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Anti-Money Laundering Procedure

Introduction

Anti-Money Laundering (AML) refers to the policies, laws, processes and regulations that prevent illegally obtained money from entering the financial system. AML targets a wide variety of crimes, from corruption and tax fraud to market manipulation and illicit trade and financing of terrorism, as well as efforts to mask these activities as the source of money. Because most criminals and terrorists rely significantly on laundered money for their illegal operations, having effective AML procedures in place has broader crime-reducing consequences.

Objective

The purpose of this procedure is to prevent money laundering and terrorist financing activities with MTSH.

(1) Know Your Customer/Supplier (KYC/KYS)

Having "know your customer/supplier" procedure prevents money laundering. This involves monitoring the activity of customers/suppliers and understanding the types of transactions that should raise red flags. As part of KYC/KYS guidelines, we conduct Customer/Supplier Identification Program to identify and verify their identity by means of reliable and independent sources, documents, data or information.

Due Diligence on customer and supplier is at the heart of AML and KYC/KYS initiatives. Due Diligence process and enhancing due diligence process in the case of the risk was identified as being high; customer/supplier verification process after establishing business relationship or conducting transaction. Purpose is to ensure our customers/suppliers are not involved in illegal activity and to prevent organized financial crime, including money laundering and terrorist funding, and associated crime like money muling and drug cartels.

(2) Transaction Monitoring

Monitoring customer/supplier's all complex, unusual large transaction or unusual patterns of transaction that have no apparent or visible economic or lawful purpose. Unusual or large transactions trigger alerts for further investigation and shall promptly report to the Compliance Committee if the amount of transaction of money or property is equal to or exceeds the designated threshold (MMK 100 million or USD 10,000) or it has reasonable ground to believe that any money or property is obtained by illegal means or is related to money laundering or financing of terrorism or attempt to do so.

Reviewing customer/supplier's business activities to ensure all due diligence information is still relevant and up to date. If no changes are present, this will be documented and recorded within the ongoing monitoring form. Immediate review is needed when a change in the customer/supplier's identity, their beneficial ownership structure, service provided to the customer, service received from the suppliers, information that is inconsistent with the business's knowledge of the customer and suppliers.

Having internal reporting procedures that enable relevant employees to disclose their knowledge or suspicions of Money Laundering and Terrorist Financing (MLTF). Procedures outline the process and remind employees of their obligation to report the compliance committee as soon as possible.

(3) Record Keeping

Record keeping is an important part of Anti-Money Laundering (AML) compliance. It involves practices for creating, organising and managing information. These requirements ensure compliance with legal obligations. Company maintains records of customer/supplier identity and transactions, forwarding suspicious cases to law enforcement for investigation and keep appropriate records based on business complexity, scale, and nature, ensuring compliance

with local regulations. Keeping records up-to-date involves effective communication with customers and suppliers.

Records relating to Customer/Supplier Due Diligence and the business relationship must be kept for five years after the transaction has been carried out or from the end of the business relationship. In general, records must be kept of all transactions**,** with specific attention paid to large cash transactions, large virtual currency transactions, any transactions over specified reporting thresholds, electronic fund transfers, foreign currency exchange transactions, and records of the accounts.

(4) Risk Assessment

A risk assessment is completed using the internal customer/supplier risk assessment form during onboarding, and annually ongoing monitoring. Customers/Suppliers are categorised as either low, medium or high risk.

High-Risk Customer/Supplier

Any customer/supplier who has one or more of the following risk factors will be considered as high risk:

- The business relationship is conducted in unusual circumstances
- The client is a resident or transacts with a geographical area of high risk
- Cash-intensive businesses (eg takeaways, retail shops, scrap metal dealers, car wash, nail-bars, massage parlours)
- The corporate structure is unusual or excessively complex given the nature of the company's business
- High-net-worth individual (eg any individuals/entities with assets of over £x)
- Politically exposed person (PEP)
- High-value businesses (eg jewellers, car dealerships, art, antiques etc.)
- The type of industry/business of the firm is at high risk of MLTF eg properties (selling and renting), import and export (including haulage, freights, and shipping), money service

bureaus, cryptocurrency, visa and immigration services, investment services, precious metals (eg gold, diamond trading), charities etc.

Low-Risk Customer/Supplier

Any customer/supplier who is a public administration, a publicly owned enterprise or a company whose securities are listed on a regulated market will be considered as low risk.

Medium-Risk Customer/Supplier

Any customer/supplier who does not have any high- or low-risk factors will be classified as medium risk.