

KCC Realty

Anti-Money Laundering, Anti-Terrorism Financing Policy

Revision History

Version	Effective Date
1.0	1.7.2025
2.0	1.10.2026

ANTI-MONEY LAUNDERING, ANTI-TERRORISM FINANCING POLICY

1.0 INTRODUCTION

- 1.1 KCC Realty, being the collective trading name of the KCC group of companies (collectively referred to as “the Group”) is committed to complying with Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (“AMLATFA 2001”) and its related regulations, especially in relation to prevention and detection of money laundering and terrorist financing activities. The Group’s commitment is demonstrated through this Anti-Money Laundering, Anti-Terrorism Financing Policy (“AML/CFT”) Policy (“AML/CFT POLICY”).
- 1.2 This AML/CFT POLICY serves as a guiding framework in providing relevant stakeholders with an overview of the Group’s approach towards AML/CFT governance.
- 1.3 This AML/CFT POLICY is to be read together with the following legislations and standards:
- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (“AMLATFA 2001”);
 - Companies Act 2016;
 - Strategic Trade Act 2010 (“STA”);
 - Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010;
 - Financial Services Act 2013 (“FSA”);
 - United Nations Security Council Resolutions (“UNSCR”);
 - Applicable international standards and guidelines issued by the Financial Action
 - Task Force on Money Laundering (“FATF”); and
 - Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Designated Non-Financial Businesses and Professions (“DNFBPs”) & Non-Bank Financial Institutions (“NBFIs”) issued by Bank Negara Malaysia (“BNM”) (“AML/CFT and TFS for DNFBPs and NBFIs”).

2.0 SCOPE & APPLICATION

- 2.1 The Group notes that property developers are not currently listed as Reporting Institutions under the First Schedule of AMLATFA 2001. This AML/CFT Policy is adopted voluntarily, reflecting the Group’s commitment to good governance and having regard to the inherent money laundering and terrorism financing risks associated with the real estate sector.
- 2.2 Section 19(1) of AMLATFA 2001 provided that reporting institution who carries out the specified activities are required to adopt, develop and implement programmes, policies,

procedures and controls in relation to anti-money laundering and countering the financing of terrorism. The following are the examples of specified activities:

- Non-bank Financial Institutions
- Moneylenders
- Pawnbrokers
- Trust Companies
- Dealers in Precious Metals or Precious Stones (“DPMS”)
- Lawyers
- Accountants
- Company Secretaries
- Registered Estate Agents

2.3 In view of the requirement above and as part of the Group’s commitment to fulfilling its obligations, this AML/CFT POLICY is specifically formulated to guide the following key stakeholders:

- Board of Directors (“the Board”) of the Group;
- Employees of the Group; and
- Business partners, suppliers, contractors, consultants, agents, representatives, associates, clients and any other party engaging in transaction or performing work or services for or on behalf of the Group.

2.4 This AML/CFT POLICY outlines the general framework for managing and preventing the risks of the Group’s daily business activities from being used as a channel for money laundering and terrorism financing activities. In view of the evolving money laundering and terrorism financing risks, the Group has proposed that areas of higher risk are subject to enhanced controls, while areas of low risk are accorded some policy accommodation so as to ensure the appropriate focus is preserved.

2.5 In ensuring compliance is maintained at all times, this AML/CFT POLICY is circulated to all employees, officers and personnel of the Group. The AML/CFT POLICY is posted on KCC Realty’s corporate website for external stakeholders’ reference.

3.0 DEFINITION

3.1 Money Laundering

- (a) In general terms, money laundering 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 a legitimate source.

(b) Pursuant to Section 4 of AMLATFA 2001, money laundering means the act of a person who:

- Engages, directly or indirectly, in a transaction that involves proceeds of any unlawful activity;
- Acquires, requires, possesses, disguises, transfers, converts, exchanges, carries, disposes, uses, removes from or brings into Malaysia proceeds of any unlawful activity; or
- Conceals, disguises or impedes the establishment of the true nature, origin, location, movement, disposition, title of, rights with respect to, or ownership of, proceeds of any unlawful activity.

(c) Money laundering is distinguished into 3 stages, during which there may be numerous transactions that could alert a business unit to the money laundering activities. These stages are:

- **Placement:** Physical disposal of proceeds derived from unlawful activities;
- **Layering:** Separation of the illegal proceeds/ benefits of unlawful activities from their sources through transactions that disguise the audit trail and provide anonymity; and
- **Integration:** Integrating the laundered proceeds into financial system as legitimate funds, including purchase or invest in property.

3.2 Financing of Terrorism

(a) Financing of terrorism generally refers to performing transactions involving funds or properties that may or may not be owned by terrorists, or that have been, or are intended to be, used to assist the commission of terrorism.

(b) Pursuant to Section 3 (1) of AMLATFA 2001, “terrorism financing offence” means any offence under Section 130N, 130O, 130P or 130Q of the Penal Code, which essentially includes:

- Providing or collecting property for terrorist acts;
- Providing services for terrorist purposes;
- Arranging for retention or control of terrorist property; or
- Dealing with terrorist property.

3.3 “Reporting Institution” refers to any person, including branches and subsidiaries outside Malaysia of that person, who carries on any activity listed in the First Schedule of AMLATFA 2001.

3.4 “UNSCR List” refers to names and particulars of persons as designated by the United

Nations Security Council (“UNSC”) or its relevant Sanctions Committee pursuant to the relevant UNSCR and are deemed as specified entities by virtue of Section 66C (2) of the AMLATFA 2001.

3.5 “Domestic List” refers to names and particulars of specified entities as declared by the Minister of Home Affairs under the relevant subsidiary legislation made under Section 66B (1) of the AMLATFA 2001.

3.6 A Politically Exposed Person (“PEP”) is an individual who is or who has been entrusted with a prominent public function.

4.0. AML/CFT COMPLIANCE PROGRAMME

4.1 Policies, Procedures and Controls

(a) The Board of Directors is aware of the risk of money laundering and terrorism financing associated with KCC Realty’s business products and services and understand the AML/CFT measures required by applicable laws, regulations and industry best practices as well as the importance of implementing AML/CFT measures to prohibit abuse by money launderers and financiers of terrorism.

(b) Relevant roles and responsibilities of the Board of Directors with regard to AML/CFT are as follows:

- Maintain adequate oversight over overall AML/CFT measures undertaken by the Group and ensure the Group’s AML/CFT POLICY is kept up-to-date to meet the relevant regulatory requirements;
- Implement effective internal controls over activities relating to AML/CFT;
- Ensure the Group has, at minimum, policies and procedures on AML/CFT;
- Set minimum standards and approve policies regarding AML/CFT measures within the Group, including those required for customer due diligence, recordkeeping, ongoing monitoring, reporting of suspicious transactions and combating the financing of terrorism;
- Assess the implementation of approved AML/CFT policies through regular reviews and audits;
- Define the lines of authority and responsibilities for implementing AML/CFT measures and ensure there is a separation of duty between the implementation of such policies and procedures and the oversight and enforcement of such implementation; and
- Review and assess AML/CFT policies and procedures in line with changes and developments in the Group’s products and services, technology as well as trends in

money laundering and financing of terrorism activities.

(c) Relevant roles and responsibilities of HOD with regard to AML/CFT are as follows:

- Ensure material and pertinent information is updated to the Board of Directors on a timely basis;
- Ensure internal controls are in place and are implemented effectively, including the mechanism to monitor and detect complex and unusual transactions;
- Assist the Board of Directors in formulating appropriate AML/CFT policies and ensure such policies address the risks associated with ineffective AML/CFT measures in view of its business nature, complexity and volume of transactions undertaken;
- Ensure the AML/CFT procedures formulated are practical and can be implemented effectively;
- Implement the necessary changes to the AML/CFT policies and procedures with approval from the Board to ensure the current policies and procedures are appropriate, sound and pragmatic; and
- Ensure the integrity of employees is preserved at all times including implementing an appropriate employee assessment system to screen employees, evaluating employee's personal information (including criminal records, employment and financial history) as well as their independence and determining potential conflict of interest positions arising, if any or if necessary.
- Ensure adequate AML/CFT training is provided to employees, including raising employees' awareness of their AML/CFT obligations.

4.2 Employee Training and Awareness Programmes

- (a) Awareness and training programmes on AML/CFT should be undertaken by the Group for all employees. The training conducted for employees must be appropriate for their level of responsibilities and should be able to facilitate the detection of money laundering and terrorism financing activities as well as the risk of other associated activities identified by the Group.
- (b) The Group should ensure that proper channels of communication are in place to effectively communicate AML/CFT policies and procedures to all levels of employees.
- (c) AML/CFT measures include policies and procedures, control mechanisms, actions and reporting channels that must be made available to employees, and such measures should be in line with the relevant guidelines on AML/CFT issued by BNM and the Group's AML/CFT POLICY.
- (d) The scope of training (where applicable) may include the following:

- General background on money laundering and financing of terrorism in the country and the region;
 - Latest AML/CFT developments and activities such as transaction modes and schemes;
 - Risk profiles and risk assessment;
 - Requirements and obligations to detect, monitor and report suspicious transactions;
 - Methods and protocols for customer due diligence;
 - Procedures for escalating and addressing AML/CFT matters and issues;
 - Consequences for non-compliance with AML/CFT requirements and obligations; and
 - Record keeping and retention.
- (e) Awareness and training programmes with special emphasis may be conducted for employees who are exposed to a higher risk of encountering potential money laundering and financing terrorism transactions or activities, for example, employees who deal directly with customers.
- (f) All awareness and training programmes conducted must be recorded, including details of date, duration, attendance and nature of training given. Such records should be kept for a period of at least 7 years.

4.3 Independent Audit

- (a) The Board of Directors, may, where appropriate, arrange for independent audits to be conducted on the Group's internal AML/CFT processes and controls with a view to determining their adequacy and effectiveness in complying with the AMLATFA 2001, the relevant guidelines on AML/CFT issued by BNM as well as other applicable laws and regulations.
- (b) The Group may engage audit functions that are in-house or external professional services firms to conduct the independent audits required. However, such an audit should not be carried out by the Group's compliance function or officer to avoid any potential conflict of interest.
- (c) The scope of the independent audit may include the following:
- Policies, procedures, controls, resources and systems for complying with relevant AML/CFT regulations and obligations;
 - Reliability, integrity and timeliness of the internal and regulatory reporting and management of information systems; and
 - Current measures and protocols necessary in view of the latest developments in the operating environment and changes to the relevant AML/CFT requirements.

- (d) A written audit report on the audit findings may be submitted to the Board of Directors so that necessary action can be taken to rectify any deficiencies or inadequacies found.

5.0 CUSTOMER DUE DILIGENCE

- 5.1 The Group will conduct due diligence (“CDD”) on its customers and persons conducting transactions when establishing a new business relationship, by requiring such person to complete the prescribed declaration form as part of the Group’s internal onboarding process to verify the customer's identity and relevant information.
- 5.2 The responsible department must ensure that satisfactory evidence is obtained for CDD and proper records are retained.
- 5.3 A customer who is unwilling to provide the information requested or to cooperate with the Group’s CDD process may itself be a factor of suspicion. Any suspicious transaction detected should be reported to HOD as well as to the Directors.
- 5.4 Customers can be categorised into individual customers, corporate customers as well as clubs, societies and charities. The information and documents typically required for each type of CDD are set out in the table below:

Type of Customer	Information Required	Documents Required
Individual Customer (Including Resident and Non-Resident)	• Full name; • National registration identity card (“NRIC”) number/ passport number; • Residential and mailing address; • Date of birth; • Nationality; • Occupation; • Contact number; and • Purpose of transaction.	• NRIC for Malaysian/ permanent residents; or • Passport for foreigners.

Corporate Customer	• Company name; • Company registration number • Mailing address of the company • Nature of business; and • Key contact person/ representative and contact number.	• Certificate of incorporation (SSM) - Section 17, Section 51 and Section 58 / SSM Company profile • Memorandum and Articles of Association / Company Constitution / A confirmation letter confirming that the Company has not adopted a constitution • Authorised Representative's NRIC/Passport
Clubs, Societies and Charities	• Name of clubs, societies or charities; • The mailing address of clubs, societies or charities; • Nature of clubs, societies or charities; • Key contact person/ representative and contact number.	• Certificate of registration; • Authorised Representative's NRIC/Passport

5.5 Upon obtaining the required information and documents, approval may be required prior to entering into any business transaction or establishing any business relationship with the customer. The level of approval required shall be determined in accordance with the Group's risk assessment framework, having regard to the risk profile of the customer and the transaction.

5.6 In enhancing the CDD measures and to mitigate the money laundering and terrorism financing risks, the following actions may be undertaken:

- Obtaining additional information on the nature of the business relationship and the intended value of the transaction; and
- Inquire about the reason for the intended transactions.

5.7 For any business relationship and transaction with any person from higher risk countries, countermeasures to be introduced may include the following as required by FATF:

- Limiting the business relationship or financial transaction with the identified person or persons located in the country concerned;

- Review and amend, or if necessary, terminate corresponding business relationships with related company/ financial institutions in the country concerned, where necessary; or
- Conduct enhanced reviews and audits on the identified person's background.

5.8 The Group may conduct ongoing CDD throughout its business relationship with customers to ensure continuous application of the Group's AML/CFT compliance programme.

5.9 The Group may undertake the following ongoing CDD measures, where appropriate:

- Scrutinise transactions undertaken throughout the course of the relationship; and
- Ensure documents, data or information collected under the CDD process are kept up-to-date and relevant, by undertaking reviews of existing records particularly for higher-risk customers.

5.10 The frequency of implementing ongoing due diligence should be commensurate with the level of money laundering and terrorism of financing risks posed by the customer based on the risk profiles, nature, the value of the transaction and the customer's country of origin.

6.0 CUSTOMER ACCEPTANCE

6.1 Prior to accepting a customer, the following information are to be considered in determining the level of money laundering and terrorism of financing risk posed:

- Results of CDD;
- Results of enhanced CDD (where applicable); and
- The risk appetite of KCC Realty

6.2 Upon considering the above information, the Group shall make an appropriate decision, especially with respect to whether to accept the customer for any business engagement.

6.3 Subsequent to the acceptance of a customer, the Group may continuously monitor the new customer's transaction activity and engagement pattern with a view to detecting any abnormal transactional pattern or behaviour.

7.0 SUSPICIOUS ACTIVITY ESCALATION

7.1. Any employee who suspects or has reasonable grounds to suspect that a transaction or attempted transaction involves proceeds of unlawful activity, or that a customer is involved in money laundering or terrorism financing, must promptly escalate the matter to the Group, in accordance with **Section 7.3**. This escalation procedure is the Group's primary mechanism for ensuring that suspicious transactions are identified and addressed. The Group may consider voluntarily alerting Bank Negara Malaysia where the facts disclose a clear and serious ML/TF risk.

7.2. The Group may, based on its internal risk assessment, consider suspending, declining or exiting a transaction where the customer's transaction or attempted transaction exhibits risk indicators identified by the Group.

7.3 Reporting Mechanism

- Employee identifies red flag and immediately notifies HOD;
- The HOD reviews and determines response;
- Board of Directors is notified of the escalations and the outcome; and
- All escalations, reviews, and outcomes are to be documented and retained in accordance with this Policy.
- If the suspicious concerning any employee of the Group, then the report can be reported in accordance with **KCC's Whistleblowing Policy**.
- If the Board of Directors deems fit, the Group may submit suspicious transaction reports to the Financial Intelligence Unit in BNM through BNM Link (<https://bnm.gov.my/contact-us/bnmlink>)
- Board of Directors must ensure that in the course of submitting such a report utmost care is undertaken to ensure it is treated with the highest level of confidentiality.
- The Group should ensure that the relevant personnel or employee is authorised to cooperate with the Financial Intelligence Unit in BNM providing additional information and documentation as and when requested, and to respond promptly to any further enquiries with regards to the suspicious transaction report submitted. Moreover, the Group also should ensure that suspicious transaction reporting protocols are operated in a secured environment to maintain confidentiality and preservation of secrecy.

8.0. RECORD KEEPING

8.1 KCC Realty should keep the relevant records including any financial accounts, files, agreements, business correspondence and documents relating to transactions, especially those obtained during the CDD process. Such relevant records must be retained, for at least seven (7) years and remain up to date, and ensure such records are available to the competent authority or supervisory authorities and law enforcement agencies on a timely manner.

8.2 In a situation where the records are subjected to ongoing investigation or prosecution in court, such records shall be retained beyond the stipulated retention period until the Group is informed by the relevant law enforcement agency that such records are no longer required.

9.0 RISK ASSESSMENT ON MONEY LAUNDERING AND TERRORIST FINANCING

9.1 KCC Realty may take appropriate steps to identify, assess and understand its money laundering and terrorist financing risks at the company level, in relation to its customers,

countries or geographical areas, products, services, transactions or delivery channels and other relevant risk factors.

- 9.2 In assessing money laundering and terrorist financing risks, the following processes shall be in place:
- Documenting risk assessments and findings;
 - Considering all relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied;
 - Keeping the assessment up-to-date through a periodic review; and
 - Having an appropriate mechanism to provide risk assessment information to the competent authority or supervisory authority.
- 9.3 The Group profiles its customers and assigns a money laundering and terrorist financing risk rating that is commensurate with its risk profile.
- 9.4 After the initial acceptance of the customer, KCC Realty may regularly review and update the customer's risk profile based on its level of money laundering and terrorist financing risks.
- 9.5 The risk assessment report which includes the money laundering and terrorist financing risk profile and the effectiveness of risk control and mitigation measures should be submitted to HOD for review, who shall report material findings to the Directors. The frequency of reporting shall be commensurate with the level of risks involved and the Group's operating environment.

10.0 POLICY REVIEW

The Group shall periodically review or annually and assess the adequacy and effectiveness of this AML/CFT POLICY from time to time to ensure that it remains appropriate, practical and aligned with KCC's business operations, risk profile and applicable laws, regulations and requirements.