



WELL CHIP GROUP BERHAD

Registration No. 202301014119 (1508041-A)
(Incorporated in Malaysia)

Anti-Money Laundering Policy

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1. Introduction

- 1.1. This Anti-Money Laundering Policy ("**AML Policy**" or "**Policy**") is applicable to Well Chip Group Berhad ("**Well Chip**" or "**Company**") and its subsidiaries ("**Well Chip Group**" or "**Group**"), and aims to provide guidance to all Well Chip Employees the methods and systems to be implemented by the Well Chip Group in preventing money laundering and terrorism financing ("**ML/TF**") and proliferation of financing ("**PF**"), as stipulated under the Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("**AML 2001**"). This AML Policy shall be read in conjunction with our Code of Business Conduct and Whistleblowing Policy, which can be found at our website at www.wellchip.com.my.
- 1.2. Well Chip Group is committed to promote and maintain the highest levels of integrity, accountability and transparency in the conduct of our business activities, dealings, relationships and operations and to establish an ethical corporate environment.
- 1.3. We are committed to mitigate the risk of ML/TF in our business operations and it is our goal that all Employees, at every level of the Well Chip Group are aware of their obligations and the need to maintain vigilant in the prevention against ML/TF activities.

2. Scope

- 2.1. This Policy establishes the general framework to manage and prevent the risks of Well Chip's business from being used as a conduit for ML/TF/PF activities. All Employees of Well Chip are required to adhere to the requirements of this AML Policy when carrying out their daily responsibilities.
- 2.2. This Policy applies to the Well Chip Group as our principal activities involve the provision of pawnbroking services, which falls under the definition of "Reporting Institutions" as prescribed under the First Schedule of the AML 2001. All Reporting Institutions, including the Well Chip Group is jointly regulated by the Bank Negara Malaysia ("**BNM**") and the Securities Commission Malaysia ("**SC**"), and is required to comply with the following:
 - (a) Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Designated Non-Financial Businesses and Professions ("**DNFBPs**") & Non-Bank Financial Institutions ("**NBFIs**") policy document issued by BNM ("**AML/CFT/CPF Policy**")¹.

¹ The AML/CFT/CPF Policy can be found at <https://amlcft.bnm.gov.my/aml/cft-policies>.

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- (b) Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Reporting Institutions in the Capital Market issued by the SC (“**SC Guidelines**”); and
 - (c) Sectoral Guidelines 8 for Licensed Moneylenders and Pawnbrokers and the Standard Guidelines on AML/CFT.³
- 2.3. This Policy shall be applicable to the Well Chip Group as a whole, covering both our pawnbroking segment and retail trading of gold and gold jewellery segment.
- 2.4. Adherence to the policy is absolutely fundamental to ensuring that Well Chip, regardless of the different outlet locations, complies fully with AMLA 2001 and its related guidelines and regulations. All executives and employees of the Group, therefore are required to be actively involved in the policy’s implementation and development.
- 3. Definitions**
 - 3.1. “**BNM**” means the Bank Negara Malaysia.
 - 3.2. “**Board**” means the Board of Directors of Well Chip.
 - 3.3. “**Business Associate**” means the partners, agents, vendors, suppliers, contractors, consultants and any other third party service providers or persons who perform services for or on behalf of Well Chip Group.
 - 3.4. “**customer**” means any new or existing customer who purchases, any goods, including gold and gold jewellery from the Well Chip Group and/or receives a loan from the Well Chip Group as part of the pawnbroking services provided by the Well Chip Group.
 - 3.5. “**Director(s)**” means directors of Well Chip Group (including Executive and Non-Executive Directors of Well Chip and the directors of the subsidiaries of Well Chip).
 - 3.6. “**Employee**” or “**Employees**” means any person under employment of the Group, including directors and key senior management, and all other staff members working at all levels and grades, regardless in Malaysia or outside Malaysia and whether full-time, part-time, probationary, contractual or temporary basis.
 - 3.7. “**FATF**” means the Financial Action Task Force, which is an independent inter-governmental body that develop and promotes policies to protect the global financial system against ML/TF and financing of proliferation of weapons of mass destruction (PF). The FATF International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (The FATF Recommendations), issued in February 2012, and updated from time to time, sets out a comprehensive and consistent framework of measures which countries should adapt to their particular circumstances, and implement to ensure the robustness of their respective jurisdiction’s AML/CFT/CPF regime. Malaysia was accepted as a FATF member in February 2016.
 - 3.8. “**Key Senior Management**” means the highest level of management in the Group, including chief executives who are not on the Board and any other persons whom the Board shall consider as Key Senior Management.

² The SC Guidelines can be found at <https://www.sc.com.my/regulation/guidelines/aml>.

³ The Sectoral Guidelines 8 for Licensed Moneylenders and Pawnbrokers and the Standard Guidelines on AML/CFT can be found at https://www.kpkt.gov.my/kpkt/resources/user_1/MENGENAI%20KPKT/GARIS%20PANDUAN/gp_ppw&pgg/AML-CFT_Sectoral_Guidelines_8.pdf

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3.9. “politically exposed persons (PEPs)” refers to:

- (a) Foreign PEPs – individuals who are or who have entrusted with prominent public functions by a foreign country. For example, Heads of State or Government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations and important political party officials;
- (b) Domestic PEPs – individuals who are or have been entrusted domestically with prominent public functions. For example, Heads of State or Government, senior politicians, senior government (includes federal, state and local government), judiciary or military officials, senior executives of state-owned corporations and important political party officials; or
- (c) Persons who are or have been entrusted with prominent function by an international organisation which refers to members of senior management. For example, directors, deputy directors and members of the Board or equivalent functions.

The definition of PEPs is not intended to cover middle ranking or more junior individuals in the foregoing categories.

3.10. “**ValueMax Pawnbroking System**” means a suite of software and data management system utilised by the Group to facilitate our pawnbroking operations and retail trading of gold and jewellery transactions, including flagging of suspicious transactions, recording of pawn transactions and customer data, storage management, renewal of pawn loans through website and mobile application, cash management, data analytics system and point-of-sale system used by the retail and trading of jewellery and gold segment of our Group.

4. General description of Money Laundering, Terrorism Financing and Proliferation Financing

4.1. **Money laundering** generally involves proceeds of unlawful activities that are related directly or indirectly, to any serious offence, that is processed through transactions, concealments, or other similar means, so that they appear to have originated from legitimate sources.⁴

4.2. Commonly, the money laundering process comprises of the three stages, during which there may be numerous transactions that could alert a reporting institution to the money laundering activities. These stages are:

- (a) **Placement** – the physical disposal of the benefits of unlawful activities by introducing illegal funds (generally in the form of cash) into the financial system;
- (b) **Layering** – the separation of the benefits of unlawful activities from their source by creating layers of financial transactions designed to disguise the audit trail; and
- (c) **Integration** – the integration schemes place the laundered funds back into the economy so that they re-enter the financial system appearing to be legitimate business funds.

4.3. **Financing of terrorism** generally refers to carrying out transactions involving funds or property, whether from a legitimate or illegitimate source, that may or may not be owned by terrorists, or those have been, or are intended to be used to assist the commission of terrorist acts, and/or the financing of terrorists and terrorist organisations.

⁴ Adapted from the Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Reporting Institutions in the Capital Market issued by the Securities Commission Malaysia (Revised on 13 June 2024).

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4.4. While funds may come from criminal activities, they may also be derived from legitimate sources, for example, through salaries, revenue from legitimate business or donations including through non-profit organisations.

4.5. **Proliferation financing** or **financing of proliferation** refers to the act of raising, moving, or making available funds, other assets or other economic resources, or financing, in whole or in part, to persons or entities for purposes of weapon of mass destruction proliferation, including the proliferation of their means of delivery of related materials (including both dual-use technologies and dual-use goods for non-legitimate purposes).

5. Risk Assessment

5.1. Transactions in the pawnbroking and the retail and trading of gold and jewellery industry are mainly cash-based. From both ML/TF perspectives, these industries pose two key concerns: (i) customers of our pawnbroking business and retail of gold and jewellery business may use illicit money to repay debts or purchase jewellery; and (ii) customers may pawn fraudulently obtained pledges and leave them unredeemed. Well Chip considers that the threat of becoming involved in any ML/TF activity is directly related to the type of borrowing or jewellery transaction, and such threat can be more effectively and efficiently managed if the potential risk linked to the different types of borrowing or jewellery transaction is known beforehand.

5.2. Based on the National Risk Assessment 2023 (“**NRA 2023**”) conducted by the National Coordination Committee to Counter Money Laundering (“**NCC**”), the inherent ML/TF risks faced by pawnbrokers are considered low⁵, while the inherent risk of ML and TF in respect of dealers of precious metals or precious stones (i.e. our retail of gold and gold jewellery segment) is considered ‘high’⁶, and ‘medium-high’⁷ respectively.

5.3. Based on the above, the Well Chip Group carries out its risk assessment of each customer before the commencement of each transaction based on the following general principles:

(a) **Nationality of customers.** Generally, customers who are Malaysian citizens holding a National Registration Identity Card (“**NRIC**”), permanent residents of Malaysia and all other types of Malaysia employment passes will carry a low-risk classification. Foreign customers from countries that are under economic sanctions by the United Nations will carry a high-risk classification and will not be eligible to enter into any transactions with the Well Chip Group. Customers from any other country will carry a medium-risk classification. Well Chip conducts basic know-your-customer checks on both low-risk and medium risk customers before the commencement of any transaction.

(b) **Transaction amount.** All new customers entering into new transactions with the Well Chip Group will be subjected to our KYC (as defined herein) checks. In addition, pawnbrokers are required to conduct CDD (as defined herein) on customers where the pledge amount is equivalent to RM3,000 and above, including in situations where the transaction is carried out in a single transaction or through several transactions in a day

⁵ Based on Section 4A – Sectoral Risk Assessment for Financial Sector of the NRA 2023, a ‘low’ risk level means that an industry is least vulnerable due to low exposure to ML/TF risk and require ongoing AML/CFT regulatory and supervisory engagement to ensure residual risks are effectively mitigated, with a focus on sub-sectors with higher net risk scores.

⁶ Based on Section 4B – Sectoral Risk Assessment for DNFBPs of the NRA 2023, a ‘high’ risk level means that an industry is most vulnerable due to high exposure to ML/TF risks and require intensive AML/CFT regulatory and supervisory scrutiny to serve as effective mitigants, with a focus on sub-sectors with higher net risk scores.

⁷ Based on Section 4B – Sectoral Risk Assessment for DNFBPs of the NRA 2023, a ‘medium-high’ risk level means that an industry is significantly vulnerable due to substantial exposure to ML/TF risk and require regular AML/CFT regulatory and supervisory scrutiny to serve as effective mitigants, with a focus on sub-sectors with higher net risk scores.

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that appear to be linked⁸, subject to compliance with any amendments under the AML/CFT/CPF Policy.

Any pawn transaction with a pledge amount below RM25,000 (whether through a single transaction or several transactions which appear to be linked) will carry a low-risk classification, and any pawn transaction amount that is equivalent to RM25,000 and above (whether through a single transaction or several transactions which appear to be linked) will carry a high-risk classification and requires enhanced due diligence.

For our retail and trading of gold and gold jewellery segment, CDD is required for transactions equivalent to RM50,000 and above with the customer, or any other as may be specified by any competent authority, subject to compliance with any amendments under the AML/CFT/CPF Policy⁹, and this includes:

- (i) transaction conducted as in a single transaction or through several transactions in a day that appear to be linked and across all branches of the Group; and
- (ii) aggregate payments over a period of time for a single purchase,

and is applicable to both buying and selling of precious metals or precious stones from or to customers¹⁰.

In addition, enhanced customer due diligence is also required for transactions equivalent to RM150,000 and above.

- (c) **PEP.** Any customer identified as a PEP will automatically carry a high-risk classification, and will not be eligible to enter into any transactions with the Well Chip Group.

6. Due diligence on Customers

- 6.1. As a general principle, all Employees of the Well Chip Group are required to perform 'know-your-customer' ("**KYC**") checks and/or customer due diligence ("**CDD**") and enhanced customer due diligence ("**Enhanced CDD**") procedures at the following stages:
 - (a) At the start of a new business relationship, including at the point of commencement of each pawnbroking transaction and retail or trading of gold and jewellery.
 - (b) Throughout the business relationship after the customers have been on-boarded.
 - (c) Where there is any suspicion of ML/TF activities regardless of the amount transacted.
 - (d) Where there is any doubt about the adequacy or authenticity of previously obtained information.
- 6.2. Each Employee of Well Chip shall be responsible for the implementation of the appropriate procedures relevant to the nature of the business transaction. A risk-based approach is adopted when deciding on the degree of due diligence applicable.
- 6.3. It is part of the Well Chip Group's policy that all customers are subject to KYC checks, irrespective of the pledge amount or the amount of cash transaction.
- 6.4. In general, pawnbrokers are required to conduct CDD on customers and the person conducting the transaction, when the pledge amount is equivalent to RM3,000 and above, including in

⁸ Pursuant to Paragraph 14H.1 of the AML/CFT/CPF Policy.

⁹ Paragraph 14E.1.2 of the AML/CFT/CPF Policy.

¹⁰ Paragraph 14E.1.2 of the AML/CFT/CPF Policy.

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situations where the transaction is carried out in a single transaction or through several transactions in a day that appear to be linked.¹¹

- 6.5. In respect of our retail and trading of gold and gold jewellery segment, dealers in precious metal or precious stones are required to conduct CDD on the customer and the person conducting the transaction when they engage in any cash transaction equivalent to RM50,000 and above with the customer, which includes: (i) transactions conducted as a single transaction or through several transactions in a day that appear to be linked and across all outlets ; and (ii) aggregate payments over a period of time for a single purchase.

6.6. **Know-your-customer checks**

Our KYC procedures comprise of the following:

- (a) **Identification of the customer or beneficial owner** – all customers, or beneficial owners intending to carry out a transaction with the Well Chip Group shall provide his or her original identification documents, including NRIC, passport or any other forms of personal identification documents, and provide basic information such as his or her occupation, contact number, and purpose of the transaction.
- (b) **Verification of the customer** – the customers' information will be recorded: (i) for Malaysian citizens, we will request the customers to produce their MyKad and record the details in our ValueMax Pawnbroking System; and (ii) foreign customers will be required to produce their passports and provide a scanned copy, and their details will be recorded. Steps are taken to ensure that the identification document received are valid.

The information obtained will be included into the ValueMax Pawnbroking System and checked against the sanction lists maintained by the BNM, Ministry of Home Affairs, as well as the United Nations Security Council Consolidated List ("**UNSC List**"), (collectively, the "**Sanction Lists**"), list of PEP individuals, and the list of individuals who have a history of pawning counterfeit or unlawful items (collectively, the "**Database**"). Only customers who have completed the identification and verification process will be accepted.

Any customer where (i) his or her details matches with any of the Sanction List; (ii) he or she is a PEP, a close associate of a PEP, or family members of a PEP; or (iii) is an individual with a history of pawning counterfeits or unlawful items in our Database will not be accepted. Nonetheless, as a reporting institution, Well Chip Group is required to make further inquiries to obtain additional information and identification documents from the customer, counter-party, or credible sources to assist in determining whether the potential match is a true match. In addition, when any customer's details match the Sanction List or the Database, Employees shall raise a report through the ValueMax Pawnbroking System, which shall be alerted to the Compliance Officer, who will determine if a suspicious transaction report will need to be submitted to BNM.

- (c) **Continuous monitoring of the customer** – once the customer has been onboarded, we will monitor the customer based on the transactions conducted to identify and detect potential changes or anomalies that could indicate the need for further review of the customer's ML/TF risks. Well Chip Group may also perform screening on existing customers against the Sanction Lists as well as the list of PEP individuals from time to time, such ongoing due diligence is carried out to ensure continued compliance.

¹¹ Paragraph 14H.1.1 of the AML/CFT/CPF Policy.

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6.7. Customer Due Diligence

Customers who have been subjected to and passed our KYC procedures may be subjected to CDD where:

- (a) The pledge amount in respect of a pawnbroking transaction is equivalent to RM3,000 and above, including in situations where the transaction is carried out in a single transaction or through several transactions in a day that appear to be linked, subject to compliance with any amendments under the AML/CFT/CPF Policy.
- (b) The cash transaction amount in respect of the retail trading of gold and gold jewellery is equivalent to RM50,000 and above with the customer, or any other amount as may be specified by the competent authority. This includes:
 - (i) transaction conducted as in a single transaction or through several transactions in a day that appear to be linked and across all branches of the Group; and
 - (ii) aggregate payments over a period of time for a single purchase.

In relation to the above, CDD is conducted on both buying and selling of precious metals or precious stones from or to customers.

Our CDD procedures include the following:

- (a) In respect of individuals, our staff will enquire the customer about his occupation, the nature of his employment, and the purpose of the transaction.
- (b) In respect of companies and/or businesses, our staff will take steps to enquire about the directors, shareholders and details of any beneficial owners.

6.8. Enhanced CDD measures

A customer is identified as a 'high-risk' customer where the pawn loan is equivalent to RM25,000 and above, or when the cash amount of a retail transaction is equivalent to RM150,000 and above, and in addition to the KYC and CDD steps taken, Enhanced CDD will be carried out. Enhanced CDD measures involves the following:

- (a) Gathering of additional information on the individual's country of origin, nationality, present occupation, employer, field of work and intention of performing the pawn transaction and/or retail transaction.
- (b) Undertaking risk profiling of the individual to determine if he/she is high-risk individual and/or a PEP on information gathered.
- (c) Requiring individuals that are high-risk to declare where they have obtained the pledged items and/or their source of wealth.

All transactions involving a customer who is determined as 'high-risk' will be subject to our Enhanced CDD and must be approved by the outlet manager. Any customers subject to Enhanced CDD and served by the outlet manager will require approval from the area manager before proceeding with such transaction.

Well Chip Group will not enter into any transactions with 'high-risk' customers who refuse to be subjected to Enhanced CDD or do not meet the requirements under the Enhanced CDD. A suspicious transaction report will be submitted to BNM if we encounter any of the following general red flag indicators:

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- (a) The relevant loan or purchase of gold or jewellery is complex or unusually large.
 - (b) The pawn customer has taken up 2 or more loans that have no apparent or visible economic or lawful purpose.
 - (c) The pawn loan is granted to a person or transaction with jewellery buyer who is from or in a high-risk foreign country identified under any one of the Sanction List.
 - (d) Well Chip has reason to believe that the pawn customer or jewellery purchaser, or the relevant loan or purchase of jewellery may present a high-risk of ML/TF.
- 6.9. The Sanction Lists and Database contained in the ValueMax Pawnbroking System shall be reviewed and updated periodically based on the latest updates made available, whether publicly or internally to ensure that Well Chip Group maintains an updated database of names and particulars of such 'high-risk' individuals to maintain the efficacy of our CDD and Enhanced CDD.
- 6.10. All Employees of Well Chip Group shall decline all transactions, and not establish or continue any business relationship with a customer in the event of any of the following, and make a suspicious transaction report to BNM:
- (a) Such individual or entities who refuse to provide the required information for KYC, CDD or Enhanced CDD, or whose identities cannot be confirmed, who do not provide all required information, or who have provided information that is false or that contains significant inconsistencies that cannot be clarified.
 - (b) The individual's name and detail are reflected in any of the Sanction List or Database and there is reason to suspect that a customer is a terrorist or terrorist entity.
 - (c) The individual's name and detail are reflected in any of the Sanction List or Database and there is reason to suspect that the pledge item is from illicit or illegal sources.
 - (d) The individual is identified as a PEP, or a family member or close associate of a PEP.

7. Reporting suspicious activities to the authorities

7.1. Pawn transactions and retail sale of gold and gold jewellery

If any suspicious ML/TF activities are detected or an attempted transaction is detected at the subsidiary level, i.e. at the point of the pawnbroking transaction or the retail of gold and gold jewellery transaction fits any of the 'red-flags' below (being possible suspicious transactions), such transactions must be reported by the staff member through the ValueMax Pawnbroking System and to the outlet manager (who shall be the dedicated compliance officer at each outlet) and such report will be alerted to the Compliance Officer at the head office immediately via the ValueMax Pawnbroking System:

Pawn customers

- (a) The pawn customer is reluctant to provide the information requested, such as the purpose of the pawn loan or details of the source of the pledge item, or the reason stated is ambiguous.
- (b) The pawn customer makes multiple loans and repaying such loans before due date without logical explanation, or suddenly repays a large loan payment with unknown source of funds, or with the source of funds that does not match with the known profile of the customer.
- (c) The pawn customer makes multiple pledges in close successions for an aggregated loan of a substantial value without commercial justification.

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- (d) The pawn customer frequently pawns items in a large quantity.
- (e) The pawn customer is disinterested in redeeming pawned items.
- (f) The pawn customer reveals that funds from the pawned items will be used for travelling to conflict area.
- (g) There is reason to believe that the pledge item is illegally obtained, linked with criminal activities as the origins of the pledge item is not known.
- (h) The personal identification documents of the pawn customer appear to be forged, or where there is no resemblance between the pawn customer and the personal identification document presented, and the pawn customer is unable to present any form of authorisation.
- (i) The pawn customer possesses large amounts of gold or gold jewellery and is unable to account for its origin (i.e. not in gold trading business).
- (j) The pawn customer appears nervous and evasive when subject to CDD, or the pawn customer is unusually concerned and/or make inquiries about the AML/CFT/CPF requirements and internal compliance policies, procedures or controls.

Retail and trading of gold and gold jewellery customers

- (a) The customer does not consider the value, size, quality and/or colours of the precious metal, precious stone metal or jewellery when making purchases.
- (b) Frequent transactions by a customer over a short period of time below the threshold for customer due diligence.
- (c) Established customer dramatically increasing his purchase of gold bullion for no apparent reason.
- (d) Previously unknown customer requesting a refiner to turn gold into bullion for no apparent reason.
- (e) Customer cancels the order after making large down payment amount and seeks for a refund in the form of cheques or telegraphic transfer for no apparent reason.
- (f) Frequent purchases by a customer which do not commensurate with his or her profile.
- (g) Purchases that involve significant amount of cash without apparent reason.

- 7.2. Upon receipt of an alert in respect of suspicious transactions, whether from the head office, outlet or subsidiary of the Well Chip Group, the Compliance Officer shall evaluate the grounds of the suspicion within 7 working days. Once the suspicion is confirmed, the Compliance Officer shall promptly submit a suspicious transaction report (“STR”), using the specified form as provided in BNM’s AML/CFT website through any of the following modes:

Mail:	Financial Intelligence and Enforcement Department Bank Negara Malaysia Jalan Dato’ Onn 50480 Kuala Lumpur (To be opened by addressee only)
E-mail:	str@bnm.gov.my

- 7.3. The Compliance Officer must ensure that the STR is submitted within the next working day from the date the suspicion is established by the Compliance Officer.

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- 7.4. Utmost care should be undertaken to ensure that the STR is treated with the highest level of confidentiality. The Compliance Officer has the sole discretion and independent to report suspicious transactions.
- 7.5. Upon review of the STR submitted by any Employee of the Well Chip Group, in the case where the Compliance Officer determines that there are no reasonable grounds for suspicion after consideration of the circumstances and supporting documents (if any), the Compliance Officer must document and file the decision to BNM together with the relevant supporting documents.
- 7.6. In the event that any Employee forms a suspicion of ML/TF/PF and reasonably believes that performing the due diligence process would tip-off the customer, he or she is permitted not to pursue the due diligence process, and is required to document the basis of not completing the due diligence and immediately file a STR. Notwithstanding the foregoing, the Group may consider to proceed with the transaction itself for purposes of furthering any inquiry or investigation of the ML/TF/PF suspicion.

8. Record-keeping and reporting requirements

- 8.1. Well Chip must keep record of all pawnbroking, retail and trading of gold and gold jewellery transactions and ensure that the information, including the information obtained through CDD are up to date and relevant, which shall at least include the following in respect of each transaction:
 - (a) Documents relating to the identification of the customer in whose name the transaction is carried out.
 - (b) The identification of the beneficial owner or the person on whose behalf the transaction is carried out.
 - (c) Records of the relevant account pertaining to the transaction carried out.
 - (d) The type and details of the transaction involved, including the loan amount, repayment period, repayment amount, interest and details of the pledged item.
 - (e) The origin and destination of the funds, where applicable.
 - (f) Any other information which may be relevant to the transaction.

As at the date of this Policy, Well Chip has put in place its ValueMax Pawnbroking System where all information as stated above, where relevant, can be recorded and stored within the ValueMax Pawnbroking System.

- 8.2. In addition, Well Chip must keep record of all documentation in relation to the following:
 - (a) Reports made to the Financial Intelligence and Enforcement Department of BNM, concerning suspicious customer activity relating to possible ML/TF, together with supporting documents.
 - (b) Records of all courses given on the prevention of money-laundering and terrorism financing.
 - (c) Risk assessments and any other documents or registers required to be retained under applicable AML/CFT.
- 8.3. Well Chip Group is required to retain, for at least 6 years, the relevant records including any accounts, files, business correspondences and documents relating to transactions, in particular, those obtained during the CDD process. This includes documents used to verify the identity of customers and beneficial owners (if any) and the results of any analysis undertaken.

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Well Chip shall make the documents and information required to be kept above available upon request to the supervisory authorities and law enforcement agencies in a timely manner.

9. Employees

9.1. Employee Screening

- (a) All Employees, regardless of position or level shall be subject to background screening procedures prior to or as it may be deemed required during the course of his or her employment with the Well Chip Group.
- (b) All Employees may be assessed based on the following:
 - (i) An evaluation of the Employee's personal information, including employment and financial history, which may include searches to be conducted on financial or credit databases and the Employee may be required to submit the relevant credit reports and complete self-declarations on the required information.
 - (ii) Where there is a change in the job scope, responsibility or promotion of the Employee during the course of his or her employment, the Employee shall be subject to re-screening.

9.2. Employee Training and Awareness Programs

- (a) Well Chip is committed to ensure that its Employees are always vigilant and aware of AML/CFT/CPF practices and aims to reduce the risk of ML/TF instances within the Well Chip Group by ensuring that our Employees are trained to detect and assess suspicious transactions which may be related to ML/TF. As such, the Compliance Officer shall ensure that the training department of the Well Chip Group organises periodic training programmes (to be conducted by external and professional parties) in respect of the AML/CFT/CPF practices for all Employees across different levels within the Well Chip Group, especially for all Employees who are at the front line of our outlets and deals directly with our customers.
- (b) The training programs shall focus on the following:
 - (i) Overview of the AMLA 2001, as well as the AML/CFT guidelines issued by the BNM and all other relevant authorities.
 - (ii) ML/FT risks.
 - (iii) CDD and Enhanced CDD as well as on-going due diligence.
 - (iv) Targeted financial sanctions screening.
 - (v) Risk profiling and risk assessment.
 - (vi) Suspicious transaction reporting mechanism and red flags.
 - (vii) Record keeping procedures.

The Compliance Officer shall also ensure that the training programmes conducted cover the latest trends in criminal activities and that the Company's internal policies and procedures for combating ML/TF are periodically reviewed and updated where necessary.

- (c) The Compliance Officer, shall ensure that the training provided to the Employees should be appropriate for their level of responsibilities in detecting ML/TF activities and the risks of ML/TF faced by Well Chip Group. For illustration:

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(i) **Front-line Employees**

Front-line Employees includes our outlet managers and customer service executives, who shall be trained to determine if a customer should be accepted and to conduct effective KYC, CDD, Enhanced CDD and on-going due diligence of customers, who will assist to alert the Compliance Officer if there are any suspicious transactions.

(ii) **Key Senior Management, supervisors and managers at the head office**

Training for supervisors and managers of the head office shall include the overall aspects of AML/CFT/CPF procedures, which will include the risk-based approach to due diligence on customers, risk profiling of customers, enforcement actions that can be taken for non-compliance with the relevant requirements of the AMLA 2001 and its ancillary guidelines.

- (d) To ensure the effectiveness of training programs and assess Employees' understanding and readiness regarding AML/CFT measures, all Employees must complete a post-training assessment as part of the Group's compliance procedures.
- (e) Apart from general training programmes, the Compliance Officer shall be informed of and should provide on-going updates to the Employees regarding changes in the policies and laws and regulations on this subject, as well as any new methods, techniques, or procedures found to be susceptible to ML/TF.
- (f) All Employees may be found personally liable for any failure to observe the AML/CFT/CPF requirements.

10. Independent Audit Functions

- (a) The Board shall ensure regular independent audits of the internal AML/CFT/CPF measures to ensure the effectiveness and compliance with the AMLA 2001, subsidiary legislations and instruments, the relevant documents issued by the competent authority as well as the requirements of the relevant laws and regulations of other supervisory authorities, including the BNM and SC, and such independent audit shall be conducted annually, which may be undertaken by internal control consultants appointed by the Board ("**Internal Control Consultants**"), or the Audit and Risk Management Committee ("**ARMC**").
- (b) The Internal Control Consultants are required to check and test the compliance of the AML/CFT/CPF policies, procedures and controls and the effectiveness thereof; and assessing whether the existing measures are in line with the latest developments and changes to the relevant AML/CFT/CPF requirements, and present the same to the ARMC.
- (c) The Internal Control Consultants shall submit a written audit report which shall be submitted and reported to the Board and/or the ARMC, highlighting the assessment on the effectiveness of the existing AML/CFT/CPF procedures and whether there are any inadequacies in internal controls and procedures, including recommended corrective measures.

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11. Roles and Responsibilities of Top Management

11.1. Board of Directors

The Board holds the ultimate responsibility for proper supervision, reporting and compliance of the AMLA 2001 and its ancillary regulations and guidelines. The Board is committed to: -

- (a) maintain accountability and oversight for establishing AML/CFT policies and procedures;
- (b) provide oversight and accord adequate priority and dedicated resources to manage ML/TF risks faced by the Well Chip Group, including to define the lines of authority and responsibility for implementing AML/CFT measures and ensure that there is a separation of duty between those implementing the policies and procedures and those enforcing the controls;
- (c) approve policies and procedures regarding AML/CFT measures within the Group, including those required for risk assessment, mitigation and profiling, CDD, Enhanced CDD, record keeping, on-going due diligence, suspicious transaction reporting and combating the financing of terrorism;
- (d) monitoring and to ensure effective internal audit function in assessing and evaluating the robustness and adequacy of controls implemented to prevent ML/TF;
- (e) implement appropriate mechanisms to ensure the AML/CFT policies are periodically reviewed and assessed in line with changes and developments in the Group's products and services, technology as well as trends in ML/TF;
- (f) approve an effective internal control system for AML/CFT and maintain adequate oversight of the overall AML/CFT measures undertaken by the Group through the implementation of an effective independent audit functions;
- (g) assess the implementation of the approved AML/CFT policies through regular reporting and updates by the Key Senior Management and the Audit and Risk Management Committee; and
- (h) ensure that the Board keeps itself updated and is aware of new or emerging trends of ML/TF/PF including the relevant UNSC Lists and any orders issued pursuant to Section 66B and Section 66C of the AMLA 2001 and understand the potential impact of such developments to the reporting institution.

11.2. Key Senior Management

The Key Senior Management is accountable for the effective implementation and management of AML/CFT compliance programmes in accordance with policies, procedures and controls approved by the Board, requirements of the law, regulations, guideline and the industry's standards and best practices. In particular, the Key Senior Management has the following roles and responsibilities:

- (a) Be aware of and understand the ML/TF risks associated with our business activities or strategies, delivery channels and geographical coverage of our products and services offered and to be offered including new products, new delivery channels and new geographical coverage.
- (b) Formulate AML/CFT policies to ensure that they are in line with the risks profiles, nature of business, complexity, volume of the transactions undertaken by the Well Chip Group and its geographical coverage.
- (c) Establish appropriate mechanisms to effectively implement AML/CFT policies and procedures approved by the Board, including the mechanism and procedures to monitor and detect complex and unusual transactions.

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- (d) Undertake review and propose to the Board the necessary enhancements to the AML/CFT policies to reflect changes in the Well Chip Group's risk profiles, institutional and group business structure, delivery channels and geographical coverage.
- (e) Provide timely periodic reporting to the Board on the level of ML/TF risks facing the reporting institution, strength and adequacy of risk management and internal controls implemented to manage the risks and the latest development on AML/CFT which may have an impact on the Well Chip Group.
- (f) Allocate adequate resources to effectively implement and administer AML/CFT compliance programmes that are reflective of the size, nature and complexity of the Group's operations and risk profiles.
- (g) Appoint a Compliance Officer at management level at the head office and designate a Compliance Officer at management level at each outlet or subsidiary.
- (h) Ensure appropriate levels of AML/CFT training for our Employees at all level within the organisation, where relevant.
- (i) Ensure that there is a proper channel of communication in place to effectively communicate the AML/CFT policies and procedures to all levels of employees.
- (j) Ensure that AML/CFT issues raised are addressed in a timely manner.
- (k) Ensure integrity of its Employees by establishing appropriate employee assessment procedures.

The Key Senior Management is responsible to report any identified unusual or blacklisted activities to the Board, in accordance with the Group's obligations under AMLA 2001. This ensures that appropriate action is taken in compliance with regulatory requirements and to mitigate potential risks.

12. Compliance Officer

- 12.1. The Board shall, on the recommendation of the Key Senior Management, appoint Compliance Officer(s) at its management level, as well as at its head office, who will be responsible for the compliance of the AML/CFT internal programmes, policies and procedures.
- 12.2. The Compliance Officer appointed shall possess, amongst others, the following criteria:
 - (a) Have sufficient stature, authority, and seniority within the Well Chip Group to participate and be able to effectively influence decisions relating to the AML/CFT matters.
 - (b) Be "fit and proper" and shall fulfil the minimum criteria of personal integrity and reputation, have the requisite competency and capability and financial integrity.
 - (c) Have not been subject of any proceedings of a severe disciplinary actions or criminal activities, or be in contravention of any laws relating to dishonesty, fraud or malpractice, or have been dismissed, asked to resign or has been terminated from employment or from a position of trust, fiduciary appointment or similar position due to questions on his honesty or integrity.
 - (d) Possess the requisite knowledge and expertise to effectively carry out his or her roles and responsibilities, including being informed with the latest developments in AML/CFT measures undertaken by the industry, and is encouraged to have the relevant AML/CFT certification or professional qualifications to carry out his or her responsibilities effectively.
- 12.3. The Compliance Officer has a duty to ensure: -
 - (a) the Group's compliance with the AML/CFT requirements;

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- (b) effective implementation of the AML/CFT policies and procedures, including CDD, Enhanced CDD, record-keeping, on-going due diligence, reporting of suspicious transactions and combating the financing of terrorism and compliance and training programmes;
- (c) AML/CFT policies and procedures are regularly assessed to ensure that it is effective and sufficient to address any change in ML/TF trends;
- (d) the channel of communication from the respective employees from the outlet or subsidiary levels to the Compliance Officer is secured and that information is kept confidential;
- (e) all Employees are aware of the Well Chip's AML/CFT measures, including policies, control mechanism and the reporting channels;
- (f) suspicious transaction reports received by the outlet managers are appropriately evaluated before submission to the Financial Intelligence and Enforcement Department of BNM;
- (g) establishing internal criteria such as red-flags to enable effective identification and examination of suspicious transactions; and
- (h) ML/TF risks associated with new products or services or arising from Well Chip's operational changes, including the introduction of new technology and processes, should be identified and brought to the attention of the Board.

- 12.4. Well Chip shall inform the Financial Intelligence and Enforcement Department of BNM on the appointment or change in the appointment of the Compliance Officer of the Group, within 10 working days from the date of such change, including changes in any details such as the name, designation, office address, office telephone number, e-mail address and such other information as may be required.

13. Policy owner

The owner of this policy is the Board of Well Chip Group Berhad.

14. Version and review of the Policy

This policy is Version 2.0 which supersedes the previous version. This policy is aligned with the latest version of the AML/CFT Policy. The management will review and update this policy as necessary, in any case at least once every three (3) years, to reflect any changes in laws, regulations, or internal company requirements. Any updates will be communicated to the Board, Key Senior Management and Employees to ensure continued compliance and effectiveness.

15. Effective Date

This policy has been adopted by the Board and shall come into force with effect from 20 June 2025.