

**AUSTOCK GROUP LTD**  
**POLICY IN RELATION TO**  
**CONTINUOUS DISCLOSURE**

**1. Background**

- 1.1 The board of directors of Austock Group Ltd (“Austock”) has adopted this Continuous Disclosure Policy (“Policy”) to govern how Austock will comply with its continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules.
- 1.2 Austock has obligations under the Corporations Act and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of its securities and to correct any material mistake or misinformation in the market. Austock discharges these obligations by releasing information to the ASX or ASIC, disclosure in other relevant documents (for example, Austock’s Annual Reports) or by communicating with shareholders through Austock’s website or by mail out to them.
- 1.3 This policy sets out the procedure for:
- (1) executives identifying material price sensitive information;
  - (2) reporting such information to the Company Secretary for review;
  - (3) ensuring that Austock achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules; and
  - (4) ensuring that Austock and individual officers do not contravene the Corporations Act or ASX Listing Rules (which carry serious penalties).
- 1.4 The insider trading provisions of the Corporations Act may apply to an action being contemplated by Austock, such as a capital raising or rights issue, and in these circumstances a higher level of disclosure may be required.
- 1.5 This Policy does not address guidelines for directors and senior executives in buying and selling Austock’s securities. These guidelines are set out in Austock’s policy in relation to employees dealing in securities.

**2. Persons to whom this policy applies**

- 2.1 This policy applies to:
- (1) all directors of Austock; and
  - (2) senior management of Austock, after making appropriate enquiries of the employees who report to them.

### 3. Role of the Company Secretary

3.1 The following procedures apply to safeguard against inadvertent breaches of Austock's continuous disclosure obligations:

- (1) the Company Secretary will co-ordinate monitoring continuous disclosure;
- (2) each director and senior manager of Austock must:
  - (a) respond to a monthly email confirming that there are no matters that should be considered for continuous disclosure (or indicating those matters that should be considered) on the basis of information that the director or senior manager is aware and, in the case of senior managers, after having made appropriate enquiries of the employees who report to the relevant senior manager; and
  - (b) **IMMEDIATELY** notify the Company Secretary as soon as they become aware of information that should be considered for release to the market (**material information**).
- (3) The Company Secretary will:
  - (a) review the material information reported by directors and senior management;
  - (b) consult with the Managing Director, Chief Financial Officer and General Counsel and, where appropriate the Directors, to determine what action, if any, is appropriate and whether any of the material information is required to be disclosed to ASIC or ASX and possibly shareholders; and
  - (c) co-ordinate the actual form of disclosure with the relevant members of management.

3.2 If a director or senior manager becomes aware of material information, this policy obliges them to notify the Company Secretary. It is not necessary for the director or senior manager to consider whether an exemption to the requirement to disclose may apply.

### 4. Obligations of Directors and Senior Management

4.1 As soon as you become aware of information that:

- (1) is not generally available (ie. the information in question has not been included in any Annual Report, ASX Release or other publication of Austock); and
- (2) may be price sensitive (ie. it is likely to have a financial or reputational impact upon Austock that may be considered material),

you must provide to the Company Secretary the following information:

- (3) a general description of the matter;

- (4) details of the parties involved;
- (5) the relevant date of the event or transaction;
- (6) the status of the matter (for example, final/negotiations still in progress/preliminary negotiations only);
- (7) the estimated value of the transaction;
- (8) the estimated effect on Austock's finances or operations; and
- (9) the names of any in-house or external advisers involved in the matter.

in accordance with the policy and procedures set out in clause 2.1.

## **5. Analyst/Media Briefings**

- 5.1 Information must not be selectively disclosed (ie. to analysts, the media or customers) before it is announced to ASX, ASIC and shareholders (as required by this Policy).
- 5.2 Information provided to, and discussions with, analysts are also subject to this Policy.
- 5.3 If you are proposing to present any material information to analysts, journalists or customers, you should ensure that copies of your material are provided to the Company Secretary prior to presenting that information externally.
- 5.4 All inquiries from analysts must be referred to the Managing Director. All material to be presented at an analyst briefing must be approved by or referred through the Managing Director prior to briefing.
- 5.5 All inquiries from the media must be referred to the Managing Director. All media releases must be approved by or referred through the Managing Director prior to release to journalists.
- 5.6 All media releases and material to be presented (for example at seminars) must be approved by or referred through the Managing Director prior to release to journalists or other professional bodies.

## **6. Interview / Briefing Black-out period**

- 6.1 No interviews or presentations should be given in the one month period leading up to the annual and half year results announcements or in the two week period before the publication of any other results or outlook without the specific permission of the Managing Director.
- 6.2 Any person who is given permission by the Managing Director to give an interview or make a presentation must notify the Company Secretary of the date and time for the interview and must give a copy of any presentation to the Company Secretary. The Company Secretary will determine whether any such presentations should be released to the ASX or ASIC.
- 6.3 Additional periods in which interviews may not be given or in which presentations may not be made without the specific permission of the Managing Director may be

imposed. Relevant persons will be notified of any such additional interview/briefing black-out period.

## 7. Legal Obligations

### 7.1 Introduction

- (1) The Corporations Act 2001 and the ASX Listing Rules require Austock to comply with continuous disclosure obligations.
- (2) The sources of Austock's continuous disclosure obligations are:
  - (a) the ASX Listing Rules (particularly Listing Rule 3.1); and
  - (b) the continuous disclosure provisions contained in the Corporations Act 2001 (in particular, sections 674-678).

### 7.2 Roles and responsibilities of ASX and ASIC

ASIC and the ASX jointly administer the continuous disclosure regime for disclosing entities in Australia. The ASX is responsible for administering the Listing Rules while ASIC is responsible for enforcing the Corporations Act 2001.

### 7.3 ASX Listing Rule 3.1

ASX Listing Rule 3.1 requires that Austock immediately notify the ASX of:

*Any information of which the Company becomes aware, concerning the Company that a reasonable person would expect to have a material effect on the price or value of any securities issued by the Company.*

### 7.4 Material effect on the price of securities

- (1) A reasonable person is taken to expect information to have a **material effect** on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.
- (2) In forming a view as to whether a reasonable person would consider information to be material, previous disclosure to the market should be considered, for example previously released profit expectations, commentary on likely results, or detailed business plans or strategies to the market.

### 7.5 Information in Austock's knowledge

- (1) Austock becomes **aware of information** if any of its directors or executive officers has, or ought reasonably to have, come into possession of the information in the course of the performance of his or her duties as a director or executive officer of Austock.
- (2) This disclosure obligation does not generally apply where the information is externally determined or generally available. However, the impact of information that is generally available on Austock (for example, the impact of a material change in the A\$ value) may be such that it is likely to have a

material effect on the price or value of Austock's securities. If the generally available or exogenous information is likely to have a material impact on Austock the disclosure obligation will apply and the impact or effect must be disclosed.

- (3) Information is usually considered "generally available" if:
- (a) it consists of a readily observable matter; or
  - (b) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in any of the classes of securities issued by Austock and a reasonable period for it to be disseminated among such persons has elapsed; or
  - (c) it consists of deductions, conclusions or inferences made or drawn from other information that is generally available.

(4) Release of Information to Others

Austock must not release material price sensitive information to any person (for example, to brokers, analysts, the media, professional bodies or any other person) until it has given the information to the ASX and has received an acknowledgment that the ASX has released the information to the market (Listing Rule 15.7).

7.6 Exceptions to ASX disclosure obligations

Disclosure under Listing Rule 3.1 is not required where **each** of the following conditions is and remains satisfied:

- (1) a reasonable person would not expect the information to be disclosed; **and**
- (2) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; **and**
- (3) **one or more** of the following conditions apply:
  - (a) it would be a breach of a law to disclose the information;
  - (b) the information concerns an incomplete proposal or negotiation;
  - (c) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - (d) the information is generated solely for the internal management purposes of Austock; or
  - (e) the information is a trade secret.

As soon as any of these elements are no longer satisfied (for example, the information is reported in the media and is therefore no longer confidential), Austock must immediately comply with its continuous disclosure obligations. The obligation to disclose the information arises even though

two of the above three requirements remain satisfied (ASX Listing Rule 3.1A).

## 7.7 False markets

- (1) If ASX considers that there is likely to be a false market in Austock's securities and asks Austock to give it information to correct or prevent a false market, then Austock must give ASX the information needed to correct or prevent the false market (ASX Listing Rule 3.1B).
- (2) Austock is also required to make a clarifying statement to the ASX in circumstances where it becomes aware that speculation or comment is, or is likely to, create a false market in Austock's securities.
- (3) The obligation to give information under this rule applies, even where an exception described above in clause 7.6 applies.
- (4) The ASX does not expect Austock to respond to all media comment and speculation. However, when:
  - (a) media comment or speculation becomes reasonably specific; or
  - (b) there is evidence that, or ASX forms the view that, the rumour or comment is likely to have an impact on the price of Austock's securities, for example, the market moves in a way that appears to be referable to the comment or speculation,

Austock has a positive obligation to make disclosure to prevent a false market being formed.

## 8. Management of the Policy

### 8.1 ASIC/ASX Guidance

- (1) ASX has issued a guidance note on continuous disclosure and the ASX and ASIC have prepared and issued guidance principles, which suggest practical steps that listed entities can take to ensure that they meet their continuous disclosure obligations.
- (2) The ASX Guidance Note outlines the best practice approach that should be adopted towards continuous disclosure. Specifically, the Listing Rules are to be interpreted:
  - (a) in accordance with their spirit, intention and purpose;
  - (b) by looking beyond form to substance; and
  - (c) in a way that best promotes the principles on which the Listing Rules are based.
- (3) The ASIC guidance principles suggest:
  - (a) keeping to a minimum the number of directors and staff authorised to speak on Austock's behalf;

- (b) appointing a senior officer to have responsibility for ensuring compliance with Austock's continuous disclosure obligations. This officer should be aware of information disclosures in advance, including information to be presented at private briefings; and
  - (c) that procedures should be implemented which will ensure that price sensitive information is released first to the ASX before disclosing it to outside parties.
- (4) Austock has nominated the Company Secretary as the person with primary responsibility for all communication with the ASX.

## 8.2 Specific responsibilities

The Company Secretary is responsible for:

- (1) liaising with the ASX in relation to continuous disclosure issues;
- (2) ensuring that the system for the disclosure of all material information to the ASX in a timely fashion is operating;
- (3) co-ordinating the actual form of disclosure, including reviewing proposed announcements by Austock to the ASX and liaising with the Managing Director, the General Counsel, or the Directors as appropriate in relation to the form of any ASX releases;
- (4) liaising with the Managing Director, the General Counsel or the Directors as appropriate, in relation to the disclosure of information;
- (5) keeping a record of all ASX and other releases that have been made;
- (6) periodically reviewing Austock's disclosure procedures in light of changes to the ASX Listing Rules or Corporations Act 2001 and recommending any necessary changes to the procedures to the Boards; and
- (7) preparing regular disclosure reports to the Directors of Austock which advise of:
  - (a) material matters considered and the form of disclosure (if any); and
  - (b) any material changes to Austock's continuous disclosure processes or policy.

## 9. **Contraventions and Penalties**

### 9.1 Contravention

- (1) Austock will contravene its Australian continuous disclosure obligations if it fails to notify ASX of the information required by Listing Rule 3.1 to be disclosed.
- (2) If Austock contravenes this obligation by failing to notify ASX of information:
  - (a) that is not generally available; and

- (b) that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of securities issued by Austock,

then Austock and its officers may be guilty of an offence under the Corporations Act 2001 (there may be civil and criminal implications arising from a contravention). In addition, the Criminal Code applies to an offence based on a contravention of this obligation where either intention or recklessness or both can be shown.

## 9.2 Liability and enforcement – penalties for breach

### (1) Austock

If Austock contravenes its continuous disclosure obligations, it may face:

- (a) criminal liability with a fine of up to \$110,000;
- (b) civil liability for any loss or damage suffered by any person as a result of Austock's failure to disclose relevant information to the ASX; and
- (c) de-listing of Austock from the ASX.

There is a no fault element required to establish civil liability. However, a court has power to relieve a person from civil liability if the person acted honestly and in the circumstances the person ought fairly to be excused for the contravention.

ASIC can also institute proceedings under the ASIC Act 1989.

### (2) Others

Austock's officers (including its directors), employees or advisers who are involved in a contravention by Austock, may also face criminal penalties (a fine of up to \$22,000 and/or 5 years imprisonment) and civil liability as outlined above.

### (3) Enforcement

The court also has power under the Corporations Act 2001 to order compliance with the Listing Rules on the application of the ASX, ASIC or an aggrieved person (for example, a Company shareholder (section 793C(2) Corporations Act 2001)).

### (4) Unwanted publicity

Contravention of its continuous disclosure obligations may also lead to unwanted publicity for Austock and may cause damage to its reputation in the market place which may adversely impact upon the market value of Austock's securities.