

Prevention of Money Laundering and Terrorist Financing Manual

Introduction

Primequotes LTD (hereinafter the “Company”) is a limited liability company registered in China with:

- Registration number: 2994226
- Registered address: 8th floor, China Hong Kong Tower, 8-12 Hennessy Rd, Wan Chai

The Company is committed to operate the business with integrity and within the scope of law.

The purpose of this Prevention of Money Laundering and Terrorist Financing Manual (hereinafter, the “Manual”) is to lay down the Company’s internal practices, measures, procedures and controls relevant to the prevention of Money Laundering and Terrorist Financing (hereinafter, the “AML/CFT”).

The Manual is drafted and periodically updated by the Company’s Compliance Officer (hereinafter, the “Compliance Officer” or “CO”), based on the general principles set up by the Company’s Board of directors (hereinafter, the “Board”) and Senior management in relation to the AML/CFT. CO is appointed by the Board of Directors and is responsible for coordinating and overseeing AML/CFT framework within the Company.

Regulatory Framework

The Company is committed to comply with all applicable laws and regulations regarding the Anti Money Laundering and Combating Terrorism Financing. The systems and procedures that meet the standards set forth by the local laws and regulations as well as international laws and standards have been implemented.

The Company is compliant with all applicable laws, best practices and industry standards, including:

- Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Chapter 615, Laws of Hong Kong (AMLO) and the related Guideline on Anti-Money Laundering and Counter-Terrorist Financing (AML Guideline),
- Drug Trafficking (Recovery of Proceeds) Ordinance, CAP. 405 (DTROP),

- Organized and Serious Crimes Ordinance Cap. 455 (OSCO),
- United Nations (Anti-Terrorism Measures) Ordinance, Cap. 575 (UNATMO),
- United Nations Sanctions Ordinance, Cap. 537 (UNSO)
- Weapons of Mass Destruction (Control of Provision of Services) Ordinance, Cap. 526 (WMD(CPS)O),
- Financial Action Task Force (FATF) Recommendations.

We are consistently updating our policies and systems to comply with the regulatory framework and relevant guidelines and industry standards.

The Company takes all reasonable steps and measures to ensure that proper safeguards exist to mitigate the risks of ML/FT and to prevent any violation of provisions under the AMLP and AML Guideline.

Appropriate AML/CFT policies, procedures and controls are established and implemented, together with Risk Based Approach, to ensure that all reasonable and practical measures are taken to identify customers, taking into account all risk factors including types of customers, products and services offered, delivery channels and geographical locations involved.

Money Laundering and Terrorist Financing

According to the s.1, Sch. 1, AMLO Money laundering is an illegal act intended to have the effect of making any property:

- that is the proceeds obtained from the commission of an indictable offence under the laws of Hong Kong, or of any conduct which if it had occurred in Hong Kong would constitute an indictable offence under the laws of Hong Kong; or
- that in whole or in part, directly or indirectly, represents such proceeds, not to appear to be or so represent such proceeds.

Terrorist financing is defined under s.1, Sch. 1, AMLO as:

- the provision or collection, by any means, directly or indirectly, of any property - with the intention that the property be used; or knowing that the property will be used, in whole or in part, to commit one or more terrorist acts (whether or not the property is actually so used)
- the making available of any property or financial (or related) services, by any means,
- directly or indirectly, to or for the benefit of a person knowing that, or being reckless as to whether, the person is a terrorist or terrorist associate
- the collection of property or solicitation of financial (or related) services, by any means, directly or indirectly, for the benefit of a person knowing that, or being reckless as to whether, the person is a terrorist or terrorist associate.

Risk Based Approach

Under “the AMLO”, Cap. 615, the Company must exercise a ‘risk-based approach’ to its customers, products and business practices. The risk-based approach (RBA) is central to the effective implementation of an AML/CFT regime. It allows the Company to make the best use of its resources to focus on matters where the money laundering risks are on the higher side. It recognizes that not all aspects of a business present the same level of risk.

Know Your Customer

The Company creates policies and procedures that relate to customer due diligence, ongoing monitoring, suspicious transactions reporting and record keeping.

Due diligence is applied at the start of a customer relationship by identifying and verifying the customer identity on the basis of documents, data or information obtained from a reliable and independent source. The purpose of customer due diligence is to collect, process, verify and keep information about the customer and to minimize any potential money laundering and terrorist financing risks.

Due diligence is risk based, depending on the type of customer, location, type of the business, ownership structure, customer base, regulatory status and AML controls. Based

on the risk assessment the CO will determine the necessary due diligence measures and their regularity.

Enhanced due diligence goes beyond the usual customer due diligence, and is designed to take additional measures to obtain as much information as possible to know more about the customer and to confirm that their transactions are legitimate by obtaining relevant documents. The degree of enhanced due diligence is determined by CO on a case by case basis.

The Company maintains CDD information and relevant records that are necessary to meet record keeping requirements under the AMLO throughout the relationship with the customer and up to 5 years after its conclusion or the date of the last transaction.

If any suspicions are identified, then these should be raised to the CO for further investigation by completing and submitting the relevant internal STR form. The CO is a central reference point for reporting suspicious transactions and also as the main point of contact with the Joint Financial Intelligence Unit of the Hong Kong Police Force (“JFIU”) and law enforcement agencies.

Staff Training

Effective AML/CFT training will help the Company develop a good corporate governance. The Company has implemented the comprehensive AML/CFT training program to all employees, including Senior Management and Board of Directors.

Ongoing staff training is an important element of an effective system to prevent and detect ML/TF. The effective implementation of internal controls can be compromised if the staff is not adequately trained. Training is provided to all new and existing staff regarding any updates in AML/CFT policies and procedures.