

AUSTOCK GROUP LTD
POLICY IN RELATION TO
SHARE TRADING

1. Purpose

1.1 The purpose of this policy is to:

- (1) explain the type of conduct that is prohibited under the *Corporations Act 2001 (as amended)* in relation to dealing in the securities of the Company by employees and officers; and
- (2) establish a best practice procedure relating to dealings in Securities that provides protection to both the Company and employees against the misuse of unpublished price sensitive information.

2. Summary of the Law

2.1 The *Corporations Act 2001 (as amended)* prohibits a person who is in possession of price sensitive information that is not generally available from:

- (1) dealing in securities;
- (2) procuring another person to deal in the securities; or
- (3) communicating the information to another person if that person is likely to deal in the securities.

2.2 Penalties for breach of this prohibition are severe and include:

- (1) in the case of a natural person, a penalty of up to \$200,000 or imprisonment for 5 years or both;
- (2) in the case of a body corporate, a penalty of up to \$1,000,000; and
- (3) for both a natural person and a body corporate, unlimited civil liability.

3. Definitions

In this Policy the following definitions apply unless the context otherwise requires:

- (1) **“Associate”** has the same meaning as in section 9 of the Corporations Act 2001 and in relation to a person includes the person’s spouse, defacto, family members, controlled trusts and companies or other third parties contemplating the acquisition or sale of securities on behalf of the person.
- (2) **“Authorised Persons”** include the Managing Director, Chief Financial Officer, General Counsel or Company Secretary.
- (3) **“Board”** means the board of Directors.

- (4) **“Chairman”** means the person who is from time to time appointed by the Board as Chairman of the Company or such other person nominated by the Board to act in their absence for the purposes of this Policy.
- (5) **“Chief Financial Officer”** means the person who is from time to time appointed by the Board as Chief Financial Officer of the Company or such other person nominated by the Board to act in their absence for the purposes of this Policy.
- (6) **“Company”** means Austock Group Limited.
- (7) **“Company Secretary”** means the person who is from time to time appointed by the Board as Company Secretary of the Company or such other person nominated by the Board to act in their absence for the purposes of this Policy.
- (8) **“Dealing”** includes any subscription, redemption, purchase or sale of securities, or any agreement to effect the same; an exercise of an option or other right; or entering into any other form of agreement to acquire or dispose of an interest in securities.
- (9) **“Director”** means a director of the Company.
- (10) **“General Counsel”** means the person who is from time to time appointed by the Board as General Counsel of the Company or such other person nominated by the Board to act in their absence for the purposes of this Policy.
- (11) **“Investment Manager”** means a person who manages investments (whether or not on a discretionary basis) on behalf of a Director or a Relevant Employee or on behalf of an Associate of a Director or a Relevant Employee but does not include such a person who manages investments which are interests in a registered managed investment scheme.
- (12) **“Managing Director”** means the person who is from time to time appointed by the Board as Managing Director of the Company or such other person nominated by the Board to act in their absence for the purposes of this Policy.
- (13) **“Policy”** means this document.
- (14) **“Relevant Employee”** means
- (a) an employee of the Company;
 - (b) a director or employee of a related body corporate of the Company; or
 - (c) a contractor who is not an employee if:
 - (i) the contractor provides services or performs functions similar to those usually carried out by employees of the Company; and
 - (ii) the term of the contract exceeds 6 months.

- (15) **“Securities”** means any listed or unlisted shares, debentures, interests, rights, units or option contracts in the Company.
- (16) **“Staff Account”** means a share trading account which is:
- (a) held with Austock Securities Ltd;
 - (b) broker sponsored by Austock Securities Ltd; and
 - (c) designated as a “staff” account by Austock Securities Ltd.
- (17) **“unpublished price sensitive information”** means information which:
- (a) relates to particular securities or to a particular issuer of securities and not to securities generally or issuers of securities generally;
 - (b) is specific or precise;
 - (c) has not been made public; and
 - (d) if it were made public would be likely to have a significant effect on the price or value of any securities.

4. Dealings by Directors and Relevant Employees

- 4.1 Each Director and Relevant Employee must conduct his or her personal investment activities lawfully and in a manner that avoids a conflict of interest between the interests of the Director or Relevant Employee and the duties that he or she owes to the Company or its clients.
- 4.2 A Director or Relevant Employee must not deal in Securities at any time when they are in possession of unpublished price sensitive information or otherwise where clearance to deal is not given under paragraph 6 of this Policy.
- 4.3 Each Director and Relevant Employee must:
- (1) open a Staff Account within 7 days after becoming a Director or Relevant Employee;
 - (2) as soon as practicable after opening a Staff Account, transfer all of their existing holdings of Securities to that Staff Account; and
 - (3) conduct all dealings in Securities through their Staff Account in accordance with this Policy and any other policies of the Company which apply to Staff Accounts.
- 4.4 A Director must not enter into a transaction that is designed or intended to hedge his or her exposure to:
- (1) a Security that is subject to retention arrangements; or
 - (2) an unvested option; or
 - (3) both (1) and (2).

5. Margin Lending

- 5.1 Directors and all senior executives reporting directly to the Managing Director must receive prior consent from the Chairman before entering into margin loans or other financing arrangements which create a security interest over a significant holding of Company securities. A 'significant holding' of Company securities is a holding of more than 1% of the issued capital of the Company. In the case of the Chairman, approval must be obtained from the Chair of the Audit Committee.
- 5.2 If required by the Company, a director or senior executive must provide the Company Secretary with information relevant to the margin loans or financing arrangements.
- 5.3 This Policy continues to apply to all directors and senior executives, regardless of commitments which such individuals may enter into in relation to margin lending contracts or other financing arrangements.

6. Clearance to Deal

- 6.1 A Relevant Employee must not deal in Securities without obtaining the prior approval of two Authorised Persons.
- 6.2 A Director (including the Managing Director) must not deal in Securities without obtaining the prior approval of the Chairman and one Authorised Person.
- 6.3 The Chairman must not deal in Securities without obtaining the prior approval of two Authorised Persons, one of whom must be the Managing Director.
- 6.4 Requests for clearance to deal should be made in writing in the prescribed form and forwarded to the Company Secretary. The Company Secretary will forward requests to the person responsible for giving clearance. It is intended that all requests will be answered via email within 48 hours.
- 6.5 Dealings in Securities must be completed within 1 week of approval being granted.
- 6.6 Subsequent to any approved dealing in Securities, a Director or Relevant Employee must provide copies of trading confirmations where requested by the Company Secretary.

7. Circumstances for Refusal

- 7.1 Subject to paragraph 10, a Director or Relevant Employee must not be given clearance to deal in Securities during a prohibited period. A prohibited period means:
- (1) any closed period;
 - (2) any period where the person seeking clearance is in possession of unpublished price sensitive information in relation to Securities; or
 - (3) any period when the person responsible for clearance otherwise has reason to believe that the proposed dealing is in breach of this Policy.

8. Closed periods

For the purpose of this Policy, a closed period is the period commencing from the end of the relevant reporting period and concluding on the date which is 3 business days after the date that the full year results or half year results of the Company (as the case may be) are announced to the ASX.

9. Circumstances where clearance most appropriate

9.1 As a matter of practice, the following periods are the most appropriate times for a Director or Relevant Employee to deal in Securities:

- (1) the period of 4 weeks commencing 3 business days after the date that the full year results of the Company are announced to the ASX;
- (2) the period of 4 weeks commencing 3 business days after the date that the half year results of the Company are announced to the ASX; and
- (3) the period of 2 weeks commencing 3 business days after the date that the Annual General Meeting of the Company is held.

10. Dealing in exceptional circumstances

10.1 In exceptional circumstances, clearance may be given for a Director or Relevant Employee to sell (but not to purchase) Securities where they would otherwise be prohibited from doing so only because the proposed sale would fall within a closed period. The determination of whether circumstances are exceptional for this purpose must be made by the person responsible for the clearance.

10.2 Clearance may not be given where the person responsible for giving the clearance is aware of any other reason why the Director or Relevant Employee would be prohibited from dealing by this Policy.

10.3 An example of the type of circumstances which may be considered exceptional for these purposes would be a pressing financial commitment on the part of the Director or Relevant Employee that cannot otherwise be satisfied.

11. Dealings of a short term nature

A Director or Relevant Employee must not deal in Securities on considerations of a short term nature.

12. Dealings by associated persons and investment managers

12.1 Each Director and Relevant Employee must (so far as is consistent with their duties of confidentiality to the Company) seek to prohibit (by taking the steps set out in paragraph 12.2 of this Policy) any dealing in Securities during a closed period or at a time when the Director or Relevant Employee is in possession of unpublished price sensitive information in relation to those securities and would be prohibited from dealing under paragraph 4.2 of this Policy:

- (1) by or on behalf of their Associates; or
- (2) by their Investment Managers.

12.2 For the purposes of paragraph 12.1 of this Policy, a Director or Relevant Employee must advise their Associates and Investment Managers:

- (1) that they are a Director or Relevant Employee of the Company;
- (2) of the closed periods during which they cannot deal in Securities;
- (3) of any other period when the Director or Relevant Employee is aware that they are not free to deal in Securities under the provisions of this Policy, unless their duty of confidentiality to the Company prohibits them from disclosing such periods; and
- (4) that they must advise them immediately after they have dealt in Securities.

12.3 Where a Director or Relevant Employee receives advice under paragraph 12.2(4) of this Policy, this information must immediately be communicated to the Company Secretary.

13. Guidance on other dealings

13.1 For the avoidance of doubt and subject to the specific exceptions set out in paragraph 14 of this Policy, the following constitute dealings for the purposes of this Policy and are consequently subject to the provisions of this policy:

- (1) arrangements which involve a sale of securities with the intention of repurchasing an equal number of such securities soon afterwards;
- (2) dealings between Directors and Relevant Employees;
- (3) off market dealings; and
- (4) transfers for no consideration.

14. Exempt dealings

14.1 The following dealings are not subject to the provisions of this Policy:

- (1) undertakings or elections to take up or the take up or the lapse of entitlements under a rights issue or other offer in which all shareholders are entitled to participate;
- (2) undertakings to accept, or the acceptance of, a takeover offer;
- (3) a dealing by a Director or Relevant Employee with an associated person whose interest in the securities is to be treated by virtue of the Corporations Act as their own interest;
- (4) subscription for shares under an employee share scheme; and
- (5) shares issued under a dividend reinvestment plan.

15. Record Keeping

15.1 A written record will be maintained by the Company Secretary of the receipt of any request to deal pursuant to paragraph 6 of this Policy and of any clearance given.

15.2 The Company Secretary must maintain a register of persons to whom this policy applies.

16. Who to Contact

Queries in relation to the application of this Policy should be directed to the Company Secretary. Ultimately, the onus is on the individual Director or Relevant Employee to determine whether it is appropriate to deal in Securities.

Original/Amendment	Date approved by Board
Staff Trading Policy	29 August 2007
Amendment No. 1	30 November 2007
Amendment No. 2	26 March 2008
Amendment No. 3	27 August 2008
Amendment No. 4	27 January 2009
Amendment No. 5	20 December 2010