
JINYI GOLD HK LIMITED

POLICY DETAILS

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JINYI GOLD HK LIMITED

HONG KONG

Anti-Money Laundering,

Counter – Terrorist

Financing and Sanctions Module

(AML)

THE RULEBOOK

(MANUALS)

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1) Company Profile & Policy

The JINYI GOLD HK LIMITED (hereafter referred as “Company”) is operating under license from the HONG KONG to offer followings:

- **Jewellery Trading**
- **Non-Manufactured Precious Metal Trading**
- **Diamonds, Pearls, & Precious Stones Trading**
- **Used Jewellery Trading**
- **Watches & Clocks & Spare Parts Trading**

We are actively doing the bullion buying and selling, import and export business inside and outside to legal entities.

It is under legal and regulatory obligation to design and implement a formal and effective AML/CFT Compliance and Sanctions Program based on FINANCIAL INTELLIGENCE UNIT (FIU) requirements.

The Company has implemented additional AML/CFT procedures, systems, controls, and measures appropriate to its risk profile. The shareholder of the Company has nominated and appointed Compliance Officer to direct and manage the AML/CFT Compliance and Sanctions Program.

The company has also approved a few other compliance policies, including the AML/CFT Sanctions Policy that must be strictly followed by all the members of staff of the Company.

To offer out best services to our customers and comply with highest standards to counter ANTI MONEY LAUNDERING(AML)/COMBATTING THE FINANCE OF TERRORISM (CFT) MEASURES.

To attain this, JINYI GOLD HK LIMITED is obliged to have proper procedures, systems and control measures in place.

JINYI GOLD HK LIMITED adheres to the principles of:

- IDENTIFY, ASSESS AND UNDERSTAND THE RISK
- KNOW YOUR CUSTOMER (KYC),
- CUSTOMER DUE DILIGENCE (CDD),
- ENHANCE DUE DILIGENCE (EDD) AND
- IDENTIFY AND REPORTING OF SUSPICIOUS TRANSACTIONS
- APPLY DIRECTIVES OF COMPETENT AUTHORITIES FOR IMPLEMENTING UN SECURITY COUNCIL DECISIONS UNDER CHAPTER 7 OF THE UN CONVENTION FOR THE PROHIBITION AND SUPPRESSION OF THE FT AND PROLIFERATION
- RECORD KEEPING

2) Company Policy

It is the policy of the JINYI GOLD HK LIMITED to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all applicable requirements under the HONG KONG ANTI- MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM AND FINANCING OF ILLEGAL ORGANISATIONS and implementing regulations accordingly.

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the proceeds appear to have derived from legitimate origins or constitute legitimate assets.

Generally, money laundering occurs in three stages. (1) Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions. (2) At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses.

Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal either the origin of the funds or their intended use, which could be for criminal purposes. Legitimate sources of funds are a key difference between terrorist financiers and traditional criminal organizations. In addition to charitable donations, legitimate sources include foreign government sponsors, business ownership and personal employment. Although the motivation differs between traditional money launderers and terrorist financiers, the actual methods used to fund terrorist operations can be the same as or like methods used by other criminals to launder funds. Funding for terrorist attacks does not always require large sums of money and the associated transactions may not be complex.

Company's AML policies, procedures and internal controls are designed to ensure compliance with all applicable Hong Kong regulations and rules regards to Anti Money Laundering and Combating the Financing of Terrorism and financing of Illegal organization's and will be reviewed and updated on a regular basis to ensure appropriate policies, procedures and internal controls are in place to account for both changes in regulations and changes in our business.

SECTION B

1) Overview of the AML/CFT Legal, Regulatory, and National Strategy Frameworks of the HONG KONG

1.1 National Legislative and Regulatory Framework

The legal and regulatory structure of Hong Kong consists of a unified legal system under the common law framework, supported by a robust set of civil, commercial, and criminal laws, and supervised by various regulatory authorities responsible for enforcement. There are no federal or local jurisdictions in the sense used in some other countries; rather, Hong Kong operates under one jurisdiction with clear regulatory authority across sectors.

Crimes such as money laundering, terrorist financing, and financing of illegal organizations are criminalized under Hong Kong law, with enforcement led by bodies such as the Hong Kong Police Force (HKPF), the Joint Financial Intelligence Unit (JFIU), and the Independent Commission Against Corruption (ICAC).

The principal AML/CFT legislation in Hong Kong is the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO), Cap. 615, which applies to financial institutions and designated non-financial businesses and professions (DNFBPs) — including precious metals and stones dealers.

Other key regulatory instruments include:

The Organized and Serious Crimes Ordinance (OSCO), Cap. 455

The Drug Trafficking (Recovery of Proceeds) Ordinance (DTRPO), Cap. 405

The United Nations (Anti-Terrorism Measures) Ordinance, Cap. 575

In relation to Ultimate Beneficial Ownership (UBO) requirements, Hong Kong mandates that companies must maintain a Significant Controllers Register (SCR) under the Companies Ordinance, Cap. 622. This register must be kept at the company's registered office and made available to authorities upon request. Unlike in other jurisdictions, there is no central public UBO register.

In Hong Kong all businesses, including those dealing in precious metals and stones, must comply with the central Companies Registry, Customs and Excise Department, and AMLO requirements. These businesses are required to conduct Customer Due Diligence (CDD), maintain records, and report suspicious transactions to the JFIU.

1.2 International Legislative and Regulatory Framework

The AML/CFT legislative and regulatory framework of Hong Kong forms an integral part of the broader international AML/CFT system, shaped by intergovernmental bodies, treaties, and international best practices. Hong Kong's framework aligns with international treaties and conventions targeting money laundering, terrorism financing, and the prevention of the proliferation of weapons of mass destruction.

These frameworks are transposed into local legislation by the Hong Kong Government, and regulatory and supervisory authorities ensure enforcement and oversight. Hong Kong actively collaborates with international and regional organizations to uphold and implement these standards effectively.

Among the key international and regional AML/CFT bodies and initiatives Hong Kong engages with are:

➤ **The United Nations (UN):**

Hong Kong adheres to the UN Security Council Resolutions and conventions aimed at combating money laundering, terrorist financing, and proliferation financing. Implementation is enforced under the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575) and related legislation. Hong Kong also supports the UN's Global Programme against Money Laundering (GPML) through policy alignment and enforcement cooperation.

➤ **The Financial Action Task Force (FATF):**

As a member of the FATF through China, Hong Kong is fully committed to applying the FATF's 40 Recommendations and 11 Immediate Outcomes. The Hong Kong Monetary Authority (HKMA), Securities and Futures Commission (SFC), and Customs and Excise Department are key regulators overseeing AML/CFT implementation. Hong Kong has undergone FATF mutual evaluations and continuously aligns its policies and practices with the FATF Methodology.

➤ **The Asia/Pacific Group on Money Laundering (APG):**

Hong Kong is a founding member of the APG, which is a FATF-style regional body (FSRB). The APG facilitates regional cooperation on AML/CFT matters and helps ensure effective compliance and enforcement of global standards in the Asia-Pacific region.

➤ **The Egmont Group of Financial Intelligence Units:**

Hong Kong's Joint Financial Intelligence Unit (JFIU)—a collaboration between the Hong Kong Police Force and the Customs and Excise Department—is a recognized member of the Egmont Group. Through the Egmont network, the JFIU exchanges financial intelligence and collaborates on cross-border AML/CFT enforcement and investigations, especially relevant for gold and precious metals businesses vulnerable to illicit financial flows.

Hong Kong's AML/CFT approach emphasizes risk-based supervision, particularly for Designated Non-Financial Businesses and Professions (DNFBPs) such as precious metals and stones dealers, who must comply with customer due diligence (CDD), suspicious transaction reporting (STR), and record-keeping obligations under the AMLO (Cap. 615). These businesses

are supervised by the Commissioner of Customs and Excise and must be registered and regularly audited for AML/CFT compliance.

1.3 AML / CFT National Strategy Framework

Money laundering and the financing of terrorism are crimes that threaten the security, stability and integrity of the global economic and financial system, and of society as a whole. The estimated volume of the proceeds of crime, including the financing of terrorism, that are laundered each year is between 2-5% of global GDP. Yet, by some estimates, the volume of criminal proceeds that are seized is in the range of only 2% of the total, while roughly only half of that amount eventually ends up being confiscated by competent judicial authorities. Combating money laundering and the financing of terrorist activities is therefore an urgent priority in the global fight against organized crime.

Hong Kong is deeply committed to combating money laundering and the financing of terrorism and illegal organizations. To this end, the Competent Authorities have established the appropriate legislative, regulatory and institutional frameworks for the prevention, detection and deterrence of financial crimes, including ML/FT. They also continue to work towards reinforcing the capabilities of the resources committed to these efforts, and towards improving their effectiveness by implementing the internationally accepted AML/CFT standards recommended and promoted by FATF, MENAFATF and the other FSRBs, as well as by the United Nations, the World Bank and the International Monetary Fund (IMF).

As part of these efforts, the Competent Authorities of the HONG KONG have taken several substantive actions, including among others:

- Enhancing the federal legislative and regulatory framework, embodied by the introduction of the new AML/CFT Law and Cabinet Decision, which incorporate the FATF standards.
- Conducting the National Risk Assessment (NRA) to identify and assess the ML/FT threats and inherent vulnerabilities to which the country is exposed, as well as to assess its capacity regarding combating ML/FT at the national level.
- Formulating a National AML/CFT Strategy and Action Plan that incorporate the results of the NRA, and which are designed to ensure the effective implementation, supervision, and continuous improvement of a national framework for the combating of ML/FT, as well as to provide the necessary strategic and tactical direction to the country's public and private sector institutions in this regard.
- The National Strategy on Anti-Money Laundering and Countering the Financing of Terrorism of the Hong Kong is based on four pillars, each of which is associated with its own strategic priorities. These strategic priorities in turn inform and shape the key initiatives of the country's National Action Plan on AML/CFT.

2) Definition & Stages in the Process of Money Laundering and Terrorism Financing

2.1 Definition of Money Laundering and Laundering of Assets

Asset laundering is also referred to as money laundering, whitewashing, laundering of capital, legitimizing capital, laundering of assets, etc.

All the above refer to the same process that we define as follows.

"The surreptitious introduction of illegally obtained funds into the legitimate channels of the formal economy" (United Nations).

"Money laundering is the process through which assets obtained or generated as a result of criminal activities are transferred or disguised, with the purpose of concealing their ties to crime" (International Monetary Fund).

Thus, money laundering is the process by which a natural or legal person, who is in possession of assets derived from unlawful activities, introduces them to the financial system to obscure the source of the illegally obtained monies, and making them appear to be legitimate.

Given the nature of the financial operations used for laundering money, it is possible that financial entities be used inadvertently as agents for investing funds coming from illicit or criminal activities, jeopardizing the stability, reliability and credibility of the institutions involved.

3) STAGES IN THE PROCESS OF MONEY LAUNDERING

Money laundering is carried out through an array of different activities. In this sense, we can say that money laundering is not just one single operation, but rather a sequence of transactions that can be grouped in three distinct stages:

3.1 Placement, Incorporation, Accumulation

This consists of the placement of illegally obtained monies, mainly large amounts of cash, into the formal economy, especially the financial sector and by defeating all the established monitoring measures transforming this money into negotiable financial instruments.

For criminals this is usually the riskiest stage in the process of money laundering.

The financial institutions play an instrumental role in the detection of such activities and by keeping tight monitoring and screening methods they can avoid becoming part of the process.

The methods used to place funds - mainly cash - obtained from illegal activities into the financial system are varied and there are several combinations possible.

It is common to incorporate cash into the financial system by making a series of smaller deposits (structuring, also known as "smurfing") to overcome the registry and screening procedures that are generally in place to detect such transactions.

3.2 Layering, Concealment, Dispersion of Transactions

Once the funds have been placed into the financial system, it becomes more difficult for law enforcement to trace these monies back to the illegal activities that originated them, whether drug trafficking or others.

The main purpose of this second stage is to distance these proceeds from the criminal activities that originated them, concealing the source as well as the true ownership of such funds. This is achieved through several complex financial transactions such as international wire transfers.

By layering a series of transactions, these criminal proceeds generate several financial instruments and documentation, which makes it extremely difficult to trace back the origin and the true ownership of the funds.

3.3 Integration, Investment or Recycling.

During this last stage, after having gone through the stages previously mentioned, the illicit funds go back to the criminal groups from what seem to be legitimate sources, such as transfers between companies, returns from investments and other legitimate activities.

There are 3 main objectives to the laundering process:

- To create an intricate trail of paperwork and documentation - To disguise the origins and true ownership of the funds.
- To commingle ill-gotten monies with legitimate transactions.

Given that the Hong Kong regulations offer full freedom of Capital movement and protection of customers' identity, it is vital to ensure robust system is in place to monitor, prevent and report such activities.

4) Definition of Terrorist Financing

➤ **The United Nations has defined terrorist financing as the following:**

A person by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out:

- An act which constitutes an offence within the scope of and as defined in the existing treaties; or
- Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act."

➤ **Experts in general consider that terrorist financing comes from the following main, sources:**

- The first is financial support that comes from States or Organizations, and the other is profit obtained from wealth generating activities.
- Like the wealth of criminal organizations, terrorist funding can be derived from criminal or other illicit activities, from legitimate sources or a combination of both legal and illegal sources.
- The latter is a key difference between the modus operandi of terrorist groups and other criminal organizations.
- Community donations and fundraising are very effective ways for terrorist financing. Frequently, funds are obtained in the name of charitable or benefit organizations.
- Even though it might seem strange that money from legitimate sources needs to be laundered, terrorist groups often need to conceal or disguise their ties with legitimate funding sources.
- Thus, they need to find ways to launder these funds without calling the attention of authorities.
- Terrorists and their supporting organizations, often use the same money laundering methods used by criminal groups.
- Another important aspect of terrorist financing that makes it difficult to detect is the size and nature of the operations involved. Terrorist acts not always require large amounts of money, and the operations used to obtain the money usually are not very complex.

5) Risk Management & Assessment

Risk Management refers to all activities whose purpose is to anticipate adverse events from occurring. This is achieved by designing and implementing strategies, processes and structures that minimize the impact of the losses.

Risk analysis is the study of events that affect company activities, and risk management is the application of strategies to avoid or reduce the costs of risk.

Hence, risk management and analysis include the following:

- Identifies and assessing risks related to money laundering.
- Based on Customer, Geography, Product and Services, Delivery Channels.
- Establishing, documenting and updating AML/CFT policies to mitigate the risks identified.
- Implementing and maintaining risk-based Customer Due Diligence and monitoring process.
- Identifying and reporting suspicious transactions through GoAML
- Regular client checks

❖ **How does the Risk of Money Laundering or Terrorist Financing Affect the Business?**

For this Manual, risk means the eventuality or possibility that JINYI GOLD HK LIMITED could suffer damage, keeping in mind that the nature of its operations makes it particularly vulnerable to be used as an instrument to launder money and/or for the channeling of resources for terrorist financing, or to conceal wealth generated from these activities.

The risk of money laundering and terrorist financing materializes in the form of COMPLIANCE or LEGAL risks, REPUTATIONAL risk, OPERATIONAL risk, and CONTAGION risk, all of which the entity is exposed to, having negative economic effects on its stability when it is utilized for such activities.

• **In this Manual:**

Compliance Risk refers to the possibility of losses that JINYI GOLD HK LIMITED could suffer if it is sanctioned or fined for any, or all damages, caused by failure to comply with the legal framework and/or contractual agreement.

Reputational Risk refers to the possibility of losses that the company could suffer, whether due to the loss of prestige, being portrayed poorly or being subject to adverse publicity in their role as a Securities Broker and its business practices, which could result in loss of customers, income or have legal implications for the company.

Operational Risk refers to the possibility of incurring in losses due to deficiencies, inadequacies, or failure in the systems, people or internal systems, or because of external factors.

➤ **Different types of operational risks that can be a source of substantial losses:**

- **Internal fraud:** intentional misinformation of positions, robbery on the part of employees, the use of confidential information in favor of an employee account, etc.
- **External fraud:** refers to robbery, forgery, check fraud, damages caused by hacking IT systems, etc.
- **Employee relations and workplace security:** Employee request for compensation, violation of labor laws regarding safety and hygiene, organization of labor activities, discrimination disputes, general responsibilities, etc.
- **Practices with customers, products and businesses:** Abuse of confidence invested in them, misuse of confidential customer information, fraudulent use of bank accounts, money laundering, the sale of unauthorized products, etc.
- **Damage caused to material assets:** Acts of terrorism, damage to property, arson etc.
- **Alterations in activity and system failures:** Hardware or software failure, problems with telecommunications, and failures in providing public services, etc.
- **Execution, delivery and processing:** Errors entering data, failure in the administration of the collateral, incomplete legal documents, allowing unauthorized access to customer accounts, inadequate practices of counterparts different from customer, legal disputes with distributors, etc.

➤ **Contagion Risk** refers to the possible loss that an entity can suffer, directly or indirectly, because of its practice or acting as a trader and being commercially tied to either a supplier, customer, or even a counterpart.

To implement a criterion which takes into account the minimization and management of risk, the Company determines the possibility of occurrence and impact based on

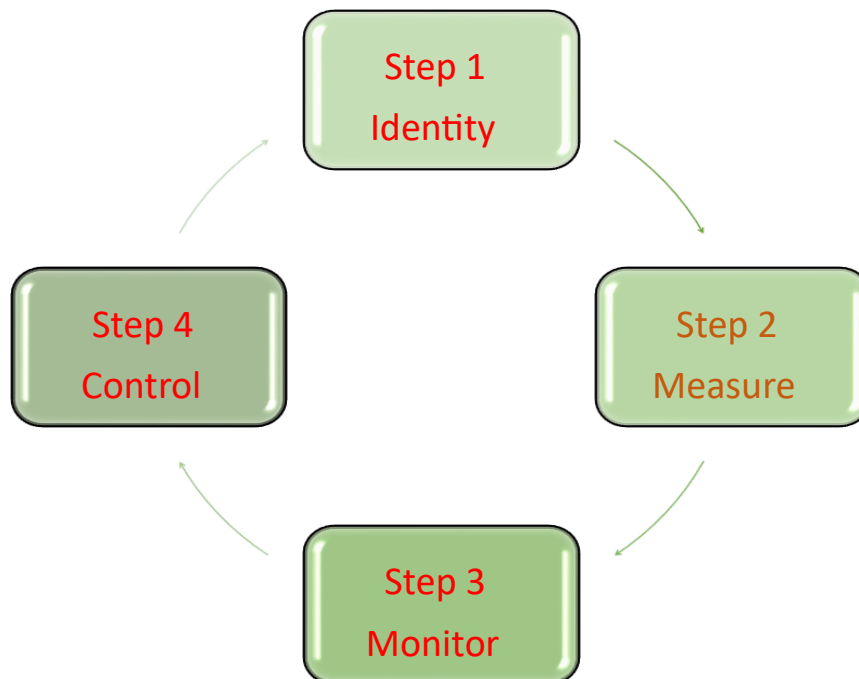
- customer categories (high, medium and low risk customers)
- source of resources
- customer business activities
- geographic location where activity occurs
- other elements

➤ **The factors that have been identified as high risk with regards to the above criteria are the following:**

- Customers that appear in public watch lists as suspected of engaging in money laundering and/or terrorist financing
 - PEPs
 - Persons that act on behalf of their customers
 - Civil associations and/or so-called non- profit organizations that are not under strict control or supervision.

- Cash intensive businesses such as currency exchange houses and casinos
- Customers who due to the nature of the entity do not reveal the identity of the beneficial owner or major investor.
- Customers with criminal records and/or adverse credit history (issuing bad checks, closed accounts, embargoes, etc.)
- Customers that handle large volumes
- Countries identified as promoting and financing terrorism

5.1 Risk Management Process



- **Identify:** at the institutional level, lines of business, products, transactions
- **Measure:** risk for each customer, product or service, by geographical factors, and by legal and regulatory risk.
- **Monitor:** implementation of "Know your Customer and Employee" Policy
- **Control:** discontinue an activity, product or line, using mitigation techniques, and contain and monitor risk.

It is inevitable that not only an initial check be conducted when the customer enquiry is received, but also it needs to be followed by an additional personalized monitoring of each one.

To identify the risks that exist in the different activities and customer categories, our Compliance officer is in charge of implementing adequate control measures.

There is continuous monitoring of customer activity in order to anticipate trends and to be able to detect any unusual activity. In this way any unexpected or suspicious operation that could indicate risk will be reported immediately to the Compliance Officer.

The following tasks are performed:

- Identify inherent risks in the Business operation
- Evaluate the possibility of them occurring and the possible impact.
- Implement control measures that are suitable for mitigating the different types and levels of risk identified.
- Monitor permanently the results of the controls that are in place and their level of effectiveness to detect unusual or suspicious transactions (STR) and to correct deficiencies that exist in the risk management process.

5.2 Risk Matrix

Company's Risk Matrix (Refer next page for more info.) is used to identify areas where there is a higher risk of money laundering and terrorist financing, and to determine the Company's Risk Profile.

The risk assessment is performed based on the person (based on four characteristics).

5.3 Methodology for Evaluating Risk

Once the risks have been identified, it is necessary to evaluate them considering not only the probability that the risks occur, but also the consequences that these would have with regards to losses or damage caused.

PROBABILITY X IMPACT = RISK LEVEL RATING

Three Levels of the probability of risk occurring can be identified:

RATING	DESCRIPTION
HIGH	Huge consequences, damages or effects
MEDIUM	Moderate level of impact
LOW	Small consequences or effects

PROBABILITY	VERY PROBABLE	MEDIUM 2	HIGH 3	EXTREME 4
	PROBABLE IMPACT	LOW 1	MEDIUM 2	HIGH 3
	IMPROBABLE	LOW 1	LOW 2	MEDIUM 2
		SMALL	MODERATE	LARGE

IMPACT

The use of the following risk matrix allows us to combine probability with impact in order to obtain a risk rating range:

❖ RATING DESCRIPTION/DECISION:

RATING	DESCRIPTION/DECISION
4. EXTREME	It is highly likely that something will occur and/or that it will have very direct consequences. Do not authorize transactions.
3. HIGH RISK	Risk likely to happen. Do not authorize transaction until risk is reduced.
2. MEDIUM	Possibility of risk occurring and /or moderate consequences.
1. IMPROBABLE	Improbable that something will occur. Complete the transaction

The appetite for risk refers to the amount of risk that JINYI GOLD HK LIMITED is willing to accept to achieve its objectives and serves as a guideline for the risk management strategy. Bearing this in mind, the management must determine which risks they are willing to accept under normal due diligence procedures, which risks are unacceptable, and which risks will be considered on a case-by-case basis and will only be approved if enhanced due diligence procedures are applied.

An example of a worksheet that takes into consideration different types of customers, within this risk category, the probability, impact and rating, as well as the risk treatment that the entity could consider:

❖ RISK CATEGORIES: CUSTOMERS

TYPE	PROBABILITY	IMPACT	RATING	TREATMENT
New Customer	Probable	Moderate	2	Standard verification and control Procedures
Customers with high flow of Operations	Probable	Large	3	Purpose of the account and client background Volume of the frequency of the Transactions
Unregistered Charitable Organizations	Very probable	Large	4	Refusal
PEPs	Probable	Large	3	Senior staff authorizations

Customers in Absence	Probable	Large	3	Determine Identify. Verify provided Documents
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Keeping records and conducting evaluations on a regular basis are essential for maintaining an effective prevention program. The money laundering prevention program cannot be a static tool, since risk can evolve with time (changes can occur in the customer base, products, services as well as in the legislation). For this reason, it is necessary to develop ways of verifying, on a regular basis, if the money laundering prevention program is working effectively, and if it's not, then make the necessary changes.

❖ Operations Report

It is responsibility of the Compliance officer to confirm not only the Customer portfolio complies with the first stage (customer identification and control of customer information), but also that the resulting profile created based on the data submitted is correct and in accordance with the transactions conducted with the customer.

In order to do so, the Compliance officer implements various measures, all of which are different types of control that allow the Department to verify that the profile initially defined remains the same, and to confirm that the customer profile that is defined is correct.

5.4 CUSTOMER RISK CATEGORIZATION POLICIES

To know the level of due diligence applicable to the customer in the processes of acceptance, identification and Know Your Customer will be categorized under a risk-based approach for the prevention of money laundering and terrorist financing.

The Risk Factors considered, and Methodologies used in the categorization approach are listed below:

5.5 RISK FACTORS:

JINYI GOLD HK LIMITED has considered the following risk factors:

- Geographic location
- Activity
- Politically Exposed Persons (PEPs)
- Materiality
- Customers of Customer

❖ **Geographic Location**

There are certain geographic locations considered as higher risk for money laundering and terrorist financing.

Customers considered as high risk due to their geographic location are those who have substantial connections in a high-risk country/city, that is:

- Companies/Customers that hold property, residence, offices or headquarters in a high-risk country.
- Companies/Customers whose majority shareholders or beneficiary owners are in such countries.
- If there are any other substantial connections/links that might be identified.

Although Nationality is an important element it is not a determining to classify someone as a high-risk customer.

The Financial Action Task Force (FATF) classifies High-Risk Jurisdiction have significant deficiencies in their regimes to counter money laundering, terrorist financing and financing of proliferation.

❖ **List of Countries Considered as High-Risk Jurisdictions.**

❖ **Jurisdictions under Increased Monitoring - 25 October 2024**

Sl. No	Country Name	Sl. No	Country Name
1	Algeria	11	Lebanon
2	Angola	12	Mali
3	Bulgaria	13	Monaco
4	Burkina Faso	14	Mozambique
5	Cameroon	15	Namibia
6	Côte d'Ivoire	16	Nigeria
7	Croatia	17	Philippines
8	Democratic Republic of the Congo	18	South Africa
9	Haiti	19	South Sudan
10	Kenya	20	Syria
11	Lebanon	21	Tanzania
12	Mali	22	Venezuela
13	Monaco	23	Vietnam

14	Mozambique	24	Yemen
15	Namibia		
16	Nigeria		
17	Philippines	NEWLY ADDED TO FATF INCREASED MONITORING	
18	South Africa	1	Algeria
19	South Sudan	2	Angola
20	Syria	3	Côte d'Ivoire
21	Tanzania	4	Lebanon
22	Venezuela		
23	Vietnam	NO LONGER SUBJECT TO FATF INCREASED MONITORING	
24	Yemen	1	Senegal

➤ The blacklist countries of FATF are as follows:

- **Democratic People's Republic of Korea**
- **Iran**
- **Myanmar**
- Customers from these countries will be considered high-risk and will be continuously monitored.

➤ **Activity**

There are certain business and/or industrial activities that due to their nature are more likely to be used for money laundering and terrorist financing.

Some activities considered high-risk are as follows:

- Casinos, Gaming Centres, Racetracks
- Money Remittance Companies
- Non-Governmental Organizations (NGOs)
- Financial Investment Corporation (S.A.F.I.)
- Arms, weapon manufacturers, distributors and dealers
- Precious metals distributors and dealers' Antique dealers
- Professionals who act as intermediaries (Lawyers or accountants that manage their customer's funds in their accounts)

- Auction houses
- Real Estate Companies
- Construction Companies in touristic areas.
- Hotels
- Cash-intensive businesses (such as supermarkets, restaurants/bars, duty-free shops, parking garages, etc.)

➤ **Politically Exposed Person (PEPs)**

Public corruption is considered as prominent cause for money laundering. This is why having ties with people who hold or have held prominent public functions or others who are closely connected with them, family members or close associates, might pose a legal or reputational risk to our Entity.

Politically Exposed Persons (PEPs) are those who have a high political profile, who hold or have held public office, whether in their country or abroad, such as heads of state or government, politicians, high- ranking government officials, senior judicial officials, high- ranking officer in an armed force, political party leaders, members of the board or senior executives of stateowned companies and entities.

Having business relationships with PEPs family members, close associates, or companies controlled whether directly or indirectly by PEPs represent risks to the reputation of the company similar to damages caused to the reputation of PEPs themselves.

- **These 3 groups are defined as follows:**

1. Spouse; Parents or the spouse or partner of a parent; Child or the spouse or partner of a child; Siblings.
2. Any person who is publicly known to have close business relations with the PEPs.
3. Companies in which the PEP is the majority shareholder (holding over 50% of the assets/equity) or final beneficiary (holding corporate will).

If corrupted-PEPs were to use the services of our company, it would cause irreparable damage to our reputation and therefore lead to distrust of the general public. This is why we must have access to information about the new customer and evaluate all the public information that is available in order to decide whether or not the new customer falls under the PEP category.

It is not realistic to think that we will be able to investigate every family member, business or political associate of the potential customer. We will decide the need to go more in-depth with the investigations depending on the potential customer's volume of transactions, behaviour patterns, background, reputation of their country of origin, how reasonable their explanations are, etc.

We should remember, however, that it is very unlikely that PEPS (or their family members or friends) will come forward and introduce themselves as such. It is possible that many will try to disguise their status. Company will use the databases provided by specialized agencies

containing the profiles of PEPs (herein after PEPs list) as a tool to support their activities throughout this process.

Our screening tool “**AMLTRACE**” is equipped to identify the customers related to PEP, once it is identified, we will carry out EDD process by applying checking their adverse media news, verify their identity and source and prior to establish the relationship we will take our senior management approval.

➤ **Materiality**

The materiality of the relationship with a customer represents a risk factor.

➤ **Customers of Customer**

Those persons (natural or legal entities) that conduct operations through a direct customer of JINYI GOLD HK LIMITED, are considered indirect customers and called "customers of customer".

In such cases the business relationship is established between Company and the direct customer, but the transactions that the latter conducts in our institution are done on behalf of a third party. This is our direct customer's customer. In such cases company doesn't have a direct relationship with the third party, and this is why enhanced due diligence processes are required. In addition, they shall be able to identify the beneficiary owners of the transactions when so required by due diligence processes.

For identification purposes, a statement describing the type operations each customer conducts shall be included in the KYC form, to establish whether they are operating in their own interests or on behalf of third parties.

A list of all the people involved will be requested to complete these transactions. It should state: first name, last name, I.D. number, type of document and amount transacted. All of which must be cleared by the Compliance Officer.

With regards to our company, we will by all reasonable means try to identify the beneficiary owners of the funds as well as the true motives (financial, legal, etc.) as to why this type of intermediary operating process has been chosen.

If the customer refuses to provide information about the beneficiary owners of any one of the transactions, the top management will evaluate and assess whether this is an unusual or suspicious transaction that should be reported to Compliance officer.

SECTION C

AML Policies & Operations – CUSTOMER

1) AML Compliance Person Designation and Duties

The firm has designated Mr. Kartik M. Nagre as its Money Laundering Reporting Officer (MLRO) with full responsibility for the firm's AML program. The duties of the AML Compliance Person will include monitoring the firm's compliance with AML obligations, overseeing communication and training for employees. The AML Compliance Person will also ensure that the firm keeps and maintains all the required AML records and will ensure that Suspicious Activity Reports (SARs) are filed with the Financial Intelligence Unit. The AML Compliance Person is vested with full responsibility and authority to enforce the firm's AML program.

The annual review of AML information will be conducted by Mrs. ZHOU LIHUI and will be completed with all necessary updates being provided no later than 10 business days following the end of each calendar year. In addition, if there is any change to the information, he will update the information immediately.

2) Know Your Customer Policy

2.1 OBJECTIVES

The "Know Your Customer" (KYC) principle is instrumental in the prevention against money laundering and terrorist financing.

Knowing our customers is an essential element in our line of industry. By obtaining information on the source of the funds transacted by customers, JINYI GOLD HK LIMITED can protect itself from being used to conceal illegally obtained funds.

KYC is not a mere formal requirement that can be met simply by filling out a form. Nor is it a passive transaction where the Entity simply requests information and the Customer provides it. But instead, it is a dynamic, ongoing process by which the company requests information, screens it to make sure it is complete and requests supporting documentation when it's pertinent to do so. The information is then validated and finally all the documentation and data collected are evaluated to make sure they are consistent.

KYC Due Diligence (in terms of requirements, acceptance level and how frequently information is reviewed) is connected to Customer Risk ratings.

2.2 DUE DILIGENCE

The documentation that each customer will be requested depends on the risk category they were assigned when the account was opened.

Those Customers of JINYI GOLD HK LIMITED considered as low risk will be requested to fill out a KYC form with their personal and contact information. If there is any change in the information, such as address or telephone number, the customer must inform the company and replace the old registration form by a new one with the updated information. A copy of the

customer's I.D. must be enclosed. The company must check against the PEP lists available to make sure the new customer doesn't fall under that category.

Customers considered medium-risk, are requested to provide the same information as the low-risk customers, plus supporting documentation, such as a utility bill, as proof of address. They are also required to fill out a "Know Your Customer" form, in which they must state the source of the funds, estimated annual income, estimated net assets or equity, and estimated total annual investment.

Customers considered high-risk, are subject to enhanced due diligence. This means that they not only will be requested to follow the general procedure, but also a detailed report of the circumstances must be filed (see annexes) explaining all the variables that were considered to create such profile. The report must be supported by pertinent documentation, any source of information that states and explains the customer's assets and financial position and/or the source of the funds.

- The business relationship must be approved by the Compliance Officer
- Additional information must be collected for certain Customer, Products or Services categories.

Customers who fall under the PEPs category must always comply with these requirements since they are considered high-risk regardless of the total amounts transacted

RATING	DESCRIPTION	TO KNOW
Low risk	KYC form + Supporting Documents *	Customer Identification
Medium-risk	Aforementioned + Validation + supporting Documents **	KYC Form
High-risk	Aforementioned + Internet Report	Aforementioned + supporting Documentation ***

- *For example: copy of Passport, latest Residence Proof
- **for example: Bank Statements, Risk Assessment Form for example: World Check report, Source of Funds etc.

Note: Our Company will try to get almost all above mentioned documents from our client irrespective of Risk Categories.

2.3 CUSTOMER IDENTIFICATION

The main purpose of Customer Identification is making sure you know, within reason, the identity of the customer.

❖ **All customers must be identified by any of the following identity documents:**

1. HONG KONG ID or Residency ID
2. Passport

3. Other foreigners: Passport or any other ID from country of origin

All the above must be picture IDs.

Expired or deteriorated identity documents **will not be accepted**.

Registration Form

The following information must be comprised for the Retail Customer:

1) Natural Person

- Full name, last name and alias
- Identity document
- Address and phone/fax number/email

2) Legal Person Legal documents

- Name and Type
- Address and phone number
- Tax Identification Number (if applicable)
- Identification of the natural person who performs the transactions on behalf of the legal person following the procedures, and documentation that proves the legal capacity of the representative.
- Identification of beneficial owner.

❖ File

- The following information must be comprised for the Wholesale Customer:

1. Natural Person:

- Full name and last name Place and Date of Birth
- Type and Identity Card number and issuing country Address
- Telephone/Fax number/e-mail
- Marital Status (if married, spouse's name and identity card number)
- Profession, trade or main activity
- Income Statement whether they represent themselves or act on behalf of a third party.
- Personal/bank references.
- Know Your Customer form, stating the source of the funds, estimated annual income, estimated net assets and estimated total annual investment.

In addition, a copy of the customer's identity document must be kept in the file.

2. Legal Person

- Corporate name

- Type of business entity
- Date of incorporation Country of incorporation
- Legal address
- Telephone/fax number/email
- Tax Identification Number, if applicable
- Main business activity
- Volume
- Turnover
- Identity of the natural person who performs the transactions on behalf of the legal person and documentation that proves the legal capacity of the representative
- Supporting documentation: certified copy of the articles of incorporation or bylaws, copy of taxpayer registry, documentation that certifies the legal capacity of the representative, agent, etc.
- Affidavit of beneficial owner and copy of his/her I.D.
- Personal/bank references
- Know Your Customer form stating the source of the funds, estimated annual income, estimated net assets/equity and estimated total annual investment.

The information in section 1) above will also be requested for natural persons who act as administrators, representatives, agents and any other person authorized to act on behalf of the customer -legal person-. The majority shareholders -those with a 10% and over share - must be identified when dealing with Corporations. If the partners or shareholders are legal persons with a 10% or above share, the owners of such legal entities must be identified and therefore obtain the identity of the natural persons behind the legal entities.

When the customer (or owner or majority shareholder) is a public company, listed in a stock market, subject to regulatory disclosure requirements, it is not necessary to seek to identify or validate the identity of the shareholders.

When dealing with trusts one must understand the substance and form of the legal entity. The identities of the settler, trustee or person exercising effective control over the trust and beneficiaries must be verified.

See KYC Form attached here for identity information requirements (natural and legal persons).

• **Updating Information**

Customer's information and/or documentation must be updated annually or under one of the following circumstances:

- JINYI GOLD HK LIMITED modifies its customer identification regulations
- If customer information is insufficient or out of date

- At the request of the compliance officer within the framework of an ongoing investigation at the request of the auditors
- If any Red Flags are detected
- If there are any significant changes in the customer's behavior patterns

No transaction will be carried out with the customer if their identification information is pending or out of date.

• **ENHANCED DUE DILIGENCE:**

Enhanced Due Diligence ("EDD") will need to go beyond the normal requirements applied to the approval and monitoring of customers, as contained within this policy. As the reasons for designation as high risk will vary from customer to customer, the nature and level of enhancement will need to be determined separately as and when high risk customers are identified, and procedures will need to explain how the increased risks will be minimized.

❖ **We shall perform Enhanced Due Diligence in the following scenarios:**

- Customers from High-risk countries.
- Politically Exposed Persons (PEPs) and Close Associates of PEPs.
- If the customer/transaction is found to be suspicious/unusual.
- Any other suspicious cases alerted based on the rule violation(s).

We will obtain senior management's approval before establishing the relationship with such high-risk clients and obtain the source of fund/wealth documents, done proper screening check with any adverse news check.

2.4 VERIFICATION AGAINST WATCHLISTS

➤ **Scope**

❖ **OFAC List**

List issued by the Office of Foreign Assets Control (OFAC), USA.

<https://home.treasury.gov/policy-issues/terrorism-and-illicit-finance/money-laundering>

<https://sanctionssearch.ofac.treas.gov/>

❖ **UN List**

List issued by The United Nations

<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

EU List <https://www.sanctionsmap.eu/#/main> **International and**

The FATF <https://www.fatf-gafi.org/en/home.html>

❖ **List of "Unwanted Customers"**

The Compliance Officer at JINYI GOLD HK LIMITED will put together a list of natural and legal persons who are not wanted as customers, which shall include as follows:

- Those people/companies that have appeared in publications as having ties with the organized crime, money laundering and terrorist financing.
- Customers that have been subject to a STR (Suspicious Transaction Report) and therefore the Management for the Prevention of Money Laundering and Terrorist Financing ("The Committee") decided to include in this list.
- Those people, natural or legal entities, the management has decided not to accept.

❖ **PEPs List (Politically Exposed Person)**

List issued by companies providing PEPs identification services and managed by the Compliance Officer.

All customers, including shareholders (if dealing with closely held stock corporations, and representatives if there were any), beneficiaries, suppliers and counterparts will be checked against all sanctioned lists including Interpol wanted list and unwanted customer list and the PEP List.

To check and assess the PEP: <https://dilisense.com/en>

<https://dilisense.com/en/sources/sanction-sources>

3) Monitoring Policy and Suspicious Transactions Report

Transactions must be monitored to detect suspicious activities.

3.1 DEFINITION OF SUSPICIOUS TRANSACTION

- Our legislation defines a Suspicious Transaction as:

"Those transactions related to funds for which there are reasonable grounds to believe that they are earned from any misdemeanor or felony or related to the financing of terrorism or of illegal organizations, whether committed or attempted."

3.2 CONTROL OF SUSPICIOUS TRANSACTIONS

In order to identify suspicious or unusual transactions JINYI GOLD HK LIMITED will put in place permanent controls over the activities of its customers. There are two types of controls of the transactions:

❖ **DECENTRALIZED**

All employees of JINYI GOLD HK LIMITED must, while attending to their day-to-day business practices, be alerted to detect and report any unusual activity that might arise.

All employees must pay attention to any Red Flags that might come up during the transactions or activities of the customers they attend to. They must verify the transactions carried out by their customers to detect those that seem unusual either due to their volume, type of operation, reiteration or lack thereof.

If they do find unusual transactions, staff must report to the Compliance officer and enclose all the supporting documentation and evidence of their analysis. This report will be sent to the Top Management.

➤ **CENTRALIZED**

The Compliance Officer must monitor the transactions carried out by customers in order to spot any unusual activity that might occur.

To do so, a scheme of Red Flags and Controls has been defined, based on the customer's risk rating and certain predefined follow-up parameters.

3.3 Suspicious Transactions Report (STR)

The STR will include the information requested by the FIU and all the information that is considered relevant to the cause. For those cases in which the Management decides in favour of issuing and STR, the Compliance Officer is the one responsible for presenting this report before the FIU in timely form and manner.

3.4 RED FLAGS

- Are common warning signs alerting firms and law enforcement to a suspicious transaction that may involve money laundering.

JINYI GOLD HK LIMITED considers the following as red flags indicator:

- Customers Refusing to give identification.
- Name with potential match in the UN Sanction List.
- Negative Result During Screening

- No proof of Income
- No apparent business connection
- Inconsistent information during CDD
- Transaction from High-Risk jurisdictions

All customers who failed to provide source of funds (SOF) and No proof of Identifications cannot be onboarded and do business with JINYI GOLD HK LIMITED.

In the event the existing customer of the company is from High-Risk jurisdictions they will be classify and will be continuously monitored.

If there's any match from UN Sanction List from any of the customers of JINYI GOLD HK LIMITED is found.

All transactions and funds related to that person or entities will be reported to the authorities using GoAML system and freeze the funds without delay.

➤ **PF Red Flags:**

Indicators of Possible Proliferation Financing as mentioned in Annex 1 to the 2008 FATF Typologies Report on Proliferation Financing

- (i) Transaction involves person or entity in foreign country of proliferation concern.
- (ii) Transaction involves person or entity in foreign country of diversion concern.
- (iii) The customer or counterparty or its address is like one of the parties found on publicly available lists of “denied persons” or has a history of export control contraventions.
- (iv) Customer activity does not match business profile, or end-user information does not match end-user’s business profile.
- (v) A freight forwarding firm is listed as the product’s destination.
- (vi) Order for goods is placed by firms or persons from foreign countries other than the country of the stated end-user.
- (vii) Transaction involves shipment of goods incompatible with the technical level of the country to which it is being shipped, (e.g. semiconductor manufacturing equipment being shipped to a country that has no electronics industry).
- (viii) Transaction involves possible shell companies (e.g. companies do not have a high level of capitalisation or displays other shell company indicators).
- (ix) Transaction demonstrates links between representatives of companies exchanging goods i.e. same owners or management.
- (x) Circuitous route of shipment (if available) and/or circuitous route of financial transaction.
- (xi) Trade finance transaction involves shipment route (if available) through country with weak export control laws or weak enforcement of export control laws.
- (xii) Transaction involves persons or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws.

(xiii) Transaction involves shipment of goods inconsistent with normal geographic trade patterns (e.g. does the country involved normally export/import good involved?).

(xiv) Transaction involves financial institutions with known deficiencies in AML/CFT controls and/or domiciled in countries with weak export control laws or weak enforcement of export control laws.

Cash Transactions

◇ Under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO), Cap. 615, Designated Non-Financial Businesses and Professions (DNFBPs) in Hong Kong—including precious metals and stones dealers—must fulfill AML/CFT obligations when conducting any transaction (single or linked) involving a value of HKD 120,000 or more (or its equivalent in any currency), as part of occasional transactions.

◇ **Measures to be taken when carrying out occasional transactions in favor of customers include:**

- **Cash transactions (≥ HKD 120,000)** involving resident or non-resident individuals or corporate clients must be reported to the Joint Financial Intelligence Unit (JFIU) through Suspicious Transaction Reports (STRs) if deemed suspicious.

- Dealers must apply Customer Due Diligence (CDD), including identity verification, source of funds, and purpose of the transaction before conducting such high-value cash transactions.

- Third-party cash transactions are strongly discouraged and should be treated as high-risk unless verified with full documentation and justification of the relationship.

🔗 **General Transaction Red Flags** The following situations may indicate a higher money laundering or terrorist financing risk and warrant enhanced due diligence (EDD):

Clients avoid direct interaction or delegate transactions through unrelated third parties.

Frequent payments routed via offshore financial centres or jurisdictions classified as non-cooperative by the Financial Action Task Force (FATF).

- Companies with multiple authorized signatories who have no discernible business or familial ties, particularly if registered in offshore jurisdictions.
- Clients based in high-risk jurisdictions (e.g., with links to terrorist financing, drug trafficking, or sanctions lists).
- Customers acting on behalf of unknown third parties or refusing to disclose the Ultimate Beneficial Owner (UBO).



➤ **🌐 Transactions with Foreign Customers**

➤ **Enhanced monitoring should apply to:**

- ▪ Electronic fund transfers lacking adequate remitter/beneficiary information that obscures traceability.
- Transactions involving non-profit organizations, foundations, or associations with unclear source of funds or activities inconsistent with their declared purpose.
- Payments structured to avoid the HKD 120,000 reporting threshold, indicating possible "smurfing".
- Transactions involving bulk cash movements, frequent telegraphic transfers, or cash-based settlements from/to high-risk or FATF blacklisted countries.
- Clients refusing to provide full information, submitting false or unverifiable data, or delaying responses to compliance inquiries.
- Any operation involving jurisdictions with known money laundering activity or non-compliant with FATF standards.
- These rules are enforced by the Commissioner of Customs and Excise for precious metals dealers, under Schedule 2 of the AMLO, with non-compliance subject to administrative and criminal penalties. Businesses must retain all CDD and transaction records for at least 5 years and submit STRs promptly upon suspicion.
- **Other Factors**
 - Staff at JINYI GOLD HK LIMITED who show a sudden change in their lifestyle or refuse to take time off.
 - Staff at JINYI GOLD HK LIMITED who use their personal address to receive documentation from Customers.
 - Special attention should be paid to staff of JINYI GOLD HK LIMITED who show a sudden and significant increase in their operations.
 - When dealing with PEPs, special attention should be paid to their transaction, making sure these are consistent with the activity stated and their customer profile.
 - If the Entities suspect or have reasonable evidence to suspect of the existence of funds that have ties to terrorism, terrorist acts or terrorist organizations, they should immediately inform that Financial Information Unit. The UN Security Council Resolutions for the Suppression of the Financing of Terrorism will be considered when handling these matters. Customers who make unsound use of the services of Company.

- Legal persons owned by individuals of the same origin or with participation of individuals of the same origin from jurisdictions that are considered as non-cooperative.

Employees of JINYI GOLD HK LIMITED, that detect any of the behaviours, must immediately report to the Compliance officer.

3.5 INVESTIGATIONS

❖ **Compliance Officer:** -

The Compliance Officer must investigate when:

- Customers are listed in the OFAC watch list or as "Unwanted Customers" ○ Red Flags are triggered because of centralized monitoring.
- Report is submitted to him because of decentralized monitoring. ○ He considered it is necessary the procedure will be as follows:

The Compliance Officer will conduct the pertinent investigations aided by the business platforms if necessary.

The Compliance Officer will prepare Unusual Operation Investigation report indicating his recommendations for each case.

If the Compliance Officer considers that the transaction:

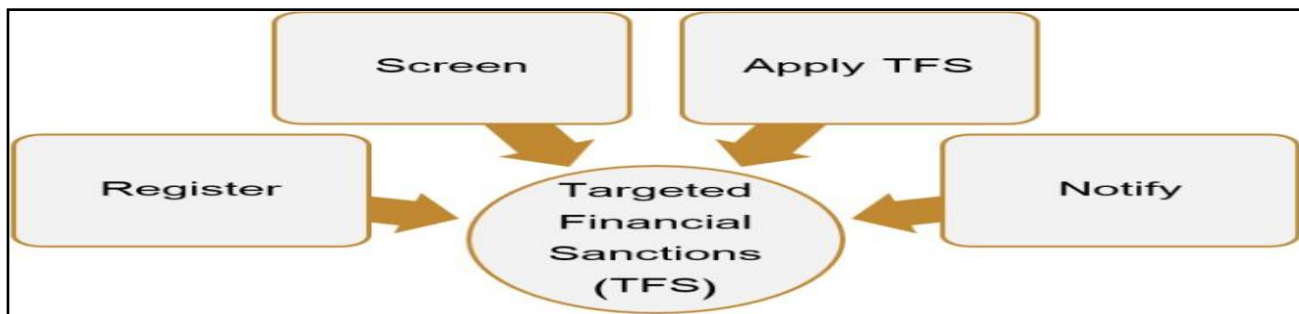
- could eventually develop as a money laundering and terrorist financing offense.
- is unusual according to the customs and practices, or is not consistent with the type of operation, frequency or volume the customer usually conducts, and can't find a reasonable financial or legal explanation after examining the facts, including the customer's background and possible purpose of the transaction.
- The **Compliance Officer** shall present to senior management any proposal to report transactions considered suspicious to the Joint Financial Intelligence Unit ("JFIU") in Hong Kong.
- Senior management, based on the evidence collected during the internal investigation, will assess whether a Suspicious Transaction Report (STR) should be filed with the JFIU. If a transaction is not considered suspicious, such a decision must be clearly documented, with proper justification and supporting records retained in accordance with the record-keeping requirements of the AMLO.
- The Compliance Officer must also provide management with a summary of all transactions reviewed during the investigation process, including those that were ultimately cleared and not reported.
- Senior management shall also determine whether to maintain or terminate the business relationship with the customer involved in the STR.

- This decision should consider the risk assessment outcome, any feedback or instructions from the JFIU, and the company's internal AML/CFT policy.
- If the company decides to terminate the relationship, this action must be recorded and, where applicable, communicated to the JFIU as part of ongoing cooperation and reporting obligations.
- In cases where the JFIU advises continuing the business relationship, senior management may establish enhanced monitoring measures, including ongoing due diligence, periodic reviews, and transaction limits or restrictions, to manage the associated ML/TF risks.

❖ **TARGETED FINANCIAL SANCTIONS:**

- The United Nations Security Council (UNSC) may act under Chapter VII of the United Nations Charter, specifically Article 41, to maintain or restore international peace and security by imposing sanctions measures that do not involve the use of armed force. These sanctions are often imposed to address political conflicts, support non-proliferation of nuclear weapons, and counter terrorist financing.
- UNSC sanction regimes range from comprehensive economic measures to targeted sanctions such as arms embargoes, travel bans, and financial restrictions, including the freezing of assets and prohibitions on making funds or economic resources available to sanctioned individuals, entities, groups, or undertakings.
- As a Special Administrative Region (SAR) of the People's Republic of China, Hong Kong is obliged to implement all UN Security Council Resolutions (UNSCRs) on sanctions through local legislation. In particular, Hong Kong gives effect to TFS through the United Nations Sanctions Ordinance (Cap. 537) and its subsidiary regulations, as well as through the guidance issued by the Hong Kong Monetary Authority (HKMA), Customs and Excise Department, and the Securities and Futures Commission (SFC).
- For precious metals and stones dealers, including gold businesses, the following key obligations apply under the TFS regime in Hong Kong:
- Key TFS Obligations in Hong Kong:
 - Screening Obligations
All DNFBPs must regularly screen customers, beneficial owners, and transactions against the latest UN Sanctions Lists and the Consolidated List of Designated Individuals and Entities published by the Hong Kong authorities.
 - Asset Freezing
If a customer or transaction involves a designated person/entity, the business must immediately freeze any related funds or assets and ensure they are not used, moved, or accessed.

- **Prohibition on Making Funds Available**
No funds, financial services, or economic resources may be directly or indirectly made available to any person or entity designated under a UN sanction regime.
- **Reporting to Authorities**
Any match or suspected match with a designated individual or entity must be reported immediately to the Joint Financial Intelligence Unit (JFIU) and the relevant regulator (e.g., the Commissioner of Customs and Excise for gold dealers).
- **Failure to comply with the TFS obligations constitutes a criminal offence under Hong Kong law and may result in severe penalties, including imprisonment and fines.**



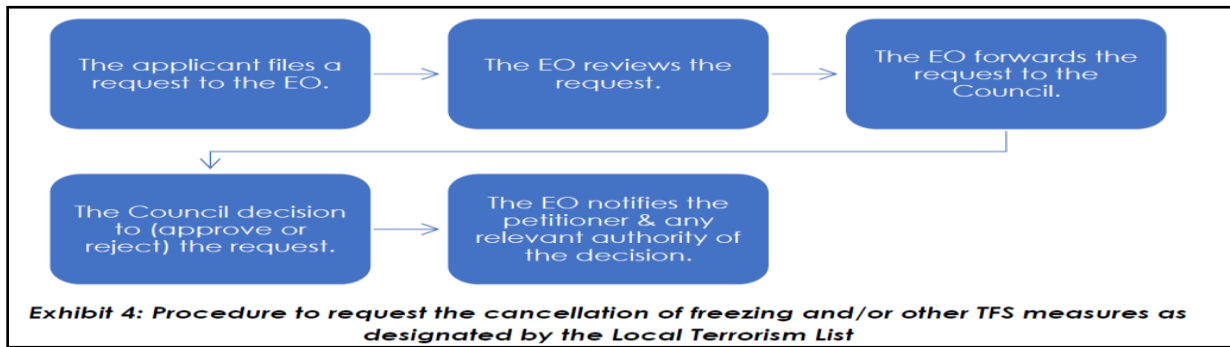
TFS Implementation Steps

Depending on the type of match, the following TFS measures should apply:

1	Subscribe	TFS Measures	
		Existing Customer	Potential Customer
2	Screen	Confirmed Match	Partial Name Match
		Freeze Assets without delay Prohibit making Funds / Services available	Reject customer
3	Apply TFS	Any Customer	
4	Report	NO Match	
		Suspend all Transaction without delay Prohibit making Funds / Services available	No further action is required

TFS measures remain in effect until delisting or instructions received from

EOCN

❖ **Procedure to cancel or lift the freezing measures:**❖ **Grievances to the court:**

If the application is rejected by the Supreme Council, or if no response to the application is received within 30 days from date of its submission, the applicant may file a grievance before the Competent Court within 60 days from the date of notification of the rejection, or after the response period has elapsed.

The court's decision on the grievance may not be appealed, and if the court rules to reject the grievance, a new grievance may only be filed after 6 months from the date of rejection of the grievance, unless a serious reason that is accepted by the president of the Court arises before the expiry of such period.

❖ **Independent Review**

To ensure the effectiveness and sustainability Of an Anti-Money Laundering (ANIL) Compliance program, a comprehensive periodic review must be conducted to assess the adequacy of the program's policies, procedures, compliance officers' functions, and Other control.

This independent review aims to evaluate and test whether the policies, procedures, and controls align with regulatory guidelines and provide recommendations for changes and modifications to enhance the program's effectiveness in combating money laundering and terrorism financing.

➤ **Guidelines**

Internal and external audits are crucial in assessing the procedures of our company.

An External Audit refers to the assessment of a company's internal procedures by an independent party who is not affiliated with the organization. To ensure the credibility and accuracy of the audit findings and conclusions, the auditors must possess sufficient qualifications. It is recommended that an external audit be conducted annually by an independent audit firm.

Internal Audit may be conducted by an organization's internal audit department or outsourced to capable partners. To ensure the effectiveness of internal audits, a well- defined audit program and checklist should be in place. It is recommended that such audits be conducted every six months. The auditor should report their findings directly to the owner.

4) RECORD KEEPING

The following information must be kept, in case it is ever requested by the Regulatory bodies:

- Documentation necessary for the Identification and/or Know Your Customer policies. This information will be kept for a minimum period as and when prescribed by the authority after the relationship with the customer ended.
- Original documentation or certified copies, for a minimum period as and when prescribed by the authority since the execution of the transactions or operations.
- Unusual Operations Report and all supporting documentation, for a minimum period as and when prescribed by the authority after these were issued.
- A copy of every STR issued, together with the supporting documentation, for a minimum period as and when prescribed by the authority since the date of the report.

❖ Administrative Violations and Penalties

As per Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO), Cap. 615. The Regulator has the authority to impose the following administrative penalties on the financial institutions, designated nonfinancial businesses and professions and non-profit organizations in case they violate the present Decree-Law and its Implementing Regulation:

- a) Warning.
- b) The Companies Registry enforces the Companies Ordinance, ensuring companies adhere to statutory obligations such as timely filing of annual returns and maintaining accurate records. Non-compliance can result in prosecution, with penalties determined by the courts. For instance, failing to deliver annual returns can attract fines up to HK\$50,000 and daily default fines of HK\$1,000 for continuing offenses. More severe breaches may lead to higher fines and imprisonment.
- c) Banning the violator from working in the sector related to the violation for the period determined by the regulatory authority.
- d) Constraining the powers of the Board members, supervisory or executive management members, managers or owners who are proven to be responsible of the violation including the appointment of temporary inspector.
- e) Arresting Managers, board members and supervisory and executive management members who are proven to be responsible of the violation for a

period to be determined by the Supervisory Authority or request their removal.

- f) Arrest or restrict the activity or the profession for a period to be determined by the supervisory authority.
- g) Cancel the License.

In all the cases, the Regulatory Authority shall publish the administrative penalties through various means of publication from time to time.

5) CONFIDENTIALITY

Authorities and Staff are under express prohibition to disclose the fact that information has been sent to or requested from the FIU to any person involved or connected to the suspicious transaction report or to any third party, nor shall they make any reference whatsoever about the case.

Any actions taken connected to the prevention of money laundering shall be treated with utmost reserve and confidentiality.

Since STRs are confidential, no copies of the reports will be kept in the file of the customers involved. It is the Compliance Officer's responsibility to set further safeguards to ensure compliance with the confidentiality policy.

Those who do not comply will be subject to strict disciplinary measures and/or to any criminal sanctions that may apply.



SECTION D

AML Policies & Operations - Employee

1) ORGANIZATIONAL STRUCTURE

ZHOU LIHUI

- **100 % OWNER**

KARTIK MANGESH NAGRE

- **COMPLIANCE OFFICER / MLRO**

2) ROLE IN PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

To be able to comply with the policies set forth in this manual and with the requirements of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO), Cap. 615. regarding the prevention against money laundering and terrorist financing, the following structure has been set up:

- Top Management for the Prevention of Money Laundering and Terrorist Financing, Compliance Officer

2.1 TOP MANAGEMENT

The Management must promote, facilitate and monitor compliance to the existing legal framework and domestic regulations regarding the Prevention of Money Laundering and Terrorist Financing.

It works as a collegiate body responsible for planning, coordinating and safeguarding the compliance policies established for the Prevention of Money Laundering and Terrorist Financing".

The Management will have full access to all information and/or documentation they deem necessary in order to fulfill their duties. Depending on the characteristics of each individual case, the Management might decide to hire an external consultant or expert when they consider it necessary to fulfill their responsibilities.

2.2 COMPLIANCE OFFICER

Following regulations of Hong Kong, the position of Compliance Officer has been created. This is a management position held by a person of trust. The Compliance officer will not be part of the Internal Audits department at JINYI GOLD HK LIMITED.

The Compliance Officer will have full access to all information and/or documentation they deem necessary to fulfil their duties. They will be supported by staff in the Company.

MLRO Responsibilities:

AML/CFT Programme Management:

MLRO should ensure the quality, strength and effectiveness of the of our company AML/CFT programme. As such, the MLRO should be a stakeholder with respect to our company's ML/FT business risk assessment, and the overarching AML/CFT risk mitigation framework, including its AML/CFT policies, controls and CDD measures. The MLRO oversees informing and reporting to senior management on the level of compliance and report on that to the relevant Supervisory Authority. MLRO is responsible for updating recent changes/modifications given by regulatory in Hong Kong as Well as FATF, MENAFATF and other AML watchdogs.

ML/FT Reporting:

MLRO is responsible for reviewing, scrutinizing and reporting of DPMSR/STRs/FFR/PNMR/HRC/HRCA/AIF/AIFT. In this capacity, the MLRO is ultimately responsible for the detection of transactions related to the crimes of money laundering and the financing of terrorism and of illegal organisations, for reporting suspicions to the FIU, and for cooperating with the Competent Authorities in relation to the performance of their duties about AML/CFT

AML/CFT Training and Development:

Our company's MLRO is responsible for educating and updating senior management/BOD/Owners in respect of changes in AML compliance process or procedure. Timely update the changes implemented by supervisory body or regulatory authority to the senior management and accordingly set the company AML policy and procedures. And ensure that the staff are Well-qualified, Well-trained, Well-equipped, and Well-aware of their responsibility to combat the threat posed by ML/FT.

3) **"Know Your Employee Policy"**

JINYI GOLD HK LIMITED bestows trust upon their staff and is confident that they will conduct their business with a strong ethical commitment, honesty and qualified professional expertise.

3.1 KNOW YOUR EMPLOYEE POLICY IMPLEMENTATION

❖ Hiring and Recruiting Staff (External Hiring)

As part of the recruiting and Know Your Customer processes, the company will request the following documentation:

- CV
- Personal and/or Professional background

The company will conduct a personal, professional and financial background check of the candidate when considering their application.

Supervisors/bosses and managers must know the staff in their department and report any substantial change in the financial situation or in the spending habits of the employees working directly under them.

At the same time, the Compliance Department must control that the name of the applicant or employee is not listed in the OFAC, PEPs and/or "Unwanted Customers" watch lists. Every person in JINYI GOLD HK LIMITED payroll will be screened against these lists annually.

❖ Monitoring Employee Behavior

To ensure the integrity of JINYI GOLD HK LIMITED payroll, supervisors must monitor their staff's behavior so as to identify and report any situations that might be considered suspicious.

The following are examples of situations to watch out for:

- Sudden and significant changes in their standard of living.
- Lifestyle and spending habits that aren't consistent with their salary, financial position or level of indebtedness.
- If employee refuses to take time off for no apparent reason. ○ Employees who don't allow other colleagues to assist certain customers. ○ If employee suspiciously receives gifts or gratuities on a regular basis. ○ Employees who are reluctant to accept any promotions or changes in their activities.
- Employees who stay at the office after working hours or that go to the office at odd times for no reasonable explanation.

Immediate Supervisor will be responsible for detecting these behavior and changes in their employees' conduct and reporting them to the Compliance Officer.

In addition, unusual activities in operations on behalf and to the order of employees will be identified through the Entity's monitoring process and will be evaluated based on the profile and remuneration of the employees.

3.2 PERFORMANCE EVALUATION, REWARDS AND DISCIPLINARY MEASURES

Due diligence in the compliance with standards for the prevention of money laundering will be considered yet another element to be evaluated when appraising employee performance.

Non-compliance to the Prevention against Money Laundering and Terrorist Financing Policies is detrimental to JINYI GOLD HK LIMITED, authorities, officers and employees. Since the reputation of its staff is directly linked to the reputation of the company, any infringement will have a double impact. In addition, any breach or infringement of the Prevention against Money Laundering and Terrorist Financing Policies will mean that staff might be subject to internal disciplinary measures and that JINYI GOLD HK LIMITED, authorities and officials may be subject to penalties.

5) Staff Training Policy

JINYI GOLD HK LIMITED believes that creating a compliance and control culture among its employees is the best tool to combat money laundering.

Therefore, there's an ongoing effort to promote staff training, development and awareness programs around the many aspects that comprise the laundering of criminal proceeds and terrorist financing.

Staff must always be updated about existing regulations. To do so a course will be conducted every time the Compliance Officer and the Legal Consultant in the Compliance Department deem it necessary.

SECTION E

Forms & Reports

1) Business Transactions Report

In recent years, the Joint Financial Intelligence Unit (JFIU) in Hong Kong has introduced enhancements to its suspicious transaction reporting system. These updates help monitor high-risk transactions and activities across various sectors, including precious metals and stones dealers. The JFIU has communicated the usage and scope of these reporting expectations to all reporting entities via official circulars, notices, and alerts through its designated communication channels.

The enhancements to reporting requirements aim to strengthen oversight in response to new threats and patterns in financial crime. These include updated risk indicators, more detailed guidance notes, and typology alerts tailored to Designated Non-Financial Businesses and Professions (DNFBPs). The system enables more targeted reporting of suspicious activity such as large-value cash transactions, unusual dealings by offshore entities, and transactions linked to high-risk jurisdictions.

Comparisons between types of STR submissions and sector-specific risks over 2020–21 show increased attention to non-financial sectors, including the gold trade, reflecting enhanced supervisory focus.

Sno	Type of Report	Reason /Details of Report
1	STR	Suspicious Transaction Report Suspicious transaction with details of bank accounts/statements
2	SAR	Suspicious Activity Report Suspicious activities without the bank account/statement details
3	FFR	Fund Freeze Report Full name match to targeted financial sanctions lists
4	PNMR	Partial Name Match Report Partial name match to targeted financial sanctions lists
5	DPMSR	Dealers in Precious Metals and Stones Report Used for reporting cash transactions and Int'l wire transfers above HKD 55,000.
6	HRC	High Risk Country Transaction Report For transactions and activities related to FATF
7	HRCA	High Risk Country Activity Report High Risk Jurisdictions / Countries

2) Senior Manager Approval

JINYI GOLD HK LIMITED AML compliance program must be approved, in writing, by a member of senior management.

Senior management has approved this AML compliance program in writing as reasonably designed to achieve and monitor our entity's ongoing compliance with the requirements of the Hong Kong and the implementing regulations under it. This approval is indicated by signatures below.

Signed:



Managing Director

ZHOU LIHUI

Date: 25/FEB / 2025



+852 6589 4610



lihuizhou6985@gmail.com



Unit No. 1712, 17th Floor, Peninsula Square
18 Sung On Street, Hung Hom, Kowloon
Hong-Kong.

3) Internal Operation Report for STR

COMPANY:			
CUSTOMER IDENTIFICATION – Legal Person			
Corporate Name:			
Address		Registration No.	Telephone No.
Main Business Activities:			
CUSTOMER IDENTIFICATION – Natural Person			
Last Name:		First Name	
Address	ID	ID Number	
Nationality	DOB	Telephone No.	
Unusual transaction details:			
Date of unusual transaction ____/____/____		Amount involved in the unusual transaction:	
What was unusual about the transaction:			
Information complied by:			
Last Name:		First Name:	
Position Title:	Signature:	Date:	____/____/____
Compliance Office			
Last Name:		First Name:	
Position Title:	Signature:	Date:	____/____/____
Recipient	Date:	Submission Date:	
	____/____/____	____/____/____	

Important: Once the form has been filled out it cannot be photocopied and it must be submitted in a closed envelope, marked confidential, to the Compliance office, no longer than 5 days after the unusual transition was detected. Confidentiality is required

Investigation of Internal Operation Report for STR

COMPANY:			
Identification of customer, potential customer of any person that has conducted or has tried to conduct unusual transactions:			
Name /Corporate Name:			
ID Number:			
Type of transaction	Particulars	Amount	Counterpart (if applicable)
Comments, if any			
Outcome of the investigation conducted			
Recommendation to the committee		Explanation:	
Compliance officer:		Signature	
		Dat: ____/____/	



4) Know your customer (KYC) and PEP Declaration Form(to be filled and supported with appropriate documents)**Know your customer (KYC) and PEP Declaration Form:**

COMPANY INFORMATION			
Registered Corporate Name:			
Trading Name (if different to above)			
Current Registered Physical Address			
P.O. Box:		Street:	
Building:		City / Country:	
Office Tel No. +852		Office Fax No	
Email Address:			
VAT TRN No.:		VAT TRN Emirate:	
Contact Person Name, Email Id and Mobile No.			
NAME:			
Email ID			
Mobile No.			
Date & Place of Incorporation			
Date:			
Place of Incorporation:			
Name of the Regulatory Body			
Nature of Business			
Commercial license / registration information			
Issuing Authority:			
License Number:			
Issue date:			
Expiry date:			
Name of Manager as per Trade License:			

Name & address of Parent Company, Group / Holding (if applicable) (attach the supporting documents, group holding structure)

Name of Parent Company:

Address of Parent Company:

Ultimate Beneficiary Owner (UBO)**Full details of Individual Shareholders/ owner:**

Sno	Name Shareholder/ owner	Passport No.	Date Birth	of	Nationality	Shareholding (Percentage) %
1						

Full details of Non-Individual Shareholders/ owner:

Sno	Name of entity	License No	Date	of	Country	Shareholding Incorporation (Percentage) %

Legal Status of company (e.g., Proprietary / Partnership / Joint Stock Company)**Bank Account details specifying Name of Bank, Address, IBAN A/c No.**

Bank:

Account Number:

IBAN Number:

SWIFT/BIC:

POLITICALLY EXPOSED PERSON (PEP) DECLARATION:

The information in this form is collected in order to comply with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities requirement.

A politically exposed person (PEP) is an individual who is or who has been entrusted with prominent public functions domestically or by a foreign country.

Prominent public functions include the following profiles:

1. Head of State or of Government
2. Senior politician
3. Senior government, judicial or military official
4. Member of ruling royal family
5. Senior executive of state-owned corporation / government linked company
6. Important political party official

The definition of PEP also includes immediate family members, relatives, adviser, personal adviser or business associate of an individual stated above

Is Shareholder/owner/sponsor/key management person a Politically exposed person?

Yes / No

NO

If yes, following details required:

- What is the name of the Politically Exposed Person?.....
- What is your relationship to the Politically Exposed Person?.....
- What official position does/ did the Politically Exposed Person hold?.....
- Source of wealth
- Identify the customer and the beneficial owner
- customer's country of residence.
- information on the occupation and the other income sources
- information about the direct family members or associates who have the power to conduct transactions on the account.

Has your business or has any of its Directors, Principals, or Partners been:

Currently under any legal proceedings or pending judgment in the Court of Law?	Yes	No
Convicted of or charged with a criminal offense in past 3 years?	Yes	No
Found liable for negligence, fraud, wrongful trading, or malpractice?	Yes	No
Subject to any application for, or declaration of, liquidation, bankruptcy, or similar proceedings or subject to an administrative order?	Yes	No

Refused license or authorization to conduct business has been suspended, withdrawn, or not renewed?	Yes	No
Censured, fined, disciplined, suspended, or refused membership by any regulatory body?	Yes	No

I hereby confirm to the best of my knowledge and belief that the information contained in this form and any attachment hereto is true and correct. I will timely inform to JINYI GOLD HK LIMITED in writing of any subsequent material changes to the information provided herein/ attached hereto. Wherein I hereby explicitly agree to abide by all AML/CFT Laws and Regulations of The Hong Kong and shall cooperate further with JINYI GOLD HK LIMITED to provide certified true copies including any further information which may be required during the course or after exiting my business relationship if requested for the purpose of regulatory reporting's.

Name: ZHOU LIHUI

Position: MANAGING DIRECTOR

Signature:

Date: 25/02/2025.




SUPPLY CHAIN POLICY OF CHAIN OF MINERALS FROM CHARS

JINYI

GOLD

HK

LTD.

EFFECTIVE DATE: 15.01.2025

Introduction

At Jinyi Gold HK Ltd., we are committed to ethical business practices, transparency, integrity, and responsibility across all aspects of our gold sourcing, trading, and smelting operations. This policy outlines our dedication to responsible sourcing, in alignment with:

- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs)
- LBMA Responsible Gold Guidance
- Other applicable international standards.

Our approach is grounded in values of sustainability, human rights protection, environmental stewardship, and conflict-free sourcing. contributing to a more ethical and sustainable global gold supply chain.

Scope

This policy applies to:

1. All gold procured, traded, processed, or refined by Jinyi Gold HK Ltd.
2. All employees, contractors, suppliers, mines, and transporters associated with our operations.
3. All regions in which we operate, particularly Conflict-Affected and High-Risk Areas (CAHRAs).

Principles and Commitments

1. Ethical and Conflict-Free Sourcing

We commit to sourcing gold that:

- Does not finance armed conflict or human rights abuses.
- Comes from legitimate, conflict-free, and responsible sources.

- Fully adheres to the OECD Annex II Model Policy.

2. Human Rights and Labour Standards

We strictly oppose:

- Child labour, forced labour, and human trafficking.
- Any violation of international human rights, including the Universal Declaration of Human Rights.
- Unsafe or unfair working conditions.

3. Environmental Sustainability

We promote:

- Responsible environmental practices.
- Reduction of ecological degradation and responsible use of natural resources.

4. Anti-Bribery and Anti-Corruption

We maintain zero tolerance for:

- Bribery, corruption, fraud, and money laundering.
- The misuse of gold for financing illegal or unethical activities.

5. Compliance with Laws and Regulations

We comply fully with:

- Dodd-Frank Act (Section 1502)
- EU Conflict Minerals Regulation
- All applicable international, regional, and local laws.

➤ Due Diligence Process

Aligned with the OECD Five-Step Framework:

Step 1: Establish Strong Management Systems

- Publicly communicate this policy.
- Assign clear internal responsibilities.
- Implement a Grievance Mechanism for anonymous reporting.
- Maintain documentation for a minimum of 5 years.

Step 2: Identify and Assess Risks in the Supply Chain

- Use reliable sources (OECD, UN reports) to identify CAHRAs.
- Conduct risk-based assessments of suppliers, mines, and transport routes.
- Engage third-party audits where necessary.

Step 3: Design and Implement Risk Mitigation

- Work with suppliers to remediate risks.
- Terminate relationships with non-compliant suppliers where necessary.

Step 4: Independent Third-Party Audits

- Facilitate regular independent audits, especially for high-risk sources.

Step 5: Reporting on Due Diligence

- Publish annual due diligence reports, including risk mitigation efforts and progress updates.

Supplier Code of Conduct

All suppliers must:

1. Comply with Jinyi Gold HK Ltd. Responsible Sourcing Policy.
2. Maintain transparency on the origin and chain of custody of gold.
3. Uphold labour, human rights, and environmental standards.
4. Accept independent audits and cooperate with corrective actions.

We will support suppliers through:

- Capacity Building: Regular training on responsible sourcing.
- Supplier Engagement: Collaboration for continuous improvement.

Governance and Accountability

- The Board of Directors and Senior Management are responsible for policy oversight.
- A dedicated Compliance Team monitors day-to-day implementation and annual policy review.

Non-Compliance and Remediation

We reserve the right to:

- Terminate business with suppliers who violate this policy or fail to cooperate.
- Prioritize collaboration and remediation wherever possible.

Implementation and Training

- Continuous training for employees and suppliers.
- Regular reviews and updates to align with evolving standards.

Reporting and Transparency

- This policy is published on our official website.
- We will issue Annual Progress Reports detailing risk management and supply chain improvements.

Grievance Mechanism

We encourage all stakeholders to report any concerns or violations:

- Email: lihuizhou6985@gmail.com
- Contact: +852 60425560

All reports will be confidential and promptly investigated.

Continuous Improvement

We are committed to:

- Regularly updating this policy.
- Adopting best practices in responsible sourcing.

For further information, please contact: jinyigoldtrading@gmail.com

Approved by: LIHUI ZHOU



Jinyi Gold HK Ltd.



Anti-Bribery and Anti-Corruption Policies and Procedures for Jinyi Gold HK Ltd.

1. Establish a Process to Ensure Consultants and Sales Intermediaries Do Not Offer Benefits to Employees as Consideration for Procurement

Objective: Ensure that consultants and sales intermediaries do not offer or accept any form of benefit, kickback, or inducement in exchange for securing products or services for the company.

Procedures:

Contractual Obligations: All contracts with consultants, intermediaries, or sales agents will include specific clauses prohibiting the offering or receiving of any form of benefit (e.g., gifts, payments, hospitality, kickbacks) in exchange for the procurement of products or services.

Due Diligence: Jinyi Gold HK Ltd. will conduct thorough due diligence on all third-party consultants and intermediaries before engagement, assessing their compliance with anti-bribery laws and the company's ethical standards.

Whistleblowing Mechanism: A confidential whistleblower mechanism will be established, allowing employees, suppliers, and third parties to report any suspicious activities or unethical behaviour related to the procurement process.

Monitoring and Enforcement: Regular audits will be conducted to ensure compliance with this policy. Any violation will be subject to disciplinary action, as defined in the company's Code of Conduct.

2. Establish a Clear Mechanism to Deal with Allegations of Corrupt Behaviour and Ensure Appropriate Disciplinary Action

Objective: Address allegations of corrupt behaviour in a structured and consistent manner, ensuring that appropriate disciplinary measures are taken.

Procedures:

Reporting and Investigation: Allegations of corrupt behaviour will be reported to the Compliance Officer or a designated Ethics Committee. All reports will be investigated promptly and confidentially by an independent internal or external investigator.

Disciplinary Action: If the investigation finds evidence of corrupt behaviour, disciplinary action will be taken in accordance with the severity of the violation. Actions may include:

Verbal or written warnings

Suspension or termination of employment

Legal action, including reporting the issue to relevant authorities if required by law.

Anti-Corruption Policy: The Anti-Bribery and Anti-Corruption Policy will outline acceptable and unacceptable behaviours and specify the consequences for violating these standards. This policy will be communicated to all employees, contractors, and relevant third parties.

3. Provide Training on Anti-Bribery and Anti-Corruption Policy to Relevant Employees

Objective: Equip employees with the knowledge and tools to identify and prevent bribery and corruption within the organization.

Procedures:

Mandatory Training: All relevant employees, particularly those in procurement, sales, and management positions, will undergo annual training on the Anti-Bribery and Anti-Corruption Policy. This will include:

Understanding what constitutes bribery and corruption.

Recognizing common red flags in business transactions.

Procedures for reporting suspicious activities.

Real-life case studies and examples.

4. Establish a Policy to Refrain from Unauthorized Disclosure of Business and Trade Secrets

Objective: Protect the confidentiality of business and trade secrets, preventing unauthorized disclosure to third parties or competitors.

Procedures:

Confidentiality Agreements: All employees, contractors, and third parties who have access to proprietary information or trade secrets will be required to sign a Non-Disclosure Agreement (NDA). The NDA will clearly define what constitutes confidential information and outlines the legal obligations related to its protection.

Internal Security Measures: Jinyi Gold HK Ltd. will implement internal controls to safeguard confidential information, including restricted access to sensitive data, encryption of electronic records, and secure storage of physical documents.

Employee and Third-Party Obligations: The Code of Conduct will explicitly state that unauthorized disclosure of trade secrets or business-sensitive information will result in disciplinary action, including termination of employment or contract, and potential legal action.

Monitoring and Enforcement: The company will regularly monitor access to sensitive information and review employee compliance with confidentiality agreements through audits and investigations when necessary.

5. Establish a Process to Prevent Unauthorized or Illegal Withdrawal of Land

Objective: Prevent unauthorized or illegal withdrawal of land or resources, ensuring compliance with property laws and ethical business practices.

Procedures:

Due Diligence on Land Ownership: Before acquiring or using land for business purposes, Jinyi Gold HK Ltd. will conduct thorough due diligence to verify the legal ownership of the land and ensure that no illegal activities (e.g., land grabbing, unauthorized withdrawals) are involved. This will include reviewing property titles, land use agreements, and local regulatory compliance.

Engagement with Local Authorities and Stakeholders: The company will work closely with local authorities, community representatives, and relevant stakeholders to ensure that land transactions are carried out legally and with community consent.

Legal and Ethical Review: All land-related activities will undergo a legal and ethical review to ensure that the company complies with all local, national, and international regulations, including environmental protections and human rights considerations.

Reporting Mechanism: Jinyi Gold HK Ltd. will establish a transparent reporting mechanism for employees and third parties to report any suspected illegal or unethical land withdrawals. These reports will be investigated and, where necessary, corrective action will be taken.

Training for Relevant Employees: Employees involved in land acquisitions and resource management will receive training on legal and ethical land practices, ensuring they are fully aware of the procedures for preventing unauthorized land withdrawal.

Implementation Timeline	Action	Timeline	Responsible Party
Develop and Implement Anti-Bribery and Anti-Corruption Policies	1-2 months	Legal/Compliance Department	
Conduct Employee Training on Anti-Corruption	3-4 months	HR/Compliance Team	
Create Confidentiality Agreements and NDAs for All Employees and Third Parties	1-2 months	Legal Department	
Establish Whistleblowing Mechanism for Corruption and Land Withdrawal Allegations	2-3 months	Compliance Officer	
Complete Due Diligence on Land Acquisitions	Ongoing	Legal/Procurement Team Conclusion	

Jinyi Gold HK Ltd. is committed to maintaining the highest standards of integrity and transparency across its operations. By establishing clear policies and procedures to prevent bribery, corruption, unauthorized disclosure of business secrets, and illegal land withdrawal, we aim to foster a culture of ethical behaviour and compliance. These steps are integral to ensuring that we not only meet legal and regulatory requirements but also uphold our corporate values of responsibility, fairness, and respect for stakeholders and the environment.

For more information, please contact our Compliance Department at
lihuizhou6985@gmail.com

周阿輝



***Criticality and High-Risk Areas (CAHRA) Identification
and Management Policy***

JINYI GOLD HK LTD.

Effective Date: 05-01-2025

1. Purpose

To establish a robust procedure for identifying and managing Criticality and High-Risk Areas (CAHRAs) in accordance with the latest regulations in Hong Kong for the gold trading industry, including compliance with Responsible Gold Sourcing guidelines and Anti-Money Laundering (AML) obligations.

2. Scope

This policy applies to all operations, assets, personnel, and third-party relationships within JINYI GOLD HK LTD.

3. Procedure for Identifying CAHRAs

3.1 Asset Identification:

- Identify physical, human, informational, and technological assets critical to gold trading operations.

3.2 Risk Assessment:

- Assess internal risks (system failures, HR risks, process inefficiencies).
- Assess external risks (market volatility, supply chain, regulatory changes, geopolitical instability).

3.3 Impact Analysis:

- Assess impact on business continuity, reputation, legal obligations, and financial stability.

3.4 Prioritization:

- Prioritize areas based on risk exposure and criticality.
-

4. Resources for CAHRA Management

- **Personnel:** Key leadership, compliance, operations, and IT staff.
 - **Technology:** Trading systems, cybersecurity infrastructure.
 - **Financial Resources:** Budget for risk mitigation and emergency response.
 - **Physical Assets:** Vaults, transportation, office premises.
 - **Suppliers/Partners:** All key bullion suppliers, logistics partners.
-

5. Criteria for CAHRA Identification

- Impact on core gold trading operations.
 - Compliance with Hong Kong regulations, LBMA guidelines, UN conflict-affected and high-risk area updates.
 - Safety and security implications (physical and cyber).
 - Dependencies on critical suppliers or infrastructure.
 - Reputational risk.
 - Financial exposure.
-

6. Frequency of Review

- **Annual Review:** Mandatory comprehensive CAHRA review every 12 months.
 - **Event-Triggered Review:** Following significant changes, incidents, regulatory updates, or supplier changes.
 - **Continuous Monitoring:** For high-risk areas with real-time risk exposure.
-

7. Mitigation and Continuous Improvement

- **Contingency Planning:** Implement business continuity and disaster recovery plans.
 - **Resource Allocation:** Assign resources to safeguard CAHRAs.
 - **Training & Awareness:** Conduct regular training on responsible sourcing and risk management.
 - **Audits & Testing:** Conduct internal/external audits, due diligence, and simulation exercises.
-

8. Documentation & Reporting

Maintain comprehensive documentation including:

- CAHRA Register.
 - Risk Assessment Reports.
 - Resource Allocation Records.
 - Review Schedules.
-

9. Implementation in Gold Trading Context (Hong Kong Specific)

- Regularly assess the risk status of Ultimate Beneficial Owners (UBOs), Authorised Representatives, and key suppliers.
 - Maintain physical and electronic records for third-party audit verification.
 - Ensure compliance with:
 - Hong Kong Customs and Excise Department regulations.
 - AML/CTF Ordinance (AMLO) requirements.
 - OECD Due Diligence Guidance for Responsible Supply Chains of Minerals.
-

10. Reporting Formats

Format 1: Risk Assessment Report

Title: Risk Assessment Report – [Date]

Prepared By: [Name/Team]

Risk ID	Risk Description	Location	Severity	Mitigation Plan	Status
R001	Supplier X uses cash deals	[Country]	High	Switch to bank payments	In Progress

Conclusion: Summary of actions and next steps.

Format 2: Qualitative Information Update Log

Date Updated	Information Updated	Source	Responsible Team	Remarks
MM/DD/YYYY	New CAHRA added (Region)	UN Conflict Report	[Team/Individual]	Next review [Date]

Policy Approved By:

CEO – ZHOU LIHUI



JINYI GOLD HK LTD.



Jinyi Gold HK Ltd. - Due Diligence and Risk Management Policy

Version: 1.0

Effective Date: 07.01.2025

Reviewed and approved by: - Lihui Zhou

1. Purpose

This policy outlines the due diligence procedures Jinyi Gold HK Ltd. will follow to identify, assess, and mitigate risks in its supply chain. These risks include issues related to *conflict-affected and high-risk areas (CAHRAs)*, **red flags* in mineral sourcing (including the purchase of gold), and *human rights violations*. The policy is designed to ensure compliance with the **OECD Due Diligence Guidance* for responsible supply chains of minerals, including gold, and to promote responsible sourcing and ethical business practices. ---

*2. Scope*

This policy applies to all business operations of Jinyi Gold HK Ltd. and its supply chain, including:

- *Sourcing and trading of gold* (both through direct suppliers and third-party intermediaries).
- *Supply chain activities*, including transportation, processing, and export.
- *Employees, suppliers, contractors, and third-party service providers* involved in any activities related to gold sourcing.
- *Stakeholders*, including local communities, non-governmental organizations (NGOs), and industry groups, where applicable. ---

*3. Policy Objectives*

- *Ensure responsible sourcing* of gold and other minerals by assessing and mitigating risks, especially those related to *conflict financing*, **child labor*, **forced labor*, and **inhumane treatment*.
- *Comply with OECD Due Diligence Guidance* for responsible mineral supply chains.
- *Promote transparency* and accountability in the supply chain.

- *Identify and address risks* in *conflict-affected and high-risk areas (CAHRAs)*.
- *Prevent and address red flags* related to unethical or illegal practices in the supply chain. ---

*4. Key Definitions*

- *Conflict-Affected and High-Risk Areas (CAHRAs)*: Regions where there is significant political instability, conflict, or human rights abuses, which may involve the exploitation of minerals to finance armed conflict or organized crime.
- *Red Flags*: Indicators of potential risk within the supply chain, including irregularities such as untraceable payments, ties to illegal or unethical actors, and discrepancies in sourcing documentation.
- *OECD Annex II Risks: Specific risks outlined in the OECD guidelines that must be considered in the supply chain, including risks related to **child labor, **forced labor, **environmental degradation, and **human rights violations*. ---

*5. Procedure for Identifying Conflict-Affected and High-Risk Areas (CAHRAs)*

*5.1 Criteria for Identifying CAHRAs*

Jinyi Gold HK Ltd. will use the following criteria to identify CAHRAs in its supply chain:

- *Active conflict* or *armed groups* controlling mining or trade activities.
- *Severe human rights abuses, including **child labor, **forced labor, and **exploitation*.
- *Political instability* or government-backed militias involved in mineral extraction or trade.
- *Environmental harm* from mining practices, including unsafe working conditions and ecological destruction.
- *International sanctions* or *trade restrictions* related to specific regions.

5.2 Data Sources and Tools

Jinyi Gold HK Ltd. will rely on the following sources to identify CAHRAs:

- *International reports* (e.g., United Nations, Human Rights Watch, OECD, U.S. State Department).
- *NGO and industry reports* (e.g., Responsible Sourcing Network, Global Witness).
- *Local government or regulatory agencies* for information on specific countries or regions.
- *Risk mapping tools* such as the *Conflict Barometer, **OECD Risk Report, and **Global Witness* database.

5.3 Review Frequency

- *Annual Review*: CAHRA identification will be reviewed at least annually to ensure the most up-to-date information is incorporated into due diligence efforts.
- *Ad-hoc Reviews*: In the event of a sudden political, economic, or environmental change, or when a **red flag* is raised, a more immediate review will take place.

5.4 Action Plan

- *Mapping of CAHRAs*: Maintain a **listing* or *table* of identified CAHRAs, with details on:
 - Region/Country
 - Risk Level (e.g., high, medium, low)
 - Specific suppliers or operations in the affected regions
 - Relevant geopolitical events
- *Mitigation Measures*: Based on the assessment, Jinyi Gold HK Ltd. will either:
 - Avoid sourcing from identified CAHRAs.
 - Implement additional due diligence and monitoring measures (e.g., third-party audits, enhanced supplier screening). ---

*6. Procedure for Identifying Red Flags in the Supply Chain*

*6.1 Red Flag Indicators*

Jinyi Gold HK Ltd. will monitor the following *red flag indicators* within its supply chain:

- *Suspicious or irregular transactions*: Large, untraceable cash purchases or unusual purchasing patterns from high-risk regions.
- *Non-compliant suppliers*: Suppliers with weak due diligence processes or a lack of transparency in their operations.
- *Supplier links to high-risk entities*: Evidence of suppliers being involved with armed groups, illegal mining operations, or regions under sanction.
- *Lack of documentation*: Missing or incomplete sourcing documentation, including export/import permits or certification documents.
- *Unusual transportation routes*: Gold being transported through conflict zones or high-risk areas without sufficient scrutiny.

*6.2 Process for Handling Red Flags*

1. *Red Flag Detection*: Continuous monitoring of suppliers and transactions for potential red flags.

2. *Verification*: Once a red flag is detected, Jinyi Gold HK Ltd. will conduct an investigation, including:

- Verifying the source and legitimacy of the gold or materials.
- Engaging with suppliers to understand the nature of the transaction and ensure transparency.
- Consulting third-party auditors or experts for additional validation.

3. *Corrective Actions*:

- Suspend or halt sourcing from suppliers flagged for non-compliance or illegal activities.
- Initiate a full supplier audit if necessary.

- Implement corrective actions (e.g., supply chain restructuring, enhanced monitoring).

*6.3 Documentation and Reporting*

- *Red Flag Reporting*: Maintain a log of all identified red flags, investigation results, and actions taken.
- *Management Review*: Ensure senior management is regularly updated on red flag issues and resolutions.
- *Corrective Action Tracking*: Implement a corrective action plan for each red flag, with timelines and responsible personnel. ---

*7. Procedure for Identifying Risks in the Supply Chain (OECD Annex II) *

*7.1 OECD Annex II Risk Categories*

Jinyi Gold HK Ltd. will focus on the following risk categories as set out in *OECD Annex II*:

- *Child Labor*: Any form of child labor within the supply chain.
- *Forced Labor*: Any evidence of forced or bonded labor.
- *Environmental Risks*: Environmental damage resulting from mining operations, including unsafe extraction practices.
- *Human Rights Violations*: Abuse of workers' rights, including unsafe working conditions, discrimination, and exploitation.

*7.2 Identifying and Assessing Risks*

- *Step 1: Risk assessment based on **OECD Guidance* and other international frameworks.
- *Step 2: Perform due diligence and risk assessments at the **supplier level*, including:
 - On-the-ground audits and inspections.
 - Worker interviews and documentation review (e.g., contracts, wages, working conditions).

- *Step 3: Assess risks related to **cash purchases of gold*, ensuring that all transactions are traceable and comply with anti-money laundering (AML) regulations.

*7.3 Review and Monitoring*

- *Annual Risk Review*: The risk assessment process will be reviewed annually to ensure that it reflects the most current data and industry best practices.
- *Continuous Monitoring*: Jinyi Gold HK Ltd. will continuously monitor suppliers and other stakeholders for potential risks and take appropriate actions when new risks are identified.

*7.4 Documentation of Risks*

- Maintain a *risk register* that documents:
 - Identified risks.
 - Supplier-specific risks.
 - Mitigation measures and action plans.
 - Monitoring and audit results.

*8. Procedures for Updating and Maintaining Qualitative Information*

*8.1 Information Sources*

- Jinyi Gold HK Ltd. will ensure that qualitative information is regularly updated using credible sources, including:
 - Government and *NGO reports*.
 - *Supplier audits* and *due diligence questionnaires*.
 - *Third-party verification* (e.g., independent auditors, industry groups).

*8.2 Annual Update*

- All qualitative data will be reviewed and updated *at least annually* to reflect any changes in geopolitical conditions, supplier operations, or industry best practices.

*8.3 Record-Keeping*

Maintain *detailed records* of all due diligence activities, risk assessments, red flags, and mitigation efforts for at least *7 years*. ---

*9. Training and Awareness*

Awareness programs shall be conducted periodically to foster a culture of compliance, ethical conduct, and vigilance in identifying potential risks inside Jinyi Gold HK Ltd.

Approved and signed by



Lihui Zhou – Director

JINYI GOLD HK LIMITED



POLICY

Grievance Mechanism Procedure for Jinyi Gold HK Ltd.

Version: 1.0

Effective Date: [05.01.2025]

Reviewed and approved by: [CEO OF JINYI GOLD HK LTD]

1. Objective

The objective of this procedure is to provide a clear, accessible, and confidential process for reporting grievances and complaints, ensuring that all concerns related to child labor, forced labor, inhumane treatment, and unethical practices in gold mining, trading, handling, or export are addressed in a timely and effective manner. It ensures the protection of whistle-blowers and prevents retaliation against individuals reporting grievances.

2. Scope

This procedure applies to:

All employees of Jinyi Gold HK Ltd. and its subsidiaries.

Suppliers and contractors in the supply chain.

Stakeholders in communities impacted by jinyi Gold's operations, including mining, refining, and trading activities.

Whistle-blowers or third parties reporting concerns on any of the above issues.

3. Grievance Channels

Jinyi Gold HK Ltd. provides several channels through which grievances can be reported:

Physical Reporting Channels:

Grievance Box: A physical grievance box located in prominent areas such as the company office, factory locations, and areas accessible to workers and suppliers.

In-person Reporting: Employees, suppliers, and community members can report grievances directly to HR or designated personnel. Reports may be made in writing or verbally.

Digital Reporting Channels:

Email: Grievances can be submitted via email to a dedicated address (lihuizhou6985@gmail.com).

Third-Party Reporting:

An independent third-party service provider (e.g., a whistleblowing platform) may be used to receive anonymous grievances. This ensures an impartial and confidential process for those who wish to remain anonymous.

4. Reporting Process

The following steps outline the process for reporting grievances:

4.1 Submission of Grievance

Individuals can submit grievances through one of the channels above.

The grievance should ideally include:

A description of the issue (e.g., child labor, forced labor, inhumane treatment).

Specific details (e.g., who, what, when, where, how).

Any available evidence or supporting information (e.g., photographs, witness accounts).

A preferred outcome or resolution (if known).

4.2 Acknowledgment of Receipt

Upon receiving a grievance, Jinyi Gold HK Ltd. will acknowledge receipt within 48 hours via the chosen reporting channel (email or message).

4.3 Evaluation of Grievance

Grievances will be evaluated for:

Urgency: Critical issues (e.g., forced labor, child labor, immediate safety concerns) will be prioritized.

Validity: The seriousness and credibility of the grievance will be assessed.

Impact: The potential impact of the grievance on individuals, communities, and the company will be considered.

If the grievance pertains to criminal activity or violates local or international laws, jinyi Gold will report the issue to relevant authorities.

5. Investigation Process

Once a grievance has been acknowledged, Jinyi Gold HK Ltd. will initiate an investigation to determine the validity of the complaint and take appropriate actions.

5.1 Investigation Team

A Grievance Committee or investigative team will be formed, consisting of the following members:

HR Representative

Compliance Officer

External Expert or Auditor (if needed for sensitive cases)

5.2 Investigation Steps

Initial Assessment: Determine whether the grievance is within the scope of this procedure (e.g., child labor, forced labor, inhumane treatment).

Data Collection: Collect and review any documents, evidence, and testimonies related to the grievance. This may include site visits, interviews with witnesses, and review of records (e.g., payroll, contracts).

Interviews: If applicable, interview the complainant (if known), witnesses, and individuals involved in the grievance.

Verification: Verify the facts of the grievance by cross-checking information and considering any external evidence.

5.3 Timeline for Investigation

The investigation should be completed within 15 business days of the grievance being reported, unless the complexity of the issue requires more time. The complainant (if not anonymous) will be informed of the investigation timeline.



5.4 Corrective Action Plan

Based on the investigation findings, if the grievance is found to be valid, a Corrective Action Plan will be developed. The plan will outline the steps to address the issue and prevent future occurrences.

For example, if forced labor is identified, the affected individuals will be removed from the situation, the supplier involved will be audited, and corrective training will be provided.

6. Protection of Identity & Non-Retaliation

Jinyi Gold HK Ltd. is committed to protecting the identity of all individuals involved in the grievance process, especially whistle-blowers.

6.1 Protection of Identity

All grievances will be treated confidentially. The identity of the complainant will only be disclosed with their consent or where legally required.

If the complainant wishes to remain anonymous, the company will ensure that their identity is protected throughout the process.

6.2 Non-Retaliation Policy

No retaliation: Jinyi Gold will not tolerate retaliation against anyone who reports a grievance in good faith, whether it is substantiated or not. Retaliation may include harassment, discrimination, job loss, or threats.

Any form of retaliation will result in disciplinary action against the individual(s) responsible, which may include termination of employment or contracts.

A separate process will be available for reporting retaliation, which will be handled independently.

7. Communication of Outcome

After the investigation is completed, jinyi Gold will communicate the outcome of the grievance resolution to the complainant (if known) and any affected parties.

If the grievance is resolved successfully, the complainant will be informed of the action taken to remedy the situation.

If the grievance cannot be substantiated, the complainant will be given a reasoned explanation.

In the case of complex or ongoing investigations, interim updates may be provided to the complainant.

8. Documentation and Record Keeping

All grievances, investigation findings, and actions taken will be documented and stored securely for a minimum of 7 years.

Records will be accessible only to authorized personnel involved in the grievance process and will be protected from unauthorized access.

9. Monitoring and Review

The effectiveness of the grievance mechanism will be monitored regularly by the Grievance Committee.

Annual reviews will be conducted to assess the system's effectiveness, identify improvements, and ensure that all grievances are addressed appropriately.

Feedback from employees, suppliers, and other stakeholders will be solicited periodically to evaluate the accessibility and efficiency of the grievance mechanism.

10. Training and Awareness

All employees, suppliers, and key stakeholders will be trained on how to use the grievance mechanism and understand their rights.

New employees will receive training during onboarding, and periodic refresher training will be provided to all employees.

11. Reporting and Continuous Improvement

Jinyi Gold HK Ltd. will periodically report on the number of grievances received, the types of grievances, and the actions taken. These reports will be shared with senior management and external auditors (if applicable).

The grievance mechanism will be updated as necessary to ensure continuous improvement and compliance with relevant laws and international standards.

12. Conclusion

This Grievance Mechanism Procedure is designed to provide a clear, accessible, and fair process for addressing grievances related to human rights abuses, labor violations, and other unethical practices within Jinyi Gold HK Ltd.'s operations. It is crucial that this process is implemented effectively, maintained with confidentiality, and ensures the protection of whistle-blowers and complainants from any form of retaliation.

Approved by:

LIHUI ZHOU



DIRECTOR

Jinyi Gold HK Ltd.

05/01/2025

NOTE & DECLARATION:

This procedure ensures that Jinyi Gold HK Ltd. is compliant with both ethical standards and legal requirements and promotes a transparent, accountable approach to grievance handling. It protects the rights of workers and stakeholders, helping to foster a culture of integrity within your supply chain and operations.



Responsible Gold Sourcing Policy

Jinyi Gold HK Ltd – Effective Date: 05 January 2025

Introduction: Jinyi Gold HK Ltd is committed to ethical practices, transparency, and integrity throughout its gold sourcing, trading, and smelting operations. This policy outlines our dedication to responsible sourcing and compliance with international and Hong Kong standards. It aligns with frameworks like the OECD Due Diligence Guidance (which helps companies avoid contributing to conflict and respect human rights) and the LBMA Responsible Gold Guidance. Our core values include sustainability, human rights protection, environmental stewardship and conflict-free sourcing.

Scope: This policy applies to:

- All gold procured, traded, processed or refined by Jinyi Gold HK Ltd.
- All employees, contractors and business partners (including suppliers, mining entities and transporters).
- All locations and regions in which we operate, including any conflict-affected or high-risk areas (CAHRAs).

Principles and Commitments

We commit to conducting our business in accordance with the following principles:

- **Ethical and Conflict-Free Sourcing:** We will ensure that all gold is obtained from legitimate, conflict-free sources and is fully traceable. We strictly prohibit sourcing gold that finances armed conflict or involves human rights abuses. In line with OECD Guidance, our supply chain policy requires due diligence to prevent such risks. We adhere to the OECD Model Supply Chain Policy (Annex II) for minerals and work only with suppliers who share our commitment to a conflict-free, responsible supply chain.
- **Human Rights and Labor Standards:** We are committed to upholding international human rights throughout our operations. We prohibit all forms of child labor, forced labor and human trafficking in any part of our supply chain. We respect the Universal Declaration of Human Rights and all relevant conventions. Our partners must provide safe, fair and non-discriminatory working conditions, comply with labor laws, and protect workers' health and safety.

- **Environmental Sustainability:** We actively promote environmental responsibility in all aspects of our business. We aim to minimize environmental degradation and pollution, manage waste and emissions responsibly, and protect biodiversity. We require that our operations and those of our suppliers comply with all applicable environmental regulations and industry best practices, and that natural resources are used sustainably.
- **Anti-Bribery and Anti-Corruption:** We have zero tolerance for bribery, corruption and money laundering. We strictly prohibit any form of improper payment or “kickback” in our business dealings. We comply fully with Hong Kong’s Prevention of Bribery Ordinance (Cap. 201), which is the primary anti-corruption law in Hong Kong. We maintain robust controls to prevent our gold supply chain from being used to finance illegal activities or terrorist financing.
- **Compliance with Legal and Regulatory Standards:** We will fully comply with all applicable laws and regulations in Hong Kong and elsewhere. In Hong Kong, this includes the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) and the Dealers in Precious Metals and Stones (DPMS) registration regime. For example, since 1 April 2023 any entity carrying on a business of dealing in precious metals and stones in Hong Kong (including trading gold) must register with the Customs & Excise Department. We ensure our Hong Kong operations meet these registration and record-keeping requirements. We also comply with Hong Kong’s other relevant laws (e.g. environmental protection and labor regulations). Internationally, we adhere to recognized standards such as the U.S. Dodd-Frank Act (Section 1502) and the EU Conflict Minerals Regulation, wherever they apply to our sourcing activities.

Due Diligence Process

We implement a comprehensive due diligence program based on the OECD’s five-step framework. Key steps include:

1. **Establish Strong Management Systems:** We communicate this policy to all employees, suppliers and stakeholders. We assign clear roles and responsibilities for compliance and due diligence. We maintain internal controls, training programs and a confidential grievance/whistleblower mechanism for reporting concerns. All documents and records related to our gold supply chain (such as supplier certifications, origin documentation and audit reports) are retained for at least five years.

2. **Identify and Assess Supply Chain Risks:** We regularly perform risk assessments to identify potential issues. This includes mapping our supply chain, identifying the origin of gold (especially CAHRAs using OECD and UN data) and evaluating supplier practices. We engage directly with suppliers to verify mine sites, handling and transport routes. High-risk suppliers or shipments are subject to enhanced scrutiny. We may require third-party traceability audits or due diligence by independent bodies for high-risk sources.
3. **Design and Implement a Risk Mitigation Strategy:** When risks are identified, we work collaboratively with suppliers to mitigate them. This may involve capacity-building (training suppliers on best practices), helping suppliers remediate non-compliances, and developing action plans. If a supplier fails to improve or refuses to address serious violations, we will disengage from that relationship. Our goal is to improve conditions and practices, but we will terminate relationships with sources that remain non-compliant.
4. **Carry Out Independent Third-Party Audits:** We facilitate regular audits of our supply chain, especially at high-risk points. We require recognized industry auditors or certification bodies to review compliance with this policy. Audits verify chain-of-custody records, supplier practices, and any corrective actions. Findings are reported to management and addressed promptly.
5. **Report on Due Diligence Efforts:** We will publish an annual report detailing our due diligence activities, risk assessments and outcomes. In accordance with OECD recommendations, we publicly report on our supply chain due diligence policies and practices (for example in our CSR or sustainability report). The report will include our risk mitigation actions, audit results and progress in improving supply chain transparency.

Supplier Code of Conduct

All suppliers, refiners and contractors must adhere to our policies. They must:

- Comply with this Responsible Sourcing Policy in letter and spirit.
- Provide full transparency on the origin and chain of custody of all gold supplied.
- Adhere to all applicable international labor, human rights and environmental standards.

- Permit third-party audits of their facilities and promptly implement any required corrective actions.
- Maintain proper records (certificates, assays, transport documents, etc.) to demonstrate compliance.

Implementation and Training

- **Training:** We will conduct regular training for employees and key suppliers on responsible sourcing, due diligence procedures and legal obligations. Employees responsible for procurement and compliance will be kept up to date on best practices and regulatory changes.
- **Supplier Engagement:** We actively collaborate with our suppliers to help them improve their practices. Through workshops and guidance, we encourage continuous improvement in meeting these standards.

Governance and Accountability

The Board of Directors and senior management of Jinyi Gold HK Ltd have ultimate oversight of this policy. A dedicated compliance team is tasked with implementing the policy, monitoring supply chain activities and reviewing compliance. This team reports annually to the Board on due diligence performance. The policy will be reviewed at least once a year and updated as necessary to reflect changes in laws or industry standards.

Non-Compliance and Remediation

We reserve the right to terminate any supplier or contractor who:

- Violates this policy or refuses to remediate identified issues.
- Fails to cooperate with audits or provide required documentation.
In such cases, we will cease business with the non-compliant party. However, whenever possible we prefer to work with suppliers to correct issues. If a minor violation is found, we will require a remediation plan and monitor progress closely, rather than immediately excluding the supplier.

Reporting and Transparency

This policy is published on our company website and is available to the public. We will maintain transparency by issuing annual progress reports on our risk mitigation efforts, audit findings and improvements in supply chain practices. These reports will detail



how we are implementing this policy and the results of our due diligence, without revealing confidential commercial information.

Grievance Mechanism

We encourage stakeholders (employees, suppliers, community members, etc.) to raise any concerns about possible violations of this policy. Reports can be made confidentially via:

- **Email:** lihuizhou6985@gmail.com
- **Phone:** +852 60425560
- All reports will be handled promptly and in confidence. We will investigate claims impartially and take appropriate corrective action.

Continuous Improvement

We are committed to continuously improving our responsible sourcing practices. This policy will be updated as needed to remain aligned with evolving international and local standards. We will participate in industry forums and collaborate with stakeholders to strengthen our systems over time.

Contact: For questions about this policy or its implementation, please contact our Compliance Team at jinyigoldtrading@gmail.com

Approved by:



**LIHUI ZHOU, CEO,
JINYI GOLD HK LTD.**



Labor and Human Rights Policies and Procedures for Jinyi Gold HK Ltd.

1. Establish a Formal Commitment to Respect the Dignity and Human Rights of Employees

Objective: Ensure that Jinyi Gold HK Ltd. upholds the dignity, rights, and well-being of all employees in accordance with international human rights standards.

Procedures:

Human Rights Commitment Statement: Jinyi Gold HK Ltd. will issue a Human Rights Commitment Statement that outlines the company's dedication to respecting the rights of all employees. This statement will align with international conventions such as the Universal Declaration of Human Rights (UDHR) and the International Labour Organization (ILO) conventions.

Key Principles: The company's commitment to respecting employees' dignity and human rights will include:

Non-Discrimination: Ensuring that no employee is discriminated against based on race, gender, age, religion, sexual orientation, disability, or any other characteristic.

Freedom of Association: Supporting employees' rights to freely form or join trade unions and to engage in collective bargaining.

No Forced Labor or Child Labor: Explicitly prohibiting forced labor, human trafficking, or the employment of children under the legal working age.

Fair Treatment and Equal Opportunities: Guaranteeing fair treatment in hiring, compensation, promotion, and access to benefits.

Health and Safety: Providing a safe and healthy working environment for all employees.

Employee Awareness: The Human Rights Commitment Statement will be made publicly available and distributed to all employees, contractors, and business partners. New employees will be required to acknowledge their understanding of these principles during their onboarding process.

Monitoring and Accountability: Regular audits will be conducted to ensure compliance with the company's human rights policies. Any violations of these principles will be dealt with swiftly and fairly in accordance with the company's Code of Conduct.

2. Maintain Personal Files Including Age Proof Document for Each Employee

Objective: Ensure that all employee records are complete and accurate, including proof of the employee's age, to comply with legal working age requirements and employment standards.

Procedures:

Employee Personal Files: Jinyi Gold HK Ltd. will maintain comprehensive personal files for each employee, which will include the following documents:

Personal Identification: A copy of a valid government-issued ID (e.g., passport, national ID card).

Age Verification: A document proving the employee's age, such as a birth certificate, passport, or other legal document that can confirm the employee's date of birth.

Employment History: Records of previous employment, if applicable.

Health and Safety Documents: Documentation related to health assessments and safety training.

Other Required Documents: Any additional documents as required by local labor laws or company policies.

Confidentiality and Security: Personal employee files will be stored in a secure manner, with access restricted to authorized HR and management personnel only. The company will ensure compliance with data protection laws, including the General Data Protection Regulation (GDPR) or local data protection regulations where applicable.

Regular Updates: Employee files will be kept up to date, with any changes in personal information, job position, or legal status (e.g., change in address, marital status, health condition) documented and updated regularly.

3. Sign a Labour Contract with Every Employee

Objective: Formalize the employment relationship and ensure that all employees have a clear and mutually agreed-upon labor contract that complies with local and international labor standards.

Procedures:

Employment Contract: Jinyi Gold HK Ltd. will sign a written labor contract with each employee before they commence work. The contract will include, at a minimum:

Job Description: The employee's role, responsibilities, and expected duties.

Compensation: The agreed-upon salary, payment schedule, and any benefits (e.g., health insurance, bonuses, allowances).

Working Hours: Standard working hours, overtime policies, and rest periods.

Employment Term: Whether the employment is permanent or temporary, including any probationary period.

Termination Clause: Conditions under which the employment can be terminated, including notice periods and severance arrangements.

Health and Safety: Rights related to workplace safety and protection.

Anti-Discrimination and Harassment Clauses: A statement committing to a workplace free from discrimination and harassment.

Confidentiality Agreement: If applicable, terms regarding the protection of confidential company information.

Compliance with Local and International Laws: The labor contract will be drafted in compliance with local labor laws, including minimum wage requirements, working hours, and other employee protections. Additionally, the contract will comply with international labor standards, such as those set out by the International Labour Organization (ILO).

Employee Acknowledgment: Both the employee and the employer will sign the contract, and each party will receive a copy. The employee will be given time to review the contract and seek clarification before signing.

Language and Clarity: The labor contract will be written in clear and understandable language, and where necessary, will be translated into the employee's native language to ensure full understanding.



Implementation Timeline

Action	Timeline	Responsible Party
Develop and Approve Human Rights Commitment Statement	1 month	HR/Legal Department
Establish Employee Personal Files and Age Verification Process	1-2 months	HR Department
Create and Implement Standardized Labor Contracts	2-3 months	HR Department
Provide Employee Awareness Training on Human Rights and Employment Policies	3 months	HR Department
Monitor and Audit Compliance with Labor Policies	Ongoing	HR/Compliance Officer

CONCLUSION

Jinyi Gold HK Ltd. is dedicated to creating a fair, respectful, and legally compliant working environment for all employees. By establishing formal commitments to human rights, maintaining comprehensive employee records, and signing labor contracts, we ensure that our workforce is treated with dignity and respect. These measures are integral to our commitment to compliance, employee well-being, and responsible business practices.

For further information or inquiries regarding our labor policies, please contact our Human Resources Department at lihuizhou6985@gmail.com




Here is a detailed Occupational Health and Safety (OHS) Compliance Framework tailored for Jinyi Gold HK Ltd. to ensure proper maintenance of records and documentation for occupational safety inspections, assessments, and certifications in compliance with relevant laws and regulations.

Occupational Health and Safety (OHS) Compliance Framework for Jinyi Gold HK Ltd.

1. Maintain Up-to-Date Records and Documentation of Occupational Safety Inspections, Assessments, and Certifications

Objective: To ensure compliance with occupational health and safety laws and regulations, Jinyi Gold HK Ltd. will maintain accurate and up-to-date records of all occupational safety inspections, risk assessments, and necessary certifications, demonstrating a commitment to safeguarding the well-being of employees.

Procedures for Maintaining Safety Records

A. Regular Occupational Safety Inspections and Risk Assessments

Safety Inspections:

Scheduled Inspections: Jinyi Gold HK Ltd. will conduct regular occupational safety inspections at all workplace locations, including production areas, offices, and any other facilities where employees may be exposed to potential hazards.

Inspection Frequency: Inspections will be carried out on a quarterly basis or more frequently if required by local regulations or specific industry safety standards.

Inspection Checklist: Each inspection will follow a standardized safety checklist covering various areas such as:

Fire safety and emergency exits

Hazardous material handling

Electrical safety and equipment checks

Workplace ergonomics (e.g., chair and desk setups, lifting equipment)

Personal Protective Equipment (PPE) availability and usage

Risk Assessments:

Comprehensive Risk Assessments: Jinyi Gold HK Ltd. will perform detailed risk assessments for all activities, identifying potential hazards, evaluating risk levels, and outlining mitigation measures.

Hazard Identification: All potential risks, including physical, chemical, biological, and ergonomic hazards, will be identified.

Risk Control Measures: Based on the findings, appropriate control measures will be implemented to mitigate identified risks, such as updating safety protocols, providing additional training, or upgrading equipment.

Documentation:

Inspection Reports: Detailed reports will be created after every inspection, documenting the findings, identified risks, and corrective actions taken. These reports will be reviewed and approved by senior management.

Risk Assessment Records: Risk assessment documents will detail the methodology used, identified hazards, the level of risk, control measures, and timelines for mitigation. These records will be regularly reviewed and updated to ensure they remain current.

Action Plans: For any issues identified, an Action Plan will be developed with assigned responsibilities, deadlines for corrective actions, and monitoring mechanisms to ensure completion.

B. Occupational Health and Safety Certifications

Obtaining and Maintaining Certifications:

ISO 45001 Certification: Jinyi Gold HK Ltd. will pursue ISO 45001 certification for Occupational Health and Safety Management Systems (OHSMS). This certification demonstrates that the company adheres to global best practices for managing employee safety and well-being.

Regulatory Certifications: In addition to ISO 45001, Jinyi Gold HK Ltd. will obtain and maintain any local certifications required by labor and safety regulatory bodies, including certifications for fire safety, hazardous material handling, or industry-specific safety certifications.



Up-to-Date Certification:

All certifications will be renewed on time. The company will designate a Compliance Officer responsible for tracking certification expiration dates and ensuring timely renewals.

Copies of all safety-related certifications will be stored in the company's centralized document management system and available for internal audits and inspections by regulatory authorities.

C. Record Retention and Documentation Management

Centralized Record System:

Jinyi Gold HK Ltd. will implement a centralized electronic record-keeping system to store all occupational safety records, including:

Inspection reports

Risk assessments

Action plans

Safety certifications

Employee safety training records

Retention Policy:

Record Retention: Safety-related records will be retained for a minimum of 5 years or as per legal requirements. Records will be archived securely after the retention period expires.

Access Control: Access to sensitive safety records will be restricted to authorized personnel, including the Health and Safety Officer, Compliance Officer, and relevant management. All records will be protected in compliance with applicable data protection laws (e.g., GDPR or local data protection regulations).

Documentation Review and Audit:

Regular Audits: The Health and Safety Officer will conduct regular internal audits of safety records and practices to ensure compliance with company policies and regulatory requirements.

Management Reviews: Senior management will review occupational safety records quarterly to assess the effectiveness of safety measures, compliance with regulations, and identify opportunities for improvement.

D. Employee Health and Safety Training

Initial and Ongoing Safety Training:

Onboarding Training: All new employees will receive health and safety training as part of their onboarding process. This training will include:

Emergency procedures (e.g., fire drills, first aid)

Safe work practices and use of PPE

Identification and reporting of workplace hazards

Ongoing Training: Employees will undergo refresher training on safety policies at least annually or more frequently if there are significant changes in safety regulations or work processes.

Specialized Training:

Employees working in high-risk areas (e.g., machinery operators, chemical handlers) will receive specialized safety training tailored to their specific roles.

Certification Tracking: Safety training completion will be tracked, and employees will receive certificates upon successful completion of safety courses.



Implementation Timeline

Action	Timeline	Responsible Party
Establish Safety Inspection and Risk Assessment Schedule	1 month	Health and Safety Officer
Implement Centralized Safety Record-Keeping System	2 months	IT Department/Compliance Officer
Obtain ISO 45001 Certification	3-4 months	Compliance Officer
Conduct Initial Safety Inspections and Risk Assessments	1-2 months	Health and Safety Officer
Launch Employee Health and Safety Training Program	1-3 months	HR/Health and Safety Department
Begin Quarterly Internal Safety Audits	Ongoing (quarterly)	Internal Audit/Health and Safety Officer

CONCLUSION

Jinyi Gold HK Ltd. is committed to maintaining a safe and healthy working environment for all employees. By implementing a structured approach to occupational safety inspections, assessments, certifications, and record-keeping, we ensure compliance with all applicable laws and regulations while safeguarding the well-being of our workforce. This framework outlines our proactive measures to manage safety risks and continuously improve workplace safety practices.

For more information on our safety practices or to request specific safety records, please contact our Health and Safety Department at lihuizhou6985@gmail.com




Risk Mitigation Procedure for Jinyi Gold HK Ltd.

1. Communication of the Risk Mitigation Plan with Senior Management

Jinyi Gold HK Ltd. will establish clear communication channels to ensure that the risk mitigation plan is regularly communicated to senior management. This includes:

Monthly/Quarterly Reviews: Regular updates and reviews of the risk mitigation plan to keep senior management informed.

Executive Summaries: Clear executive summaries to present key risk factors and mitigation strategies.

Documentation: Written reports to ensure that decisions and actions are well-documented and accessible to all relevant stakeholders.

2. Monitoring and Reviewing of the Risk Mitigation Plan

The effectiveness of the risk mitigation plan will be monitored and reviewed on a bi-annual basis to ensure it remains aligned with the company's objectives and evolving risk landscape. This includes:

Risk Review Meetings: Every 6 months, the Risk Management Team will review the plan, assess current risks, and adjust mitigation strategies where needed.

Performance Tracking: An internal system will be developed to track key risk indicators and the effectiveness of mitigation actions over time.

3. Risk Mitigation Strategies

Jinyi Gold HK Ltd. will define and apply risk mitigation strategies to address identified risks. These strategies will include the following options:

Continuation: Maintain the existing business relationship or process with enhanced monitoring if risks are low to moderate.

Suspension: Suspend (temporarily) business activities or relationships if risks are deemed significant but not critical.

Termination: Cease business relationships or activities if risks are deemed critical and the potential consequences outweigh the benefits of continuing.

These strategies will be reviewed regularly to ensure they are effective and aligned with the company's risk tolerance and business goals.

4. Stakeholder Consultation Methods: -

Jinyi Gold HK Ltd. will implement structured methods for consulting with stakeholders during the risk mitigation process. This includes:

Regular Consultations: Periodic consultations with key stakeholders, including investors, clients, suppliers, and regulatory bodies, to discuss emerging risks and the company's mitigation efforts.

Surveys and Feedback: Stakeholder feedback mechanisms, such as surveys and interviews, will be used to gather input on the perceived risks and mitigation actions.

5. Assignment of Manager Responsibilities: -

To ensure accountability, Jinyi Gold HK Ltd. will assign specific risk mitigation responsibilities to senior managers and department heads:

Training and Development: Managers will receive ongoing training on risk management practices and how to respond to identified risks.

6. Criteria to Establish Measurable Indicators: -

To ensure the effectiveness of risk mitigation efforts, Jinyi Gold HK Ltd. will establish clear, measurable criteria for tracking the success of the risk mitigation strategies. This includes:

Key Risk Indicators (KRIs): Define specific risk indicators (e.g., financial impact, operational disruptions, reputational damage) that will be monitored regularly.

Performance Metrics: Develop quantitative and qualitative metrics (e.g., reduction in risk incidents, stakeholder satisfaction, financial savings from risk avoidance) to measure the effectiveness of the mitigation strategies.

Continuous Improvement: Based on the measured outcomes, the risk mitigation plan will be refined to ensure continuous improvement.

Implementation Timeline

Our company has a Long-Term Goal to ensure full integration of the risk mitigation procedure into daily operations and continuous reviews.

Updated Policy for Risk Identification and Assessment in the Gold Supply Chain

Objective

To ensure risks within the gold supply chain are identified, assessed, and managed in alignment with the Responsible Gold Sourcing Policy and OECD Annex II guidelines.

Policy Statements

1. Procedure for Risk Identification and Assessment

Scope:

The policy will cover all tiers of the gold supply chain, including direct and indirect suppliers, transportation, and processing units.

Criteria for Risk Assessment:

The organization will assess risks based on the following:

Risks outlined in OECD Annex II (e.g., human rights violations, conflict financing, and environmental impact).

Criteria from the Responsible Gold Sourcing Policy.

Geographic and supplier-specific risk factors.

Frequency of Review:

Regular risk assessments will be conducted annually.

Trigger-based reviews will occur in response to significant changes, such as regulatory updates, new suppliers, or identified incidents.

Stakeholder Consultation:

Collaborate with stakeholders, including suppliers, civil society, and regulatory bodies, to validate risk findings and mitigation strategies.

2. Retention of Risk Assessment Records

Documentation:

Maintain comprehensive records of risk assessments, including identified risks, assessment criteria, and mitigation actions.

Records will be reviewed and updated annually or after significant changes.

Auditable Trail:

All risk assessments will be documented in an auditable format and made available to management and external auditors upon request.

Implementation Plan

Develop SOPs for Risk Assessment

Define a standard operating procedure (SOP) for identifying and assessing risks across the gold supply chain.

Include a detailed process for supplier verification, red-flag identification, and mitigation planning.

Establish a Review Framework

Set an annual review schedule for risk assessments.

Define trigger events that require additional reviews (e.g., supplier changes, geopolitical events, or incidents).

Assign Responsibility

Assign a compliance officer or dedicated team to oversee risk assessments and record retention.

Template 1: Risk Assessment Review Log

Review Date	Trigger/Event	Action Taken	Next Review Date	Responsible Team
[MM/DD/YYYY]	New supplier onboarding	Conducted supplier audit	[MM/DD/YYYY]	Compliance Team

Training and Capacity Building

Train compliance teams on OECD Annex II and Responsible Gold Sourcing Policy criteria.

Conduct periodic training for suppliers on compliance expectations.

Continuous Monitoring and Updates

Update the risk assessment policy and procedures based on audit findings and new industry best practices.

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Procedure for Third-Party Audits of Choke Point Suppliers (Refiners)

Company: Jinyi Gold HK Ltd.

Procedure Title: Third-Party Audits for Choke Point Suppliers' Due Diligence Management Systems

Date Created: [12.1.2025]

Version: 1.0

Approved By: [CEO of JINYI GOLD HK LTD.]

Next Review Date: [13.1.2026]

1. Purpose

This procedure is designed to establish and formalize the process by which Jinyi Gold HK Ltd. ensures that all choke point suppliers (i.e., refiners) in the gold supply chain have their due diligence management systems audited by independent third parties. This ensures compliance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals, as well as other international standards and regulations. It also establishes a framework to track and retain evidence of these third-party audits.

2. Scope

This procedure applies to all refiners (choke point suppliers) in Jinyi Gold HK Ltd.'s supply chain involved in the processing, refining, or handling of gold or other precious minerals. The process will ensure that these suppliers' due diligence systems are independently audited and comply with established standards, including OECD due diligence, anti-money laundering (AML), and counter-terrorist financing (CFT) regulations.

3. Methodology

The process for ensuring third-party audits of choke point suppliers will follow these key steps:

Step 1: Identify Choke Point Suppliers (Refiners)

Identify Key Refiners:

The first step is to identify choke point suppliers, specifically those refiners in the supply chain who are responsible for the final stages of processing and refining the minerals.

Action: Maintain a detailed list of all refiners that process gold or other minerals in the supply chain. This includes direct and indirect refiners, as well as third-party service providers who are involved in any aspect of the refining process.

Step 2: Third-Party Audit Requirements for Refiners

Establish Third-Party Audit Requirements:

Jinyi Gold HK Ltd. will ensure that all identified refiners undergo third-party audits of their due diligence management systems. These audits must be conducted by independent and accredited third-party organizations.

Action: Define that third-party audits must be conducted at regular intervals (e.g., annually) and must be accredited by recognized programs such as:

The Responsible Jewelry Council (RJC) Certification.

OECD-Accredited Auditors.

ISO 14001 (Environmental Management) or other relevant certifications.

Audit Scope and Content:

The audits must assess the refiner's entire due diligence management system, including:

Human rights and conflict-free sourcing.

AML/CFT compliance.

Environmental practices.

Supply chain traceability (from origin of gold to final product).

Step 3: Develop a Third-Party Audit Tracking System

Create a Centralized Audit Tracking System:

Jinyi Gold HK Ltd. will establish a tracking system to monitor the status of third-party audits for all refiners in the supply chain. The tracking system will capture key details such as:

Date of the last third-party audit.

The auditor's accreditation status.

Audit findings and any corrective actions taken.

Action: Maintain a central database or document management system to store these details, including copies of certificates, audit reports, and related documentation.

Step 4: Retain Evidence of Third-Party Audits

Retain Documentation of Third-Party Audits:

To comply with regulatory and audit requirements, Jinyi Gold HK Ltd. will retain documented evidence confirming that refiners have undergone third-party audits. This evidence may include:

Third-party audit certificates issued by accredited organizations.

Audit reports or summaries, including findings and corrective actions.

Public listings of accredited refiners on third-party websites or certifications.

Action: Ensure all relevant documents (certificates, reports, audit findings, etc.) are stored securely for a minimum of five years and are readily accessible for review.

Step 5: Managing Non-Compliance with Third-Party Audit Requirements

Action Plan for Non-Compliance:

If any refiner is found not to have undergone a third-party audit or does not have the necessary accreditation, Jinyi Gold HK Ltd. will take corrective actions.

Immediate Action: Suspend sourcing from the non-compliant refiner until they undergo an accredited third-party audit.

Corrective Action Plan: Work with the refiner to resolve the audit non-compliance and ensure they are audited within a reasonable timeframe.

Alternative Sourcing: If non-compliance persists or the refiner refuses to comply with the audit requirement, explore alternative refiners who meet the due diligence expectations.

4. Roles and Responsibilities

Identify refiners and ensure they meet third-party audit requirements.

Ensure that all refiners are properly tracked in the audit system.

Compliance and Legal Team:



Ensure that the process aligns with local and international regulations, including OECD guidelines, AML/CFT, and other relevant laws.

Ensure compliance with due diligence obligations for responsible sourcing and human rights standards.

Audit and Verification Team:

Coordinate and manage third-party audits for refiners.

Ensure audits are conducted by recognized, accredited auditors.

Review audit findings and coordinate with refiners on any corrective actions required.

Records Management Team:

Maintain and store third-party audit certificates, audit reports, and supporting documentation.

Ensure that all records are retained securely for a minimum of five years.

5. Documentation Requirements

To implement this procedure, the following documents must be maintained:

Supplier and Refiner List:

A comprehensive list of all refiners and choke point suppliers in the supply chain.

Third-Party Audit Tracking System:

A centralized system or database that tracks third-party audit compliance for all refiners, including the audit date, auditor accreditation, and findings.

6. Review and Continuous Improvement

This procedure will be reviewed annually or in response to significant changes in regulations or operational practices. Feedback from third-party audits, supplier assessments, and regulatory updates will be incorporated into this procedure to continuously improve the due diligence and audit process.

End of Procedure Document

Summary of Key Actions:

Identify refiners (choke point suppliers) in the supply chain.

Ensure third-party audits are conducted regularly for refiners, accredited by recognized programs.

Take corrective actions in case of non-compliance with third-party audit requirements.

