. Aida Binti Md Daud (6)	22.6(9)	-	-	-	1.0	-
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (7)	-	-	-	-	-	-
En. Mohammad Bin Hussin (8)	40.3 (9)	-	-	-	2.0	0.4

Notes:

1. *Retired as Board Chairman, AC member, RC member and NC member upon the conclusion of the 24th AGM on 29 May 2019.*
2. *Re-designated as Board Chairperson and AC member and appointed as RC member upon the conclusion of the 24th AGM on 29 May 2019.*
3. *Appointed as NC Chairman upon the conclusion of the 24th AGM on 29 May 2019.*
4. *Appointed as Board member, AC member and NC Chairman on 1 January 2019 and re-designated as AC Chairman and NC member upon the conclusion of the 24th AGM on 29 May 2019.*

5. *Appointed as Board member on 26 February 2019 and appointed as AC member upon the conclusion of the 24th AGM on 29 May 2019.*
6. *Appointed as Board member on 21 August 2019.*
7. *Resigned as Board member, AC member and NC Chairman on 1 January 2019.*
8. *Resigned as Board member on 21 August 2019.*
9. *Nominee Directors whose Director's fees are paid to Permodalan Nasional Berhad ("PNB").*
10. *The Executive Director did not receive any remuneration from the Company.*
11. *The Non-Executive Directors did not receive any remuneration from the Company's subsidiaries.*

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

In accordance with the Act, the payment of Directors' fees and benefits shall be approved at a general meeting. The Board shall seek shareholders' approval at the forthcoming 25th AGM for the payment of Directors' fees and benefits for the Directors of the Company for FY2020.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

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

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

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

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

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

Other statement that provides an analysis and insight on the Group's financial and operational performance include the Management Discussion and Analysis 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 FY2019, the Group has applied the appropriate accounting standards and policies with consistency in the preparation of these financial statements. The Statement of Directors' Responsibility is provided in this Annual Report.

EXTERNAL AUDITORS

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

On an annual basis, the AC considers the re-appointment of the External Auditors and their remuneration and makes recommendations to the Board. The External Auditors are subject to re-appointment each year at the AGM. The AC had, in February 2019, assessed the level of service provided by the External Auditors through the AC Evaluation Form, and took into consideration the following, amongst others:

- Provision of written assurance of independence from the External Auditors;
- The level of service, independence and non-audit services rendered;

- The quality and scope of the planning of the audit in assessing risks and how the External Auditors maintain or update the audit plan to respond to changing risks and circumstances;
- The quality and timeliness of reports provided to the AC;
- The level of understanding demonstrated of the Group's business; and
- Communication to the AC about new and applicable accounting practices and auditing standards and its 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 FY2019. The AC is satisfied that EY continue to possess the competency, independence and experience required to fulfil their duties effectively. Based on the recommendation of the AC, the Board will be seeking shareholders' approval for the re-appointment of the External Auditors at the 25th AGM. The following is a summary of the fees paid to the External Auditors:

FEES	FY2019	FY2018
AUDIT FEES (RM)	205,000	226,000
NON-AUDIT FEES (RM)	10,000	11,000

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board accepts responsibility that the annual audited financial statements and interim financial results have been prepared to comply with the Act and applicable financial reporting standards in Malaysia. This includes adopting all necessary measures to ensure that all applicable accounting policies have been applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

RISK MANAGEMENT AND INTERNAL AUDIT

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

The Board has oversight for the risk management function via the AC which in turn is supported by the RMC. Supporting the RMC is the Group's internal audit function, which is outsourced to Deloitte Risk Advisory Sdn. Bhd. ("DRA"), an independent external professional firm. Further details on the key features of the risk management framework and the tasks undertaken by the RMC and DRA 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 in the assessment of risk and towards ultimately determining the Group's risk appetite. However, the responsibility for managing risk resides at all levels within the Group. Risks are mainly managed at the operational level and guided by the approved risk management policy and guidelines.

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

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

I. COMMUNICATION WITH SHAREHOLDERS

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

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

The Group's unaudited quarterly financial results are released within two (2) months from the end of each quarter and the annual audited financial results together with the Annual Report, which remains a key channel of communication, is published within four (4) months after the financial year end.

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

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

COMMUNICATION CHANNELS

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

In FY2019, a briefing session with investors and analysts was held after the conclusion of the 24th AGM. 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 pose questions to the Board for clarification.

In keeping with Practice 12.1 of the MCCG, the notice to shareholders should be given at least 28 days in advance of the AGM. Hence, the Notice of the 24th AGM was issued on 29 April 2019, in effect being 29 days in advance of the scheduled AGM that was held on 29 May 2019.

The AGM is held in a strategic and central location which is convenient for shareholders to attend. We continue to encourage shareholders to attend the AGM and convey their expectations and possible concerns on proposed resolutions and matters relating to the Group's operations before putting each resolution to a vote.

At the last AGM, 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.

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.

SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

About 580 shareholders and proxies attended the last AGM held on 29 May 2019. About 440 proxy forms and certificates of corporate representatives were received, representing over 82% of the Company's total issued share capital.

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

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

This CG Overview Statement was approved by the Board of Directors on 26 February 2020.

Audit Committee Report

The Board of Directors of Amway (Malaysia) Holdings Berhad ("Amway" or "the Company") and its subsidiaries (collectively "the Group") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2019 ("FY2019").

OBJECTIVE

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

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

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

A. COMPOSITION & MEMBERSHIP

For the period from 1 January 2019 to the Company's Twenty Fourth ("24th") Annual General Meeting ("AGM") held on 29 May 2019, the AC comprised of five (5) Non-Executive Directors, four (4) of whom were Independent Non-Executive Directors ("INEDs"), including the Chairperson. The composition then was as follows:

- Tan Sri Faizah Binti Mohd Tahir (Chairperson, INED);
- Dato' Ab. Halim Bin Mohyiddin (Member, Senior INED);
- Dato' Abdullah Thalith Bin Md Thani (Member, INED);
- Mr. Scott Russell Balfour (Member, Non-INED);
- En. Abd Malik Bin A Rahman (Member, INED, appointed on 1 January 2019); and
- Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (Member, INED, resigned on 1 January 2019).

At the conclusion of the 24th AGM on 29 May 2019, Dato' Ab. Halim Bin Mohyiddin retired from the Board and accordingly ceased to be a member of the AC.

As part of the Board's succession plan for the AC, the following changes took effect upon the conclusion of the 24th AGM on 29 May 2019:

- Tan Sri Faizah Binti Mohd Tahir was appointed as the Board's Chairperson and re-designated from AC Chairperson to AC member on the same day to ensure continued compliance with Practice 8.1 of the Malaysian Code on Corporate Governance ("MCCG") which states that the Chairman of the AC be distinct from the Chairman of the Board so as to uphold the independence and objectivity of the AC;
- En. Abd Malik Bin A Rahman, a member of the AC, was re-designated as AC Chairman; and
- Datin Azreen Binti Abu Noh was appointed as a member of the AC.

From the conclusion of the 24th AGM on 29 May 2019 until 31 December 2019, the AC comprised of five (5) Non-Executive Directors, four (4) of whom were INEDs, including the Chairman:

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

Audit Committee Report

Throughout FY2019, the INEDs satisfied the test of independence under Paragraph 1.01 of the Listing Requirements of Bursa Securities and the Company complied with Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Listing Requirements of Bursa Securities.

During FY2019, the AC met four (4) times. The Managing Director ("MD"), Senior Management, External and Internal Auditors were in attendance at the meetings, upon invitation by the AC, to brief the AC on specific issues.

Chairperson of the AC		Attendance
Tan Sri Faizah Binti Mohd Tahir	Senior INED *(Re-designated from AC Chairperson to AC member and Senior INED upon the conclusion of the 24th AGM on 29 May 2019)*	4/4
En. Abd Malik Bin A Rahman [(1)]	INED *(Appointed as an AC member on 1 January 2019 and re-designated as Chairman of the AC upon the conclusion of the 24th AGM on 29 May 2019)*	4/4
Members of the AC		
Mr. Scott Russell Balfour	Non-INED	4/4
Dato' Abdullah Thalith Bin Md Thani	INED	3/4
Datin Azreen Binti Abu Noh	INED (Appointed as an AC member upon the conclusion of the 24th AGM on 29 May 2019)	3/3 [(2)]
Dato' Ab. Halim Bin Mohyiddin [(1)]	Senior INED (Ceased to be an AC member and Senior INED upon the conclusion of the 24th AGM on 29 May 2019)	1/1 [(3)]
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	INED (Ceased to be an AC member on 1 January 2019)	N/A

Notes:
1. *Member of the Malaysian Institute of Accountants, accordingly complied with Paragraph 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities.*
2. *Only 3 meetings held after her appointment.*
3. *Only 1 meeting held prior to his cessation.*

B. ROLES & RESPONSIBILITIES

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

During FY2019, the AC focused on matters of governance, financial reporting, budgeting, internal audit, risk management and external audit.

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

Audit Committee Report

C. SUMMARY OF WORK OF THE COMMITTEE

1. Financial Reporting

In FY2019, the AC undertook the following:

- Reviewed the quarterly financial results and annual audited financial statements prior to recommending them to the Board for approval;
- Assessed whether appropriate accounting policies had been applied throughout the financial year and if Management had made appropriate estimates and judgements over the recognition, measurement and presentation of financial results;
- Reviewed and highlighted to the Board significant matters raised by the External Auditors (Ernst & Young PLT) including financial reporting matters, significant judgements made by Management, significant events or transactions and actions taken for improvement; and
- Deliberated on significant changes pertaining to the relevant regulatory requirements, as well as accounting and auditing standards that affect the Group and the adoption of such changes by Management, including the financial impact of the adoption of the new Malaysian Financial Reporting Standard ("MFRS") 16 – Leases, which came into effect on 1 January 2019.

2. External Audit

The AC in relation to the external audit function, undertook the following:

- Discussed with the External Auditors, the scope of work, timeline of annual 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, deliberated and reported the results of the annual statutory audit to the Board;
- Reviewed the Management Letters from the External Auditors;
- Obtained written assurance with regard to the independence of the External Auditors throughout the audit engagement;
- Reviewed the proposed audit fee for FY2019 and agreed to recommend this to the Board for approval; and
- Reviewed and approved the provision of non-audit services rendered by the External Auditors.

The AC held two (2) meetings with the External Auditors during the year. The External Auditors provided timely updates on audit-related affairs and remained fully appraised of all matters considered by the AC. This included two (2) private sessions without the presence of the MD and Senior Management.

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

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

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

The AC is satisfied that the audit fees amounting to RM205,000 (RM226,000 in 2018) payable to Ernst & Young PLT is appropriate. The audit and non-audit fees paid by the Company and the Group are disclosed on page 78 of the Annual Report 2019.

3. Oversight of The Group's Internal Audit Function

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

Beyond this, the role of the AC pertaining to the internal audit function is as follows:

- Reviews the number of resources and the qualifications of the personnel responsible for the internal audit function and assesses whether the function is being undertaken in accordance with a recognised framework;
- Deliberates on the internal audit reports prepared by DRA, which highlights the audit observations, recommendations and Management's responses. All findings are discussed with Management, and where appropriate, the necessary actions taken to improve the internal controls based on improvement opportunities identified in the internal audit reports; and
- Assesses the performance of DRA based on the AC Evaluation Form, taking into account the scope, adequacy and effectiveness (including the methodology, competency and resources) of the internal audit function.

Summary of Activities Undertaken by the Internal Audit Function

The DRA team of five (5) is headed by Ms. Cheryl Khor, a certified public accountant with vast experience in the areas of financial and operational audits covering internal audits, quality assurance reviews, business process reviews, risk management and corporate governance reviews of public listed companies. The audits performed by DRA are in accordance with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. DRA reports directly to the AC.

In FY2019, DRA conducted quarterly reviews of the Group's internal controls in accordance with the internal audit plan for 2019 based on the operational, compliance and risk-based audit plan that had been approved by the AC.

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

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

During FY2019, DRA audited several key areas, including the following:

- Revenue management including but not limited to reviewing the process, controls and approvals relating to the recording of revenue and cash management, ascertaining the adequacy of segregation of duties, reviewing the revenue reconciliations process and related controls and reviewing the effectiveness of credit control;
- Amway Business Owner ("ABO") management including but not limited to reviewing the monitoring process and controls of ABO related expenses, ascertaining controls over recording of revenue from ABOs and assessing the process of ABO registration and maintenance of relevant information;

Audit Committee Report

- Inventory management including but not limited to reviewing the stockholding procedures, assessing the warehousing management processes as well as assessing the control over the recording and reporting of inventories;
- Payment and disbursements management including but not limited to ascertaining the adequacy of controls and approvals, reviewing the documentation for payment processing, reviewing the recording process, and assessing the timeliness and completeness of the recording and classification of expenses and corresponding liabilities;
- Information Technology ("IT") management including but not limited to reviewing the policies and procedures governing general IT controls, user access management and system authentication controls, reviewing the adequacy and effectiveness of change management procedures and IT project management procedures as well as reviewing the effectiveness of controls for recording, tracking and reporting of eCommerce orders;
- Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading nature including but not limited to reviewing the process of ensuring the validity and completeness of RRPT recording and reviewing the process with regards to RRPT disclosure.

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

4. Other Matters Considered by the AC

During FY2019, the AC also undertook the following:

- Recommended to the Board the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control, Audit Committee Report, Chairman's Statement and Management Discussion and Analysis;
- Reviewed the circular to shareholders in relation to the proposed renewal of shareholders' mandate for RRPT of a Revenue or Trading nature; and
- Reviewed Management's assessment on the Group's application of the Guidelines on Adequate Procedures pursuant to Section 17A(5) of The Malaysian Anti-Corruption Commission Act 2009.

D. AC TRAINING AND EDUCATION

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

During the year, the AC was of the view that the Company was in compliance with the Listing Requirements and as such, the reporting to Bursa Securities pursuant to paragraph 15.16 of the Listing Requirements was not required.

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

With the assistance of the Nominating Committee, the Board has assessed the performance of the AC and its members through an annual AC evaluation and is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the TOR. The assessment was conducted on 26 February 2020.

Statement on Risk Management and Internal Control

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

BOARD RESPONSIBILITY

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

The Group's Enterprise Risk Management process comprises five (5) phases as follows:

Review Business Objectives

Risk Identification

Risk Evaluation

Risk Mitigation

Risk Monitoring & Review

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

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

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

Statement on Risk Management and Internal Control

ENTEPRISE RISK MANAGEMENT FRAMEWORK

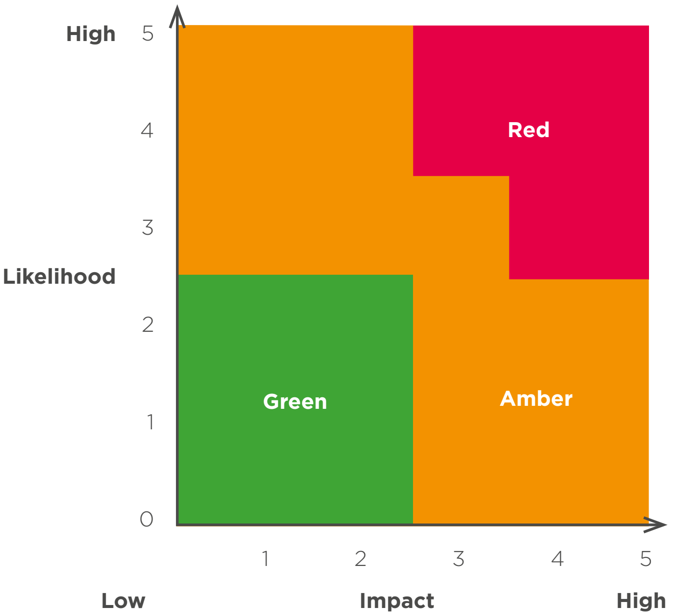
The framework involves multiple levels across the Group. It begins with the respective business units and departments and is then channelled upwards to the Board of Directors.

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

LEVEL	BUSINESS UNIT/OWNER	ROLES AND RESPONSIBILITIES
1st 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. For the financial year under review, the identification of potential new risks and a reassessment of existing risks were performed on a quarterly basis based on the severity and likelihood of the said risks occurring. At the same time, the appropriate mitigation plans were identified. For each of the risks identified, the head of department or manager was assigned to ensure that appropriate risk response actions were carried out in a timely manner.
2nd Level	RMC	During the year, the RMC met four (4) times to review the Group's Corporate Risk Register in accordance with the policy and guidance enshrined in the risk management framework. Over the course of the financial year, the RMC undertook the following: • Reviewed the risk profile and mitigation plans to address significant residual risks; • Monitored significant risks through the review of risk-related performance measures and progress of action plans; • Ensured risk management processes were integrated into all core business processes; and • Provided a consolidated risk and assurance report to the AC and Board to support its system of risk management and internal control. The results of these risk management activities were incorporated in the quarterly report to members of the AC who were briefed by the Managing Director.
3rd Level	Internal and external auditors	The Company's internal audit function has been outsourced to an independent external professional firm, Deloitte Risk Advisory Sdn. Bhd. ("DRA"). The internal audit function plays an integral role in strengthening the risk management and internal controls of the Group. The function reports to the AC on a regular basis and its role is defined based on an approved risk-based internal audit plan. The external audit function performed by Ernst & Young PLT works closely with the AC to address elevated risk areas (if any) that are likely to give rise to a material misstatement of the financial statements or which are perceived to be of a higher risk and require additional audit emphasis.

Statement on Risk Management and Internal Control

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



- **Red quadrant**
  - high possibility of occurring; significant impact.
- **Amber quadrant**
  - low possibility of occurring; significant impact.
  - high possibility of occurring; insignificant impact.
- **Green quadrant**
  - low possibility of occurring; insignificant impact.

CORPORATE RISK REGISTER

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

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

Foreign Exchange Risk	Controls & Mitigation Measures in Place
As a significant portion of our products are imported, primarily from the United States of America ("USA"), the Group is likely to be impacted by any currency fluctuations, particularly the depreciation of the Ringgit against the United States Dollar ("USD"). Any weakening of the Ringgit against the USD would potentially lead to higher import costs, which may translate into an erosion of profits.	Imported products are purchased based on a fixed exchange rate with our headquarters that is negotiated and agreed upon yearly. The senior management continues to negotiate with our headquarters with the objective of setting fair currency exchange rates based on the forecasted rates of major reputable banks. The pre-agreed exchange rate is based on an average of the next 12 month's foreign exchange forecast as provided by a consortium of banks. In addition, the Group maintains a USD-denominated account for payment of USD-denominated transactions. The Group continues to closely monitor all developments pertaining to exchange rates.

Statement on Risk Management and Internal Control

Proliferation of eCommerce	Controls & Mitigation Measures in Place
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.	The Group continues to work closely with the relevant authorities to identify such websites and to ensure the appropriate actions are taken to safeguard the Amway brand, reputation and price margins of our products. The Group has also intensified its engagement efforts with the representatives of numerous eCommerce websites to alert them about this issue so that they may remove Amway products from their platforms. Amway also undertakes strict enforcement including the issuance of warning letters to offending parties and may also withdraw any awards conferred as part of our efforts to deter the unauthorised selling of our products online.

BUSINESS CONTINUITY

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

INSURANCE

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

INTERNAL AUDIT FUNCTION

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

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

During the financial year under review, the internal audit function conducted four (4) internal audit cycles and reported to the AC. Further details of the activities of the internal audit function are provided in the AC Report.

Statement on Risk Management and Internal Control

INTERNAL CONTROLS

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

(a) Group Core Values

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

(b) Code of Ethics

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

(c) Whistleblower Policy

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

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

Audit Committee Chairman, Independent Non-Executive Director ("INED")
En. Abd Malik Bin A Rahman
Email: Abd.Malik@Amway.com

(d) 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.

(e) Written Policies and Procedures

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

Statement on Risk Management and Internal Control

(f) 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 AC reviews the Group's quarterly financial results, together with the Management, and this is subsequently reported to the Board;
- Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to Key Management for the monitoring of performance against strategic plans;
- A reporting system generates monthly performance and variance reports for review by the Management and actions to be taken, where necessary;
- Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues; and
- Management information systems with documented processes, including change requests for computer programmes and access to data files, are also in place.

(g) Information Security and Cyber Resilience

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

To further strengthen the Group's ability to prevent, detect and respond to information security threats in a timely and effective manner, the ISR Team works with external consultants to perform assessments of the Group's information systems. On top of this, the global ISR Team have established a Vulnerability Assessment ("VA") functional team, which focuses on VA activities, including system penetration tests for Amway globally.

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

- Conducted four training sessions on phishing;
- Conducted mandatory employee InfoSafe awareness online training; and
- Organised the Group's Security Day event in October 2019.

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

Statement on Risk Management and Internal Control

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors, Ernst & Young PLT have reviewed this Statement for inclusion in the Annual Report 2019 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 26 February 2020.

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 2019.

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 2019 are as follows:

FEES	Company (RM)	Group (RM)
AUDIT FEES	33,000	205,000
NON-AUDIT FEES	10,000	10,000

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 2019 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

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

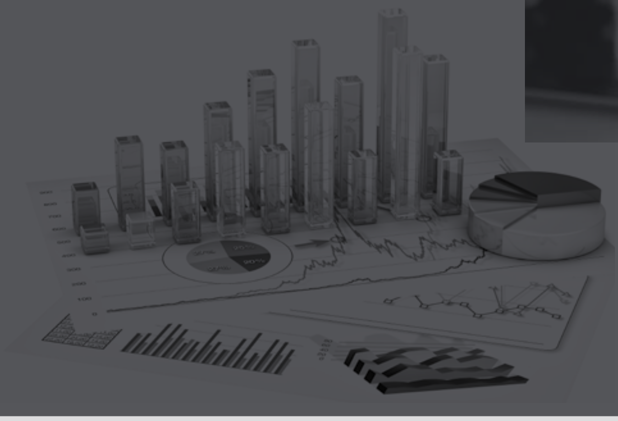
At the Annual General Meeting ("AGM") held on 29 May 2019, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT").

In accordance with Practice Note 12 of the MMLR, details of RRPT conducted for the financial year ended 31 December 2019 pursuant to the shareholders' mandate are as follows:-

Transacting Parties: Related Parties	Transacting 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	342,763
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	2,900
Alticor and Amway International	AMSB and ABSB	AGH, SHI, Amway Nederland and GDA	Procurement of administrative and marketing support services from Alticor and Amway International	21,385
Amway (Singapore) Pte. Ltd. ("Amway (S)")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	a) Sale of products to Amway (S); and b) Provision of administrative and marketing support services to Amway (S)	129 872
Amway Business Services Asia Pacific Sdn. Bhd. ("ABSAP")	AMSB	AGH, SHI, Alticor, Amway International, Amway Nederland and GDA	Procurement of administrative support services from ABSAP	22,287

Notes:

1. ABGIL, a company incorporated in the United States of America ("USA"), is 85%-owned by Alticor Distribution, 14%-owned by Alticor Corporate and 1%-owned by ABGL. Alticor Distribution, a company incorporated in the USA and a wholly-owned subsidiary of Alticor. Alticor Corporate, a company incorporated in the USA and a wholly-owned subsidiary of Alticor. ABGL, a company incorporated in the USA and a wholly-owned subsidiary of Alticor Corporate.
2. Alticor, a company incorporated in the USA, is a wholly-owned subsidiary of SHI which in turn is a wholly-owned subsidiary of AGH.
3. Amway International, a company incorporated in the USA, is a wholly-owned subsidiary of Alticor.
4. Amway (S), a company incorporated in the Republic of Singapore, is a wholly-owned subsidiary of Amway International.
5. ABSAP, a company incorporated in Malaysia, is 99%-owned by GDA and 1%-owned by Amway International.
6. The Company is a 51.70%-owned subsidiary of GDA, a company incorporated in the Netherlands, which in turn is wholly-owned by Amway Nederland. Amway Nederland, a company incorporated in the USA, is a wholly-owned subsidiary of Amway International, which in turn is wholly-owned by Alticor.



FINANCIAL STATEMENTS

Directors' Report

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	51,158	45,835

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 2018 were as follows:

In respect of the financial year ended 31 December 2018 as reported in the directors' report of that year:

	RM'000
Fourth interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 26 February 2019 and paid on 26 March 2019; and	8,219
Special interim tax exempt (single-tier) dividend of 7.5 sen per share, on 164,385,645 ordinary shares, declared on 26 February 2019 and paid on 26 March 2019.	12,329
	20,548

Directors' Report

DIVIDENDS (CONTD.)

In respect of the financial year ended 31 December 2019:

	RM'000
(i) First interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 29 May 2019 and paid on 4 July 2019;	8,219
(ii) Second interim tax exempt (single-tier) dividend of 5.0 sen per share, on 164,385,645 ordinary shares, declared on 21 August 2019 and paid on 26 September 2019; 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 20 November 2019 and paid on 20 December 2019.	8,219
	24,657
	45,205

On 26 February 2020, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2019, of 5.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM8,219,000 and special interim tax exempt (single-tier) dividend of 7.5 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM12,329,000.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

DIRECTORS

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

Tan Sri Faizah Binti Mohd Tahir	(Chairperson, re-designated on 29 May 2019)
Michael Jonathan Duong	(Managing Director)
Low Han Kee	
Scott Russell Balfour	
Dato' Abdullah Thalith Bin Md. Thani	
Abd Malik Bin A Rahman	(Appointed on 1 January 2019)
Datin Azreen Binti Abu Noh	(Appointed on 26 February 2019)
Aida Binti Md. Daud	(Appointed on 21 August 2019)
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	(Resigned on 1 January 2019)
Dato' Ab. Halim Bin Mohyiddin	(Chairman, retired on 29 May 2019)
Mohammad Bin Hussin	(Resigned on 21 August 2019)

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

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

Directors' Report

REMUNERATION COMMITTEE

The Remuneration Committee comprises wholly non-executive directors with the majority being independent directors.

The members of the Remuneration Committee comprise the following directors:

Scott Russell Balfour	
Tan Sri Faizah Binti Mohd Tahir	(Appointed on 29 May 2019)
Datin Azreen Binti Abu Noh	(Appointed on 26 February 2020)
Dato' Abdullah Thalith Bin Md Thani	(Resigned on 26 February 2020)

DIRECTORS' BENEFITS

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

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

INDEMNITIES TO DIRECTORS AND OFFICERS

The Company maintained a Directors' and Officers' Liability insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and for the Group. The total amount of insurance premium effected for any director and officer of the Company or the Group as at the financial year end was RM24,555 and the total amount of sum insured was RM41,550,000. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' INTERESTS

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

		Number of ordinary shares			
		At 1.1.2019	Addition	Disposal	At 31.12.2019
Amway (B) Sdn. Bhd.					
Michael Jonathan Duong	#	1	-	-	1

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

IMMEDIATE, ULTIMATE AND PENULTIMATE HOLDING COMPANIES

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

Directors' Report

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) 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.

EVENTS AFTER THE REPORTING DATE

Details of events after the reporting date are disclosed in Note 32 to the financial statements.

AUDITORS

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

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

Directors' Report

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 12 May 2020.

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 91 to 144 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 2019 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 12 May 2020.

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 91 to 144 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 12 May 2020

Ng Ai Lee
MIA 16684

Before me,

Independent Auditors' Report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Amway (Malaysia) Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 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 91 to 144.

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 2019, 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.

Systems Integration and Data Integrity

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

1) Revenue and cost of goods sold

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

Independent Auditors' Report

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

Key audit matters (Contd.)

Systems Integration and Data Integrity (Contd.)

2) Provision for and expenses relating to commissions and bonuses

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

3) Trade receivables

The trade receivables balance of the Group is highly integrated with its sales system. The Group uses the information technology system to keep track of the trade receivable balances and relies on the information provided for the purpose of trade receivable impairment assessment.

4) Inventories

As of 31 December 2019, the total inventories of the Group amounted to RM117,091,000 representing 34% and 26% of current assets and total assets respectively. The allowance for obsolete inventories relate mainly to slow moving goods, promotional and seasonal products which are only available for sale for certain period.

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

5) Cash and bank balances

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

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

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

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 identified above 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, related safeguards.

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. 03370/05/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
12 May 2020

Statements of Comprehensive Income

For the financial year ended 31 December 2019

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	4	**966,327**	972,272	**44,729**	44,374
Cost of sales	5	**(722,440)**	(731,984)	**-**	-
Gross profit		**243,887**	240,288	**44,729**	44,374
Other income	6	**6,230**	6,556	**3,103**	3,304
Distribution expenses		**(51,507)**	(50,516)	**-**	-
Selling and administrative expenses		**(133,371)**	(126,147)	**(1,250)**	(1,245)
Finance costs	7	**(688)**	-	**-**	-
Profit before tax	8	**64,551**	70,181	**46,582**	46,433
Income tax expense	11	**(13,393)**	(15,671)	**(747)**	(675)
Profit net of tax, representing profit attributable to owners of the parent		**51,158**	54,510	**45,835**	45,758
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the year, net of tax		**21**	4	**-**	-
Total comprehensive income for the year, attributable to owners of the parent		**51,179**	54,514	**45,835**	45,758
Earnings per share attributable to owners of the parent (sen per share)					
- Basic	12	**31.12**	33.16		

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

Statements of Financial Position

As at 31 December 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	14	**58,458**	59,473	**-**	-
Intangible assets	15	**11,605**	4,782	**-**	-
Right-of-use assets	25	**9,018**	-	**-**	-
Investment in subsidiaries	16	**-**	-	**86,202**	86,202
Deferred tax assets	17	**18,321**	12,786	**-**	-
		97,402	77,041	**86,202**	86,202
Current assets					
Inventories	18	**117,091**	99,353	**-**	-
Tax recoverable		**-**	4,846	**-**	-
Trade and other receivables	19	**44,748**	45,182	**31**	145
Contract assets	20	**469**	-	**-**	-
Cash and cash equivalents	21	**183,398**	176,719	**89,264**	88,528
		345,706	326,100	**89,295**	88,673
Total assets		**443,108**	403,141	**175,497**	174,875
Equity and liabilities					
Equity					
Share capital	22	**166,436**	166,436	**166,436**	166,436
Foreign currency translation reserves		**642**	621	**-**	-
Retained earnings	23	**55,500**	49,547	**8,491**	7,861
Total equity attributable to owners of the parent		**222,578**	216,604	**174,927**	174,297
Non-current liability					
Lease liabilities	25	**5,963**	-	**-**	-
Current liabilities					
Trade and other payables	24	**195,972**	169,611	**541**	512
Contract liabilities	20	**13,301**	16,643	**-**	-
Lease liabilities	25	**3,131**	-	**-**	-
Tax payable		**2,163**	283	**29**	66
		214,567	186,537	**570**	578
Total liabilities		**220,530**	186,537	**570**	578
Total equity and liabilities		**443,108**	403,141	**175,497**	174,875

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

Statements of Changes in Equity

For the financial year ended 31 December 2019

	Share capital RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group				
At 1 January 2019	**166,436**	**621**	**49,547**	**216,604**
Total comprehensive income	**-**	**21**	**51,158**	**51,179**
Transaction with owners				
Dividends on ordinary shares (Note 13)	**-**	**-**	**(45,205)**	**(45,205)**
At 31 December 2019	**166,436**	**642**	**55,500**	**222,578**
At 1 January 2018	166,436	617	**40,242**	207,295
Total comprehensive income	-	4	**54,510**	54,514
Transaction with owners				
Dividends on ordinary shares (Note 13)	-	-	**(45,205)**	(45,205)
At 31 December 2018	166,436	621	**49,547**	216,604

	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
Company			
At 1 January 2019	**166,436**	**7,861**	**174,297**
Total comprehensive income	**-**	**45,835**	**45,835**
Transaction with owners			
Dividends on ordinary shares (Note 13)	**-**	**(45,205)**	**(45,205)**
At 31 December 2019	**166,436**	**8,491**	**174,927**
At 1 January 2018	166,436	7,308	173,744
Total comprehensive income	-	45,758	45,758
Transaction with owners			
Dividends on ordinary shares (Note 13)	-	(45,205)	(45,205)
At 31 December 2018	166,436	7,861	174,297

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

Statements of Cash Flows

For the financial year ended 31 December 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000 Restated	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	**64,551**	70,181	**46,582**	46,433
Adjustments for:				
Property, plant and equipment				
- depreciation	**6,174**	6,723	**-**	-
- gain on disposals	**(95)**	(5)	**-**	-
- written off	**180**	41	**-**	-
Amortisation of intangible assets	**222**	-	**-**	-
Depreciation of right-of-use assets	**3,088**	-	**-**	-
Impairment of goodwill	**1,487**	-	**-**	-
Finance costs	**688**	-	**-**	-
Interest income	**(6,008)**	(5,954)	**(3,103)**	(3,304)
Dividend income	**-**	-	**(44,729)**	(44,374)
Net reversal of expected credit losses	**(118)**	(163)	**-**	-
Bad debts written off	**9**	400	**-**	-
Allowance for inventory obsolescence	**3,436**	2,992	**-**	-
Inventories written-off	**1,884**	736	**-**	-
Net changes in provision for assurance-type warranties	**(1,064)**	1,309	**-**	-
Unrealised foreign exchange (gain)/loss	**(10)**	117	**-**	-
Operating profit/(loss) before working capital changes	**74,424**	76,377	**(1,250)**	(1,245)
(Increase)/decrease in inventories	**(23,058)**	23,078	**-**	-
Decrease/(increase) in receivables and contract assets	**4,714**	175	**114**	(14)
(Decrease)/increase in payables and contract liabilities	**(7,534)**	(1,950)	**29**	42
Net changes in related companies balance	**29,725**	(30,311)	**-**	-
Net changes in penultimate holding company balance	**(3,043)**	5,670	**-**	-
Cash generated from/(used in) operations	**75,228**	73,039	**(1,107)**	(1,217)
Finance cost paid	**(588)**	-	**-**	-
Tax refund	**9,242**	94	**-**	94
Tax paid	**(21,444)**	(14,901)	**(784)**	(804)
Net cash generated from/(used in) operating activities	**62,438**	58,232	**(1,891)**	(1,927)

Statements of Cash Flows

For the financial year ended 31 December 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000 Restated	RM'000	RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	**(6,439)**	(5,573)	**-**	-
Purchase of intangible assets	**(7,433)**	-	**-**	-
Proceeds from disposals of property, plant and equipment	**96**	60	**-**	-
Dividend received	**-**	-	**44,729**	44,374
Interest received	**6,008**	5,954	**3,103**	3,304
Net cash (used in)/generated from investing activities	**(7,768)**	441	**47,832**	47,678
Cash flows from financing activities				
Payment of principal portion of lease liabilities	**(2,809)**	-	**-**	-
Dividends paid	**(45,205)**	(45,205)	**(45,205)**	(45,205)
Net cash used in financing activities	**(48,014)**	(45,205)	**(45,205)**	(45,205)
Net increase in cash and cash equivalents	**6,656**	13,468	**736**	546
Effects of foreign exchange rate changes	**23**	(151)	**-**	-
Cash and cash equivalents at beginning of year	**176,719**	163,402	**88,528**	87,982
Cash and cash equivalents at end of year (Note 21)	**183,398**	176,719	**89,264**	88,528

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

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 2019 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 May 2020.

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 2019, the Group and the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2019.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 9 Prepayment Features With Negative Compensations (Amendments to MFRS 9)	1 January 2019
MFRS 128 Long-term Interest in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlements (Amendments to MFRS 119)	1 January 2019

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Standards and Interpretations issued and adopted (Contd.)

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

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 and IC 4 at the date of initial application.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effects of adopting MFRS 16 to the statements of financial position of the Group as at 1 January 2019 are as follows:

Consolidated statements of financial position

	As at 31 December 2018 RM'000	Effects of adoption of MFRS 16 RM'000	As at 1 January 2019 RM'000
Assets			
Right-of-use assets	-	8,837	8,837
Current liabilities			
Lease liabilities	-	2,606	2,606
Non-current liabilities			
Lease liabilities	-	6,231	6,231

There is no impact to the Group's retained earnings as at 1 January 2019.

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Standards and Interpretations issued and adopted (Contd.)

MFRS 16 Leases (Contd.)

(a) Impact of adoption of MFRS 16

The Group has lease contracts for various items of premises and office equipment. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

(i) Leases previously classified as finance lease

The Group does not have leases previously classified as finance lease.

(ii) Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application;
- applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Notes to the Financial Statements
For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Standards and Interpretations issued and adopted (Contd.)

MFRS 16 Leases (Contd.)

(a) Impact of adoption of MFRS 16 (Contd.)

(ii) Leases previously accounted for as operating leases (Contd.)

Based on the above, as at 1 January 2019:

- Right-of-use assets of RM8,837,000 arising from present value of future lease payment were recognised and presented separately in the statements of financial position.

- Additional lease liabilities of RM8,837,000 were recognised and presented separately in the statements of financial position.

The lease liabilities of the Group as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	Group RM'000
Operating lease commitments disclosed as at 31 December 2018	5,499
Short-term leases and low-value leases recognised on a straight-line basis as expense	(352)
	5,147
Weighted average incremental borrowing rate as at 1 January 2019	6%
Discounted using the incremental borrowing rate as at 1 January 2019	4,910
Extension options reasonably certain to exercise	3,927
Lease liabilities recognised as at 1 January 2019	8,837

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 101 and MFRS 108: Definition of Material (Amendments to MFRS 101 and 108)	1 January 2020
MFRS 3: Definition of a Business (Amendments to MFRS 3)	1 January 2020
MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Standards issued but not yet effective (Contd.)

Description	Effective for annual periods beginning on or after
Conceptual Framework: Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
MFRS 101: Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	1 January 2022
MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

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

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).

Notes to the Financial Statements

For the financial year ended 31 December 2019

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:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

2.5 Intangible assets

(a) Goodwill

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

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

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

(b) Other intangible assets

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

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 least 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Intangible asset (Contd.)

(b) Other intangible assets (Contd.)

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

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

(i) Computer software

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

(ii) Research and development - Internally developed software

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

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

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

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

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

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

Capitalised development costs	3 years

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. 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.

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

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

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

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

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

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

2.7 Inventories

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

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

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

2.8 Leases

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.8 Leases (Contd.)

(a) Group as a lessee

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

(i) Right-of-use assets

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

Premises	3 to 5 years
Other equipment	3 to 5 years

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

(ii) Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicits 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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.8 Leases (Contd.)

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.9 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(a) Provision for restoration cost

The Group records a provision for restoration costs of renovation performed on rented premises. Restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the restoration liability. The unwinding of the discount is expensed as incurred and recognised in the profit or loss as a finance cost. The estimated future costs of restoration are reviewed annually and adjusted as appropriate.

(b) Provision for warranty

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

2.10 Income taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.10 Income taxes (Contd.)

(b) Deferred tax (Contd.)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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 Goods and services tax (“GST”) and Sales and services tax (“SST”)

Revenues are recognised net of the amount of GST. Expenses and assets are recognised net of the amount of GST, except for the GST incurred in purchase of assets or services which is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.11 Goods and services tax ("GST") and Sales and services tax ("SST") (Contd.)

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 GST and SST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.12 Revenue recognition

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

(a) Sales of consumable products

Revenue from sales of consumable products 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.

- Right 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

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 one year. As the Group's sales of goods are either on cash term or on credit term of up to 90 days, no adjustment is made for any financing component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.12 Revenue recognition (Contd.)

(a) Sales 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 ABOs for their future acquisition of goods at discounted price. As the option provides a material right to the ABOs that they would not receive without entering into the contract, it is considered a separate performance obligation. As such, the Group only recognises the allocated revenue when those future goods are transferred or the option expires.

(b) Revenue from sign up and renewals

Revenue from component of registration fees and sales kits from the sign up is recognised upon the transfer of control of goods and services to the ABOs, whilst the annual fees component is recognised over the period of subscription. The renewal fees is recognised over the period of subscription.

(c) Warranty obligations

The Group provides warranties for durables 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 accounting policy for provision for warranty is set out in Note 2.9(b).

(d) Interest income

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

(e) Dividend income

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

2.13 Foreign currencies

(a) Functional and presentation currencies

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

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.13 Foreign currencies (Contd.)

(b) Transactions and balances (Contd.)

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, 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:

	2019 RM	2018 RM
United States Dollar	4.0890	4.1300
Korean Won	0.0035	0.0037
Singapore Dollar	3.0397	3.0339
Brunei Dollar	3.0397	3.0339

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 the 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 the profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.14 Impairment of non-financial assets (Contd.)

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment test for goodwill is performed by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates to. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.15 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the fund do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. The Group's foreign subsidiary company also makes contributions to their respective country's statutory pension schemes. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Long-Term Incentive Plan

The Group has a Long-Term Incentive Plan ("LTIP") Scheme for key management personnel of the Group. At the beginning of each fiscal year, a new three-year class will begin where incentive plan will be established for each LTIP participant. The incentive based upon the achievement of financial performance measures are distributed at the end of the three-year class.

2.16 Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.16 Financial assets (Contd.)

(a) Initial recognition and measurement (Contd.)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

(i) Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.16 Financial assets (Contd.)

(c) Derecognition (Contd.)

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

(a) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(b) Subsequent measurement

Trade and other payables are subsequently measured at amortised cost using the effective interest rates (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability expires, or is discharged or cancelled. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.17 Financial liabilities (Contd.)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.18 Cash and cash equivalents

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

2.19 Contract assets and contract liabilities

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

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

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 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”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.21 Impairment of financial assets (Contd.)

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

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

2.22 Fair Value Measurement

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

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

(i) in the principal market for the asset or liability; or

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

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

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

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).

Notes to the Financial Statements

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.22 Fair Value Measurement (Contd.)

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.

2.24 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.

(i) 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 crystalise. 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.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use ("VIU") of the CGU to which the goodwill is allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to apply a discount rate that reflects the specific risk relating to the respective CGU in order to calculate the present value of those cash flows. Details of the goodwill are disclosed in Note 15.

(iii) Provisions for expected credit losses ("ECLs") of trade and other receivables and contract assets

The Group uses the simplified approach to estimate a lifetime expected credit losses for all trade and other receivables and contract assets. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information.

To determine whether there is a significant increase in credit risks, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Where there is a significant increase in credit risk, the Group determines the lifetime expected credit losses by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or in full when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

In assessing credit risks for purposes of applying the ECL model, the Group considers the need to incorporate forward-looking factors and to estimate the probability of default, which are likely to be judgemental and subject to estimation uncertainties.

The information about the ECLs on the Group's trade and other receivables and contract assets are disclosed in Notes 19 and 20 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTD.)

(b) Key sources of estimation uncertainty (Contd.)

(iv) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

(v) Leases - Determining the lease term of the contracts with extension and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonable certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of premises when they are reasonably certain to be exercised. In addition, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

4. REVENUE

	Group		Company	
	2019	2018	2019	2018
	RM’000	RM’000	RM’000	RM’000
Revenue from contracts with customers	**966,327**	972,272	**-**	-
Revenue from other source:				
- Dividend income from a subsidiary	**-**	-	**44,729**	44,374
	966,327	972,272	**44,729**	44,374

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. REVENUE (CONTD.)

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

	Group	
	2019	2018
	RM'000	RM'000
Sales of consumer products	**949,199**	956,428
Sign up and renewal fees and other service fees	**17,128**	15,844
	966,327	972,272
Timing of revenue recognition:		
At point in time	**952,350**	958,734
Over time	**13,977**	13,538
	966,327	972,272

5. COST OF SALES

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

6. OTHER INCOME

Included in other income are the following:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income on deposits with licensed bank	6,008	5,954	3,103	3,304
Realised gain on foreign exchange	-	283	-	-
Gain on disposal of property, plant and equipment	95	5	-	-

7. FINANCE COSTS

	Group	
	2019	2018
	RM'000	RM'000
Unwinding of discount on provisions (Note 24)	**100**	-
Interest expense on lease liabilities (Note 25)	**588**	-
	688	-

Notes to the Financial Statements

For the financial year ended 31 December 2019

8. PROFIT BEFORE TAX

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense (Note 9)	**36,695**	41,596	**-**	-
Executive directors' remuneration excluding benefits-in-kind (Note 10)	**2,463**	3,672	**-**	-
Non-executive directors' remuneration excluding benefits-in-kind (Note 10)	**539**	527	**539**	527
Auditors' remuneration				
- statutory	**205**	226	**33**	31
- other services	**10**	11	**10**	11
Allowance for inventory obsolescence	**3,436**	2,992	**-**	-
Inventories written off	**1,884**	736	**-**	-
Expenses relating to short term lease and leases low-value assets (Note 25)	**266**	-	**-**	-
Variable lease payments (Note 25)	**111**	-	**-**	-
Rental of premises	**-**	3,137	**-**	-
Net realised loss on foreign exchange	**86**	-	**-**	-
Net unrealised (gain)/loss on foreign exchange	**(10)**	117	**-**	-
Property, plant and equipment				
- depreciation (Note 14)	**6,174**	6,723	**-**	-
- gain on disposal	**(95)**	(5)	**-**	-
- written off	**180**	41	**-**	-
Amortisation of intangible assets (Note 15)	**222**	-	**-**	-
Depreciation of right-of-use assets (Note 25)	**3,088**	-	**-**	-
Impairment of goodwill (Note 15)	**1,487**	-	**-**	-
Net reversal of expected credit losses on receivables (Note 19)	**(118)**	(163)	**-**	-
Bad debt written off	**9**	400	**-**	-
Net changes in provision for assurance-type warranties (Note 24)	**(1,064)**	1,309		
Support charges received/receivable from related companies (Note 28)	**(872)**	(616)	**-**	-
Support charges paid/payable to related companies (Note 28)	**43,672**	43,956	**-**	-

Notes to the Financial Statements

For the financial year ended 31 December 2019

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2019	**2018**
	RM'000	**RM'000**
Wages, salaries and bonus	**28,059**	31,932
Defined contribution plan	**4,307**	4,693
Social security contributions	**607**	453
Other benefits	**3,992**	4,518
	36,965	41,596

Included in employee benefits expense of the Group are executive directors' remuneration (excluding benefits-in-kind) amounting to RM2,463,000 (2018: RM3,672,000) as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive directors' remuneration (Note 9)				
- Other emoluments	**2,463**	3,672	**-**	-
Non-executive directors' remuneration				
- Fees	**496**	479	**496**	479
- Other emoluments	**43**	48	**43**	48
	539	527	**539**	527
Total directors' remuneration	**3,002**	4,199	**539**	527
Estimated monetary value of benefits-in-kind	**441**	402	**8**	4
Total directors' remuneration including benefits-in-kind	**3,443**	4,601	**547**	531

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive:				
- Salaries and other emoluments	**1,720**	2,061	**-**	-
- Bonus	**743**	1,568	**-**	-
- Allowances	**-**	43	**-**	-
- Estimated monetary value of benefits-in-kind	**433**	398	**-**	-
	2,896	4,070	**-**	-

Notes to the Financial Statements
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10. DIRECTORS' REMUNERATION (CONTD.)

The details of remuneration receivable by directors of the Company during the year are as follows: (Contd.)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-Executive:				
- Fees	**496**	479	**496**	479
- Allowances	**43**	48	**43**	48
- Estimated monetary value of benefits-in-kind	**8**	4	**8**	4
	547	531	**547**	531
Total directors' remuneration	**3,443**	4,601	**547**	531

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	
	2019	2018
Executive directors:		
RM1,300,001 - RM1,400,000	**-**	1
RM2,600,001 - RM2,700,000	**-**	1
RM2,700,001 - RM2,900,000	**1**	-
Non-executive directors:		
RM0 - RM50,000	**4**	1
RM50,001 - RM100,000	**5**	5
RM100,001 - RM150,000	**1**	1
	11	9

Notes to the Financial Statements

For the financial year ended 31 December 2019

11. INCOME TAX EXPENSE

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense:				
- Malaysian income tax	**16,998**	18,678	**735**	771
- Foreign tax	**240**	73	**-**	-
	17,238	18,751	**735**	771
Under/(Over) provision in prior years:				
- Malaysian income tax	**1,671**	(951)	**12**	(96)
- Foreign tax	**19**	6	**-**	-
	1,690	(945)	**12**	(96)
	18,928	17,806	**747**	675
Deferred tax (Note 17):				
- Relating to origination and reversal of temporary differences	**(188)**	(2,135)	**-**	-
- Overprovision in prior years	**(5,347)**	-	**-**	-
	(5,535)	(2,135)	**-**	-
Total income tax expense	**13,393**	15,671	**747**	675

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction. Company in Brunei is taxed where for the first BND100,000 of the chargeable income, only 25% is taxable, the next BND150,000 only 50% is taxable and 100% is taxable for any remaining balance. The income tax rate applicable to company in Brunei is 18.5% (2018: 18.5%).

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For the financial year ended 31 December 2019

11. INCOME TAX EXPENSE (CONTD.)

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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax	**64,551**	70,181	**46,582**	46,433
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	**15,492**	16,843	**11,180**	11,144
Effect of difference in tax rate and tax structure in other jurisdiction	**(29)**	(6)	**-**	-
Income not subject to tax	**(113)**	(2,263)	**(10,735)**	(10,650)
Expenses not deductible for tax purposes	**1,700**	2,042	**290**	277
Under/(Over) provision of tax expense in prior years	**1,690**	(945)	**12**	(96)
Overprovision of deferred tax expense in prior years	**(5,347)**	-	**-**	-
Income tax expense	**13,393**	15,671	**747**	675

12. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2019	2018
Profit attributable to ordinary equity holders of the Company (RM'000)	**51,158**	54,510
Weighted average number of ordinary shares in issue (number '000)	**164,386**	164,386
Basic earnings (sen per share)	**31.12**	33.16

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

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For the financial year ended 31 December 2019

13. DIVIDENDS ON ORDINARY SHARES

	Sen per share	Total amount RM'000	Date of payment
Recognised in the financial year ended 31 December 2019			
Interim tax exempt (single-tier):			
Fourth interim 2018	**5.00**	**8,219**	26 March 2019
Special interim 2018	**7.50**	**12,329**	26 March 2019
First interim 2019	**5.00**	**8,219**	04 July 2019
Second interim 2019	**5.00**	**8,219**	26 September 2019
Third interim 2019	**5.00**	**8,219**	20 December 2019
		45,205	
Recognised in the financial year ended 31 December 2018			
Interim tax exempt (single-tier):			
Fourth interim 2017	5.00	8,219	28 March 2018
Special interim 2017	7.50	12,329	28 March 2018
First interim 2018	5.00	8,219	13 June 2018
Second interim 2018	5.00	8,219	19 September 2018
Third interim 2018	5.00	8,219	12 December 2018
		45,205	

On 26 February 2020, the directors declared a fourth interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2019, of 5.0 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM8,219,000 and special interim tax exempt (single-tier) dividend of 7.5 sen per share on 164,385,645 ordinary shares, amounting to a dividend payable of approximately RM12,329,000.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

Notes to the Financial Statements

For the financial year ended 31 December 2019

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land and improvements RM'000	Buildings RM'000	Building improvements RM'000	Leasehold fixtures and improvements RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2019									
Cost									
At 1 January 2019	1,420	17,356	33,291	21,292	6,385	40,228	834	4,404	125,210
Additions	-	-	-	-	-	15	406	6,018	6,439
Disposals	-	-	-	-	-	(88)	(227)	-	(315)
Write-offs	-	-	-	(783)	(268)	(1,982)	-	-	(3,033)
Transfer in/(out)	-	2,718	-	827	45	1,685	-	(8,179)	(2,904)
At 31 December 2019	1,420	20,074	33,291	21,336	6,162	39,858	1,013	2,243	125,397
Accumulated depreciation									
At 1 January 2019	-	5,299	6,509	15,846	5,291	32,064	728	-	65,737
Charge for the year (Note 8)	-	472	666	1,631	630	2,588	187	-	6,174
Disposals	-	-	-	-	-	(87)	(227)	-	(314)
Write-offs	-	-	-	(723)	(268)	(1,862)	-	-	(2,853)
Transfer in/(out)	-	815	-	(815)	-	(1,805)	-	-	(1,805)
At 31 December 2019	-	6,586	7,175	15,939	5,653	30,898	688	-	66,939
Net carrying amount	1,420	13,488	26,116	5,397	509	8,960	325	2,243	58,458

Included in the cost of property, plant and equipment of the Group are cost of fully depreciated property, plant and equipment which are still in use amounting to RM47,098,000 (2018: RM25,501,000).

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Freehold land RM'000	Long term leasehold land and improvements RM'000	Buildings RM'000	Building improvements RM'000	Leasehold fixtures and improvements RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2018									
Cost									
At 1 January 2018	1,420	17,356	33,291	20,685	6,533	40,778	834	1,546	122,443
Additions	-	-	-	509	24	615	-	4,425	5,573
Disposals	-	-	-	-	-	(500)	-	-	(500)
Write-offs	-	-	-	-	(723)	(1,559)	-	-	(2,282)
Transfer in/(out)	-	-	-	98	551	918	-	(1,567)	-
Effect of movements in exchange rates	-	-	-	-	-	(24)	-	-	(24)
At 31 December 2018	1,420	17,356	33,291	2 1,292	6,385	40,228	834	4,404	125,210
Accumulated depreciation									
At 1 January 2018	-	4,759	5,843	14,012	5,295	31,211	605	-	61,725
Charge for the year (Note 8)	-	540	666	1,834	719	2,841	123	-	6,723
Disposals	-	-	-	-	-	(445)	-	-	(445)
Write-offs	-	-	-	-	(723)	(1,518)	-	-	(2,241)
Effect of movements in exchange rates	-	-	-	-	-	(25)	-	-	(25)
At 31 December 2018	-	5,299	6,509	15,846	5,291	32,064	728	-	65,737
Net carrying amount	1,420	12,057	26,782	5,446	1,094	8,164	106	4,404	59,473

Notes to the Financial Statements

For the financial year ended 31 December 2019

15. INTANGIBLE ASSETS

Group	Computer Software RM'000	Development Costs RM'000	Goodwill RM'000	Total RM'000
At 31 December 2019				
Cost				
At 1 January 2019	-	-	4,782	4,782
Additions	51	7,382	-	7,433
Transfer in	1,850	1,054	-	2,904
Write-offs	(355)	-	-	(355)
At 31 December 2019	1,546	8,436	4,782	14,764
Accumulated amortisation/impairment:				
At 1 January 2019	-	-	-	-
Amortisation (Note 8)	26	196	-	222
Transfer in	1,805	-	-	1,805
Write-offs	(355)	-	-	(355)
Impairment (Note 8)	-	-	1,487	1,487
At 31 December 2019	1,476	196	1,487	3,159
Net carrying amount	70	8,240	3,295	11,605

Included in the cost of intangible assets of the Group are cost of fully amortised intangible assets which are still in use amounting to RM1,423,000.

Group	Goodwill RM'000	Total RM'000
At 31 December 2018		
Cost		
At 1 January 2018/31 December 2018	4,782	4,782
Accumulated amortisation/impairment:		
At 1 January 2018/31 December 2018	-	-
Net carrying amount	4,782	4,782

15. INTANGIBLE ASSETS (CONTD.)

(a) Goodwill

This represents the goodwill arising from acquisition of Amway (B) Sdn. Bhd. which represents a CGU on its own.

For the purpose of impairment testing, goodwill is allocated to Amway (B) Sdn. Bhd., as a CGU on its own.

The Group performed a review on the recoverable amount of goodwill during the financial year. The Group considers the Brunei ABOs' momentum have a direct impact on its sales performance. The softer momentum had led to slower sales demand and eventually it shows an indication of impairment.

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 projected cash flows have been updated to reflect the softer sales demand.

Impairment loss recognised

The carrying amount of the CGU amounting to RM4,782,000 was determined to be higher than its recoverable amount of RM3,295,000 and an impairment loss of RM1,487,000 (2018: RM nil) was recognised.

Sensitivity to changes in assumptions

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:

- Cash flows were projected based on actual operating results and the five-year financial budget which has reflected the softer sales demands.

- The CGU will continue its operation indefinitely with terminal growth rate of nil (2018: nil).

- The size of operation will remain with at least or not lower than the current results.

- The pre-tax discount rates applied to the pre-tax cash flows, as determined by the Group, is in line with the CGU's primary economic and financial environment in the country it operates. The discount rate used is 13% (2018: 13%).

The VIU calculation remains sensitive towards possible negative changes in any assumptions indicated above due to the unanticipated economic changes. Any reverse change in the key assumptions would result in further impairment loss.

Notes to the Financial Statements

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16. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	**86,202**	86,202

Details of the subsidiaries are as follows:

Name of subsidiaries	Proportion of ownership interest 2019 %	Proportion of ownership interest 2018 %	Principal activities
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

* Audited by a member firm of Ernst & Young Global in Brunei Darussalam

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

17. DEFERRED TAX

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	**12,786**	10,651	**-**	-
Recognised in profit or loss (Note 11)	**5,535**	2,135	**-**	-
At end of financial year	**18,321**	12,786	**-**	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	**18,321**	12,786	**-**	-
Deferred tax liabilities	**-**	-	**-**	-
	18,321	12,786	**-**	-

17. DEFERRED TAX (CONTD.)

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 asset and others RM'000	Total RM'000
At 1 January 2018	(5,490)	(499)	(5,989)
Recognised in profit or loss	146	-	146
	(5,344)	(499)	(5,843)
Less: Set-off of deferred tax assets			(5,843)
At 31 December 2018			-
At 1 January 2019	**(5,344)**	**(499)**	**(5,843)**
Recognised in profit or loss	**4,465**	**(1,665)**	**2,800**
	(879)	**(2,164)**	**(3,043)**
Less: Set-off of deferred tax assets			**3,043**
At 31 December 2019			**-**

Deferred tax assets of the Group:

	Lease liabilities RM'000	Contract liabilities RM'000	Accrued expenses and others RM'000	Total RM'000
At 1 January 2018	-	1,992	14,648	16,640
Recognised in profit or loss	-	1,987	2	1,989
	-	3,979	14,650	18,629
Less: Set-off of deferred tax liabilities				(5,843)
At 31 December 2018				12,786
At 1 January 2019	**-**	**3,979**	**14,650**	**18,629**
Recognised in profit or loss	**2,182**	**(981)**	**1,534**	**2,735**
	2,182	**2,998**	**16,184**	**21,364**
Less: Set-off of deferred tax liabilities				**(3,043)**
At 31 December 2019				**18,321**

Notes to the Financial Statements

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18. INVENTORIES

	Group	
	2019	2018
	RM'000	RM'000
Consumer products:		
At cost	**115,736**	99,335
At net realisable value	**1,355**	18
	117,091	99,353

During the financial year, inventories recognised as cost of sales amounted to RM473,613,000 (2018: RM500,231,000).

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	**10,657**	10,640	**-**	-
Due from related companies	**31**	649	**-**	-
	10,688	11,289	**-**	-
Less: Allowance for expected credit losses	**(604)**	(722)	**-**	-
Trade receivables, net	**10,084**	10,567	**-**	-
Other receivables				
Due from penultimate holding company	**149**	-	**-**	-
Due from related companies	**27,403**	22,302	**-**	-
Sundry receivables	**2,705**	4,920	**11**	125
Deposits	**1,424**	1,410	**5**	5
Prepayments	**2,983**	5,983	**15**	15
	34,664	34,615	**31**	145
Total trade and other receivables	**44,748**	45,182	**31**	145
Add: Cash and cash equivalents (Note 21)	**183,398**	176,719	**89,264**	88,528
Less: Prepayments	**(2,983)**	(5,983)	**(15)**	(15)
Less: Goods and service tax	**(1,416)**	(1,606)	**-**	-
Total financial assets, carried at amortised cost	**223,747**	214,312	**89,280**	88,658

(a) Trade receivables

Trade receivables are non-interest bearing and a significant amount of the outstanding balance is repayable by way of monthly installment plans within 90 (2018: 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.

19. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (Contd.)

Ageing analysis of trade receivables

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

	Group	
	2019	2018
	RM'000	RM'000
Neither past due nor impaired	**10,084**	10,567
Impaired	**604**	722
	10,688	11,289

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 losses 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	
	2019	2018
	RM'000	RM'000
At beginning of financial year	**722**	919
Net change for the year (Note 8)	**(118)**	(163)
Written off for the year	**-**	(34)
At end of financial year	**604**	722

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 (2018: 30 to 90) days from the date of invoice. The non-trade amounts due from related companies are mainly in respect of leases, support charges and payments made on behalf. These amounts are to be settled in cash.

Further details on related party transactions are disclosed in Note 28.

Other information on credit risks are disclosed in Note 29(d).

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20. CONTRACT BALANCES

	Group	
	2019 RM'000	2018 RM'000
Current		
Contract assets	**469**	-
Contract liabilities	**(13,301)**	(16,643)

(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	
	2019 RM'000	2018 RM'000
Deferred sign up and renewal fees (Note (i))	**8,530**	8,613
Deferred product sales (Note (ii))	**3,291**	7,645
Others (Note (iii))	**1,480**	385
	13,301	16,643

(i) Deferred sign up and renewal fees

Contract liabilities of deferred sign up 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.

(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.

(iii) Others

The sales and marketing plan of the Group includes offering coupons to the ABOs for their future acquisition of goods at discounted price. The option provides a material right to the customer. The Group recognises the allocated revenue when those future goods are transferred or when the option expires.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash on hand and at banks	**111,153**	23,286	**84,264**	1,156
Deposits with licensed banks	**72,245**	153,433	**5,000**	87,372
Total cash and cash equivalents	**183,398**	176,719	**89,264**	88,528

21. CASH AND CASH EQUIVALENTS (CONTD.)

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

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Licensed banks	**3.03**	3.55	**3.15**	3.77

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

	Group		Company	
	2019	2018	2019	2018
	Days	Days	Days	Days
Licensed banks	**28**	63	**25**	91

22. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2019	2018	2019	2018
	'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 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 2019 without any restrictions.

Notes to the Financial Statements

For the financial year ended 31 December 2019

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables				
Third parties	**15,955**	33,678	**-**	-
Due to related companies	**67,732**	40,092	**-**	-
	83,687	73,770	**-**	-
Other payables				
Due to:				
- Penultimate holding company	**3,356**	6,250	**-**	-
- Related companies	**10,404**	3,836	**-**	-
- Subsidiary companies	**-**	-	**-**	5
Sundry payables	**13,905**	3,003	**-**	-
Accruals	**79,349**	78,073	**541**	507
Refund liabilities	**627**	581	**-**	-
Provisions	**4,644**	4,098	**-**	-
	112,285	95,841	**541**	512
Total trade and other payables	**195,972**	169,611	**541**	512
Less: Provisions	**(4,644)**	(4,098)	**-**	-
Total financial liabilities carried at amortised cost	**191,328**	165,513	**541**	512

(a) Trade payables

Amounts due to third parties are non-interest bearing and the normal credit term granted to the Group range from 30 to 90 (2018: 30 to 90) days.

(b) Due to related companies

The amounts due to related companies are unsecured and bear interest at the federal rate as defined by the United States Treasury Regulation and Internal Revenue Code on overdue balances exceeding 90 (2018: 90) days from the date of invoice. The non-trade amounts due to related companies are mainly in respect of support charges and payments made on behalf. These amounts are to be settled in cash.

(c) Due to penultimate holding company

The amount due to penultimate holding company is in respect of support charges payable, which are unsecured and bear interest at the federal rate as defined by the United States Treasury Regulation and Internal Revenue Code on overdue balances exceeding 90 (2018: 90) days from the date of invoice. These amounts are to be settled in cash.

(d) Accruals

Accruals amounting to RM61,310,000 (2018: RM57,383,000) are in respect of distributors' bonuses, seminars and other expenses.

(e) Refund liabilities

Refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

24. TRADE AND OTHER PAYABLES (CONTD.)

(f) Provisions

Provision for assurance-type warranties

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

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.

Movements of provision are as follows:

	Restoration cost RM'000	Assurance-type warranties RM'000	Total RM'000
Group			
At 1 January 2019	**-**	**4,098**	**4,098**
Net change for the year	**1,761**	**(1,064)**	**697**
Utilisation during the year	**-**	**(251)**	**(251)**
Unwinding of interest (Note 7)	**100**	**-**	**100**
At 31 December 2019	**1,861**	**2,783**	**4,644**
At 1 January 2018	-	3,021	3,021
Net change for the year	-	1,309	1,309
Utilisation during the year	-	(232)	(232)
At 31 December 2018	-	4,098	4,098

Further details on related parties transactions are disclosed in Note 28. Other information on liquidity risks are disclosed in Note 29(c).

25. LEASES

The Group as lessee

The Group has lease contracts for premises and various items of equipment used in its operations. Leases of assets generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options.

Notes to the Financial Statements
For the financial year ended 31 December 2019

25. LEASES (CONTD.)

The Group as lessee (Contd.)

The Group also has certain leases of premises and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Premises RM’000	Other equipment RM’000	Total RM’000
At 1 January 2019	-	-	-
Effects arising from adoption of MFRS 16	7,484	1,353	8,837
At 1 January 2019 - Initial adoption of MFRS 16	7,484	1,353	8,837
Additions	3,295	-	3,295
Depreciation expense (Note 8)	(2,743)	(345)	(3,088)
Disposal	-	(26)	(26)
At 31 December 2019	8,036	982	9,018

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

	2019 RM’000
At 1 January	-
Effects arising from adoption of MFRS 16	8,837
At 1 January - Initial adoption of MFRS 16	8,837
Additions	3,066
Accretion of interest	588
Payments	(3,397)
At 31 December	9,094
Current	3,131
Non-current	5,963

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

The following are the amounts recognised in profit or loss:

	2019 RM’000
Depreciation expense of right-of-use assets (Note 8)	3,088
Interest expense on lease liabilities (Note 7)	588
Expenses relating to short term lease and leases of low-value assets (Note 8)	266
Variable lease payments not included in lease liabilities (Note 8)	111
Total amount recognised in profit or loss	4,053

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

25. LEASES (CONTD.)

The Group as lessee (Contd.)

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:

	2019 RM'000
Extension options expected not to be exercised within 5 years	535

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	
	2019 RM'000	2018 RM'000
Capital expenditure in respect of		
Development costs and property, plant and equipment:		
- Approved and contracted for	**7,048**	5,671
- Approved and not contracted for	**7,243**	-
	14,291	5,671

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	
	2019 RM'000	2018 RM'000
Sales of goods:		
Amway (Singapore) Pte. Ltd. (i)	**(129)**	(492)
Purchases:		
Access Business Group International L.L.C. (i)	**342,763**	316,875
Support charges:		
Alticor Inc. (ii)	**18,573**	13,914
Amway International Inc. (iii)	**2,812**	3,200
Amway (Singapore) Pte. Ltd. (i)	**(872)**	(616)
Amway Business Services Asia Pacific Sdn. Bhd. (i)	**22,287**	26,842

Notes to the Financial Statements

For the financial year ended 31 December 2019

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

(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. (Contd.)

	Group	
	2019	**2018**
	RM'000	**RM'000**
Royalties paid/payable:		
Access Business Group International L.L.C. (i)	**2,900**	2,596

(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 2019 are disclosed in Notes 19 and 24.

The nature of the related party relationships are as follows:

(i) entities within the Alticor Global Holdings Inc.;
(ii) penultimate holding company; and
(iii) intermediate holding company.

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

	Group	
	2019	**2018**
	RM'000	**RM'000**
Short-term employee benefits	**5,189**	6,309
Post-employment benefits:		
- Defined contribution plan	**366**	358
Non-executive directors' remuneration:		
- Directors' fees and others	**547**	531
	6,102	7,198

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the year under review, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and its cost-efficient. The Group and the Company do not apply hedge accounting.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(a) Interest rate risk (Contd.)

The Group's and the Company's exposure to interest rate risk arises primarily from deposits with licensed banks. Deposits are generally short term in nature and are mostly short term deposits with licensed banks. The Group and the Company have no substantial long-term interest bearing assets as at 31 December 2019.

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Deposits with licensed banks	**72,245**	153,433	**5,000**	87,372

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales to related companies, purchases and payments on behalf that are denominated in a currency other than the functional currency to which they relate. The currency giving rise to this risk is primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

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

	Group	
	2019	2018
	RM'000	RM'000
Due from related companies		
Korean Won	**-**	177
Singapore Dollar	**1,244**	441
United States Dollar	**2,274**	44
Due to related companies		
Singapore Dollar	**161**	3
United States Dollar	**6**	42
Cash and bank balances		
United States Dollar	**1,382**	3,328

<u>Sensitivity analysis for foreign currency risk</u>

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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(c) Liquidity risk (Contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	More than one year RM'000	Total RM'000
At 31 December 2019			
Financial liabilities			
Group			
Trade and other payables (excluding provisions) (Note 24)	**191,328**	**-**	**191,328**
Lease liabilities	**3,584**	**6,498**	**10,082**
Total undiscounted financial liabilities	**194,912**	**6,498**	**201,410**
Company			
Trade and other payables (Note 24)	**541**	**-**	**541**
At 31 December 2018			
Financial liabilities			
Group			
Trade and other payables (excluding provisions) (Note 24)	165,513	-	165,513
Company			
Trade and other payables (Note 24)	512	-	512

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprises of cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets. The analysis of the quality of credit risk are disclosed in Note 19.

30. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Company do not have any financial instruments classified as Level 1 to Level 3 as at 31 December 2019 and 31 December 2018.

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
Amount due from penultimate holding company	19
Amounts due from related companies	19
Amounts due to related companies and related parties	24
Amount due to penultimate holding company	24
Trade and other payables	24

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

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 2019 and 31 December 2018. The Group is not subjected to any externally imposed capital requirements.

32. EVENTS AFTER THE REPORTING DATE

(i) On 23 March 2020, the Board of Directors of a subsidiary, Amway (Malaysia) Sdn. Bhd., has passed a resolution to approve the appointment of a property agent to initiate the sales plan for the disposal of two properties which are held under the name of this subsidiary. The net book value of these properties is approximately RM2,476,000. At the time the financial statements were authorised for issue, the subsidiary has yet to identify the purchasers of these properties.

Notes to the Financial Statements

For the financial year ended 31 December 2019

32. EVENTS AFTER THE REPORTING DATE (CONTD.)

(ii) The emergence and spread of COVID-19 in early 2020 has affected business and economic activities in Malaysia and beyond. The Group considers this outbreak to be a non-adjusting subsequent event. The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. During the COVID-19 outbreak and Movement Control Order (MCO) period imposed by the Malaysian government, the Group announced various support measures to help the ABOs shift their business completely to eCommerce. Some of these support programs extend beyond the MCO period, as the ABOs and society adjust to new norms arising from the COVID-19 pandemic. The Group will continue to invest in critical eCommerce related infrastructure as well as a more attractive incentives-linked growth strategy to better serve the ABOs and place them in a stronger position to take advantage of the future megatrends.

Given the dynamic nature of these circumstances, the related impact on the Group's results of operations, cash flows and financial condition for the financial year ending 31 December 2020 could not be reasonably estimated at this stage. Nevertheless, the Group anticipates that the impact from these events may put some pressures on the sales performance in view of the field momentum and negative sentiments on macro-economic impacts. The COVID-19 support measures and investment in infrastructure for social commerce experiences may also exert some pressures on the operating margins.

This being the case, the calculation of value in use for cash-generating unit ("CGU") as disclosed in Note 15 to the financial statements has been made based on conditions existing at 31 December 2019 and there is a possibility that the assumptions applied in the goodwill impairment assessment would need to be revised in the next financial year which will result in an adjustment (if any) to the carrying amounts of the goodwill, within the next financial year.

Moreover, in assessing the expected credit losses as disclosed in Note 19 to the financial statements, the Group considered reasonable and supportable information at the reporting date. At the reporting date, the Group evaluated the likelihood of the severity and impact of COVID-19 outbreak and concluded that COVID-19 would not significantly affect the estimation of expected credit losses of financial assets. Accordingly, the methods, assumptions and information used to measure the expected credit losses did not incorporate any forward-looking information relating to the effects of COVID-19.

Nevertheless, the Group has considered the existing COVID-19 impacts on its current financial position and concluded that there is no major adverse factor which will significantly affect the fair value measurement of its assets and liabilities.

33. COMPARATIVES

Certain comparative amounts have been reclassified to conform with the current year's presentation.

	As previously reported RM '000	Re-classification RM '000	As restated RM '000
31 December 2018			
Statements of cash flows			
Group			
Cash flows from operating activities			
Net changes in provision for assurance-type warranties	-	1,309	1,309
Operating profit before working capital changes	75,068	1,309	76,377
Decrease in payables and contract liabilities	(4,650)	2,700	(1,950)
Cash generated from operations	69,030	4,009	73,039
Net cash generated from operating activities	54,223	4,009	58,232
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,564)	(4,009)	(5,573)
Net cash generated from investing activities	4,450	(4,009)	441

Particulars of Properties
As at 31 December 2019

Properties Owned By The Group

Location	Land Area (Sq.Metres)	Existing Use	Tenure	Approximate Age of Building (Years)	Net Book Value RM'000	Date of Acquisition
28, Jalan 223 46100, Petaling Jaya Selangor Darul Ehsan	10,007	Office	Leasehold expiring 2 May 2071	10	23,118	9 March 2006
26 & 26A, Jalan 223 46100, Petaling Jaya Selangor Darul Ehsan	7,934	Office, Warehouse and Shop	Leasehold expiring 26 March 2069	10	21,179	19 November 2004
1, Jalan Sri Plentong 5 Taman Perindustrian Sri Plentong 81750, Masai Johor Darul Takzim	3,841	Office, Warehouse and Shop	Freehold	19	2,092	6 March 2000
10, Lorong Nagasari 4 Taman Nagasari 13600, Prai Penang	975	Warehouse	Freehold	28	395	19 June 1991

Group's Physical Presence

CORPORATE HEADQUARTERS

- Van Andel & DeVos Training Centre
- Product Pavilion
- One-stop Customer Service Centre
- Brand Experience Centre
- Warehouse & Logistic Facility
- Office Block

28, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan
Tel: 03-7946 2800 Fax: 03-7946 2399

AMWAY SHOPS

ALOR SETAR
35, Taman Bandar Baru Mergong,
Lebuhraya Sultanah Bahyah,
06250 Alor Setar,
Kedah Darul Aman

BATU PAHAT
12, Jalan Ceria, Pusat Perniagaan Ceria,
83000 Batu Pahat,
Johor Darul Takzim

BINTULU
Lot No. 4075, 4076, 4077,
Parkcity Commercial Square Phase 5,
Jalan Tun Ahmad Zaidi,
97000 Bintulu, Sarawak

IPOH
8 & 10, Bercham Bistari 1,
Medan Bercham Bistari,
31400 Ipoh,
Perak Darul Ridzuan

JOHOR BAHRU
No. 57, Jalan Ponderosa 2/2,
Taman Ponderosa,
81100, Johor Bahru,
Johor Darul Takzim

KLANG
No. 4 & 6 (Ground Floor),
Jalan Kasuarina 11, Bandar Botanic,
41200 Klang, Selangor Darul Ehsan

KOTA BAHRU
10 & 11, Lot 1669 & 1670, Bangunan Yakin,
Jalan Raja Perempuan Zainab 2,
Bandar Baru Kubang Kerian,
16150 Kota Bharu,
Kelantan Darul Naim

KOTA KINABALU
Lot 6 (Ground & 1st Floor) &
Lot 7 (Ground & 1st Floor),
Block F, Sri Kepayan Commercial Centre,
88200 Kota Kinabalu, Sabah

KUALA TERENGGANU
Bangunan Pusat Niaga Paya Keladi,
No. 24 HS(D) 7349,
Lot 3519 20100 Kuala Terengganu,
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, Ground Floor, Jalan Berkat 15,
Taman Malim Jaya, 75250 Melaka

MIRI
Lot 1740, Block 9, MCLD Rice Mill Road,
Kampung Bahru, 98000 Miri, Sarawak

NUSA BESTARI
24G & 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
23-29, Ground Floor,
Lorong Wong King Huo 1B,
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 25th Annual General Meeting ("AGM") of AMWAY (MALAYSIA) HOLDINGS BERHAD ("the Company") will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Tuesday, 23 June 2020 at 10.30 a.m. to transact the following business:

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' and the Auditors' Reports thereon, **(Please refer to Note 1 of the Explanatory Notes)**

2. To re-elect Mr. Scott Russell Balfour who is retiring pursuant to Clause 76(3) of the Constitution of the Company ("the Constitution"). **Ordinary Resolution 1**

3. To re-elect Tan Sri Faizah Binti Mohd Tahir who is retiring pursuant to Clause 76(3) of the Constitution. **Ordinary Resolution 2**

4. To re-elect Mr. Michael Jonathan Duong who is retiring pursuant to Clause 76(3) of the Constitution. **Ordinary Resolution 3**

5. To re-elect Pn. Aida Binti Md Daud who is retiring pursuant to Clause 78 of the Constitution. **Ordinary Resolution 4**

6. To approve the Directors' fees and benefits of up to RM600,000 for the financial year ending 31 December 2020 (2019: fees of up to RM570,000.00). **Ordinary Resolution 5**

7. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business

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

8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Access Business Group International LLC ("ABGIL"), Alticor Inc. ("Alticor") and Amway (Singapore) Pte. Ltd. ("Amway (S)") ("Proposed Renewal of Shareholders' Mandate"). **Ordinary Resolution 7**

Notice of Annual General Meeting

"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, Alticor and Amway (S) as set out in Section 2.4 of the Circular to shareholders dated 15 May 2020, which are subject to the approval of the Proposed Renewal of Shareholders' Mandate, provided that such recurrent transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are consistent with the Group's normal business practices and policies and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders;

AND THAT such approval shall be in force until:

(i) the conclusion of the next Annual General Meeting of the Company ("AGM") at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;

(ii) the expiration of the period within which the next AGM is required to be held under Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed under Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including, without limitation, to execute all such documents and to assent to any conditions, variations and/or amendments) in the interest of the Company to give effect to the aforesaid shareholders' mandate."

9. 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 15 May 2020

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 25th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 25th AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Information for Shareholders on 25th AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 15 June 2020**. 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 at 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 25th 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 25th AGM.

10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

Notice of Annual General Meeting

(i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Information for Shareholders on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

12. Last date and time for lodging the proxy form is **Sunday, 21 June 2020 at 10.30 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.

Explanatory Notes on Ordinary Business:

1. Agenda item 1

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Ordinary Resolutions 1, 2, 3, and 4

Mr. Scott Russell Balfour, Tan Sri Faizah Binti Mohd Tahir, Mr. Michael Jonathan Duong and Pn. Aida Binti Md Daud are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 25th AGM.

The Board of Directors ("the Board") has through the Nominating Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("MMLR") on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

The Board has also through the Nominating Committee, conducted an assessment on Tan Sri Faizah Binti Mohd Tahir's independence and is satisfied that she has complied with the criteria prescribed by the MMLR and Malaysian Code on Corporate Governance.

3. Ordinary Resolution 5

   Shareholders' approval is sought under Ordinary Resolution 5 to allow the Company to pay Directors' fees and benefits for the financial year ending 31 December 2020. The Directors' fees and benefits are based on the targeted Board size and the number of scheduled Board and Committee Meetings for the financial year ending 31 December 2020. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

4. Ordinary Resolution 6

   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 25th AGM are disclosed in the Corporate Governance Overview Statement of this Annual Report.

   Ernst & Young has converted its legal entity status from a conventional partnership pursuant to the Partnership Act 1961 to a limited liability partnership pursuant to Section 29 of the Limited Liability Partnerships Act 2012 and is now known as Ernst & Young PLT.

Explanatory Notes on Special Business

1. Ordinary Resolution 7

   This Resolution, if passed, will allow the Group to renew its existing mandate obtained at the 24th AGM held on 29 May 2019 to enter into recurrent related party transactions of a revenue or trading nature with ABGIL, Alticor 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 15 May 2020 for further details.

Statement Accompanying Notice of the 25th 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 25th Annual General Meeting.

The Directors who are standing for re-election are Tan Sri Faizah Binti Mohd Tahir, Mr. Michael Jonathan Duong, Mr. Scott Russell Balfour and Pn. Aida Binti Md Daud whose profile can be found on pages 41, 42, 44 and 48 respectively of the Annual Report 2019.

Analysis of Shareholdings

As at 20 April 2020

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	%	No. of Shares held	%
1	-	99	424	8.17	8,550	0.01
100	-	1,000	2,099	40.45	1,409,080	0.86
1,001	-	10,000	2,374	45.75	7,859,379	4.78
10,001	-	100,000	266	5.13	6,548,287	3.98
100,001	-	8,219,281	22	0.42	16,979,433	10.33
8,219,282	-	and above	4	0.08	131,580,916	80.04
Total			5,189	100.00	164,385,645	100.00

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

	Direct		Indirect	
Name Of Shareholders	No. of Shares held	%	No. of Shares held	%
GDA B.V. (“GDA”)	84,990,283	51.70	-	-
Amway Nederland Ltd. (“Amway Nederland”)	-	-	[*i]84,990,283	51.70
Amway International Inc. (“Amway International”)	-	-	[*ii]84,990,283	51.70
Alticor Inc. (“Alticor”)	-	-	[*iii]84,990,283	51.70
Solstice Holdings Inc. (“SHI”)	-	-	[*iv]84,990,283	51.70
Alticor Global Holdings Inc. (“AGH”)[*vi]	-	-	[*v]84,990,283	51.70
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	21,075,200	12.82	-	-
Kumpulan Wang Persaraan (Diperbadankan)	14,481,700	8.81	646,700	0.39
Employees Provident Fund Board	11,828,733	7.20	-	-

Notes:

[*i] *Deemed interest by virtue of its interest in GDA pursuant to Section 8 of the Companies Act 2016.*
[*ii] *Deemed interest by virtue of its interest in Amway Nederland pursuant to Section 8 of the Companies Act 2016.*
[*iii] *Deemed interest by virtue of its interest in Amway International pursuant to Section 8 of the Companies Act 2016.*
[*iv] *Deemed interest by virtue of its interest in Alticor pursuant to Section 8 of the Companies Act 2016.*
[*v] *Deemed interest by virtue of its interest in SHI pursuant to Section 8 of the Companies Act 2016.*
[*vi] *The equity interests in AGH are wholly held by certain trusts established by Jay Van Andel and Richard M. DeVos, the co-founders of the AGH group of companies or members of their immediate families.*

Analysis of Shareholdings
As at 20 April 2020

SHAREHOLDINGS OF DIRECTORS

(As per Register of Directors' Shareholdings)

	Name of Directors	No. of Shares Held	%
1.	Tan Sri Faizah Binti Mohd Tahir	-	-
2.	Michael Jonathan Duong	-	-
3.	Low Han Kee	-	-
4.	Scott Russell Balfour	-	-
5.	Dato' Abdullah Thalith Bin Md Thani	-	-
6.	Abd Malik Bin A Rahman	-	-
7.	Datin Azreen Binti Abu Noh	-	-
8.	Aida Binti Md Daud	-	-

THIRTY LARGEST SHAREHOLDERS

		No. of Shares Held	%
1.	GDA B.V.	84,990,283	51.70
2.	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	21,075,200	12.82
3.	Kumpulan Wang Persaraan (Diperbadankan)	14,481,700	8.81
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	11,033,733	6.71
5.	AmanahRaya Trustees Berhad - Amanah Saham Malaysia	8,000,000	4.87
6.	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera 2	3,550,000	2.16
7.	AmanahRaya Trustees Berhad - Public Dividend Select Fund	1,617,500	0.98
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (F Templeton)	577,200	0.35
9.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	548,600	0.33
10.	AmanahRaya Trustees Berhad - Amanah Saham Malaysia 3	295,700	0.18
11.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lee Sey Liang (KLC/KEN)	246,500	0.15
12.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chew Er Hong (E-KPG)	229,300	0.14
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (F.TemIslamic)	217,800	0.13
14.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ho Teik Chuan @ Ho Sonney (E-BBB/RLU)	205,900	0.13
15.	Chua Soon Gin	179,700	0.11
16.	Teo Chiang Hong	140,000	0.09

Analysis of Shareholdings
As at 20 April 2020

		No. of Shares Held	%
17.	Kalsom Binti Ahmad	134,000	0.08
18.	Ajeet Kaur A/P Inder Singh	128,700	0.08
19.	Mehar Singh @ Mehar Singh Gill	127,000	0.08
20.	Boh Plantations Sdn Berhad	122,500	0.07
21.	New Tong Fong Plywood Sdn. Bhd.	120,000	0.07
22.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Skyture Capital Sdn. Bhd. (KL C/PIV)	120,000	0.07
23	Yeoh Saik Khoo Sendirian Berhad	114,500	0.07
24.	Amanahraya Trustees Berhad - ARB for Yayasan Tun Ismail Mohamed Ali (Berdaftar)	103,500	0.06
25.	Lim Ng Kiat	101,000	0.06
26.	Low Kim Tian	100,033	0.06
27.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (UOB AM SC EQ)	98,100	0.06
28.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	90,300	0.05
29.	Khoo Loon See	90,000	0.05
30.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Small Cap Series	87,400	0.05
		148,926,149	90.60

Information for Shareholders On 25th Annual General Meeting

Date : Tuesday, 23 June 2020

Time : 10.30 a.m.

Broadcast Venue : Tricor Business Centre
Manuka 2 & 3 Meeting Room
Unit 29-01, Level 29, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

MODE OF MEETING

In view of the COVID-19 outbreak and as part of our safety measures, the 25th Annual General Meeting ("AGM") will be conducted entirely through live streaming from the Broadcast Venue. This is line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020.

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 25th AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 25th AGM using the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at https://tiih.online.

Shareholders who appoint proxies to participate via RPV in the 25th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Sunday, 21 June 2020 at 10.30 a.m**.

Authorised representatives of corporate members must deposit their original certificate of appointment of authorised representative to Tricor not later than **Sunday, 21 June 2020 at 10.30 a.m.** to participate via RPV in the 25th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than Sunday, 21 June 2020 at 10.30 a.m. to participate via RPV in the AGM.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the 25th AGM is a fully virtual AGM, members who are unable to participate in this AGM may appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV FACILITIES

Shareholders/proxies/authorised representatives/attorneys who wish to participate at the 25th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". 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 again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your Request	• **Registration is open from 10.30 a.m. Friday, 15 May 2020 up to 10.30 a.m. Sunday, 21 June 2020.** • Login with your user ID and password and select the corporate event: **"(REGISTRATION) AMWAY 25th 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 General Meeting Record of Depositors as at 15 June 2020, the system will send you an e-mail to approve or reject your registration for remote participation.

Information for Shareholders On 25th Annual General Meeting

	Procedure	Action
ON THE AGM DAY		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 25th AGM at any time from **10.10 a.m.** i.e. 20 minutes before the commencement of the AGM on **Tuesday, 23 June 2020 at 10.30 a.m.**
(d)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAMING MEETING) AMWAY 25th AGM"** to engage in the proceedings of the 25th 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 endeavor to respond to questions submitted by remote participants during the 25th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting. • Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.
(e)	Online Remote Voting	• Select the corporate event: **"(REMOTE VOTING) AMWAY 25th AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Voting session commences **from 11.00 a.m. on Tuesday, 23 June 2020** until a time when the Chairperson announces the completion of the voting session of the 25th AGM. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairperson on the closure of the 25th AGM, the live streaming will end.

Notes to users of the RPV:

1. Should your application to join the meeting be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616/011-40803168/011-40803169/011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

	Procedure	Action
(a)	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 do 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 again.
(b)	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **"SUBMISSION OF PROXY FORM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairperson as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.

Information for Shareholders On 25th Annual General Meeting

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 25th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Sunday, 21 June 2020 at 10.30 a.m.** The Board will endeavor to answer the questions received at the AGM.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the 25th AGM since the meeting is being conducted on a fully virtual basis.

Amway (Malaysia) Holdings Berhad would like to thank all its shareholders for their co-operation and understanding in these challenging times.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299
Fax Number	:	+603-2783 9222
Email	:	is.enquiry@my.tricorglobal.com
Contact persons	:	Ms. Lim Lay Kiow +603-2783 9232 (Lay.Kiow.Lim@my.tricorglobal.com) Ms. Siti Zalina Osmin +603-2783 9247 (Siti.Zalina@my.tricorglobal.com)

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AMWAY (MALAYSIA) HOLDINGS BERHAD
Registration No.: 199501011153 (340354-U)
(Incorporated in Malaysia)

Proxy Form

No. of shares held	CDS Account No.

^I/We ______________________________ NRIC/Passport/Company No.: ______________
[Full name in block and as per NRIC/passport]

Tel/HP No: ______________________________ of ______________________________
[Full address]

____

being member(s) of Amway (Malaysia) Holdings Berhad, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the 25th Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Tuesday, 23 June 2020 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
1. Re-election of Mr. Scott Russell Balfour as Director	Ordinary Resolution 1		
2. Re-election of Tan Sri Faizah Binti Mohd Tahir as Director	Ordinary Resolution 2		
3. Re-election of Mr. Michael Jonathan Duong as Director	Ordinary Resolution 3		
4. Re-election of Pn. Aida Binti Md Daud as Director	Ordinary Resolution 4		
5. Approval of Directors' fees and benefits for the financial year ending 31 December 2020	Ordinary Resolution 5		
6. Re-appointment of Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration	Ordinary Resolution 6		
7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 7		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.)

Signed this ___________day of ___________2020

____
Signature*
Member

^ Delete whichever is inapplicable

* Manner of execution:

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 (i) at least two (2) authorised officers, of whom one shall be a director; or
 (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. **IMPORTANT NOTICE**
   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.
   Shareholders **will not be allowed** to attend the 25th AGM in person at the Broadcast Venue on the day of the meeting.
   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 25th 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 25th 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 15 June 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
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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 25th 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 25th AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
    (i) <u>In hard copy form</u>
    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) <u>By electronic means</u>
    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Information for Shareholders on the procedures for electronic lodgement of proxy form via TIIH Online.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is **Sunday, 21 June 2020 at 10.30 a.m.**
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    (a) at least two (2) authorised officers, of whom one shall be a director; or
    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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AFFIX STAMP

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
(Registration No.: 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A,
Vertical Business Suite Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi 59200 Kuala Lumpur

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