



# Securities trading policy

Ellerston Asian Investments Limited ACN 606 683 729  
(Company)

## 1. Background

- 1.1 The principal insider trading prohibitions are set out in section 1043A of the *Corporations Act 2001* (Cth) (**Corporations Act**). Subject to limited exceptions, it prohibits a person (**insider**) who has Inside Information relating to Company Securities or the quoted Securities of another entity from:
- (a) Dealing in relevant Securities;
  - (b) procuring (including by encouraging) another person to do so; or
  - (c) communicating, directly or not, Inside Information to someone else when the insider knows, or ought reasonably to know, that the other person would or is likely to:
    - (i) Deal in relevant Securities; or
    - (ii) procure another person to do so.
- 1.2 It does not matter how the insider received the information.
- 1.3 Insider trading is a criminal offence, punishable by substantial fines or imprisonment or both. The Company may also be liable if a Designated Officer or Employee engages in insider trading.
- 1.4 Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties, and order compensation paid to persons suffering related loss or damage.

## 2. Interpretation

Capitalised words and phrases are defined terms. For definitions, see clause 15.

## 3. Introduction

- 3.1 Fully paid ordinary shares in the Company will be or are quoted on the financial market operated by ASX Limited (**ASX**).
- 3.2 This policy outlines:
- (a) when Designated Officers and Associates may not Deal in Company Securities;
  - (b) when Designated Officers and Associates may not Deal in quoted Securities of another entity; and
  - (c) limited exceptions.

## 4. What is Inside Information?

- 4.1 **Inside Information** is information that:
- (a) is not generally available; and
  - (b) if it were generally available, would, or would be likely to, influence persons who normally invest in securities in deciding whether to acquire or dispose of relevant securities.

# Securities trading policy

- 4.2 Information is **generally available** if it:
- (a) is readily observable;
  - (b) has been made known in a way that is likely to bring it to the attention of persons who normally invest in the relevant type of securities, and reasonable time for the information to be circulated has since passed; or
  - (c) consists of deductions, conclusions or inferences drawn from information that has been made known in that way or is readily observable.
- 4.3 Inside Information is also called 'material price sensitive information'. It need not relate only to the Company. It could be information about an investee of the Company (such as an intention on the part of the Manager to effect a significant divestment or realisation), or a party in relation to which the Company is discussing (through the Manager) a significant investment.
- 4.4 The Company must immediately disclose to the market material price sensitive information not otherwise excepted from the continuous disclosure regime, as set out in the Company's continuous disclosure policy.
- 4.5 Material price sensitive information is Inside Information even if it is excepted from the continuous disclosure obligation.

## 5. What is Dealing in Securities?

- 5.1 **Dealing** in securities includes:
- (a) applying for, acquiring or disposing of, securities;
  - (b) entering into an agreement to do so; and
  - (c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of Securities.
- 5.2 Dealing in Company Securities can include, but is not limited to:
- (a) buying or selling Company Securities through an on-market or off-market transaction;
  - (b) granting, acquiring or disposing of a beneficial interest in Company Securities, such as through a trust that holds Company Securities;
  - (c) applying for, acquiring or exercising options or rights over Company Securities;
  - (d) accepting, or taking up entitlements under, a dividend reinvestment plan, rights issue, bonus issue, share purchase plan or any other offer of shares made by the Company;
  - (e) accepting an offer under a takeover bid for Company Securities;
  - (f) entering into a Derivative; and
  - (g) agreeing to do any of the above things.

## 6. When a Designated Officer or their Associates may not Deal

- 6.1 A Designated Officer or their Associate may not, in any circumstances, Deal or procure another person to Deal in Company Securities if they have Inside Information in relation to Company Securities.

# Securities trading policy

- 6.2 A Designated Officer or their Associate may not Deal, or procure another person to Deal, in Securities relating to another entity if they have Inside Information in relation to those Securities.

## 7. Exceptions

- 7.1 A Designated Officer or their Associate may Deal or procure another person to Deal in Company Securities if they do not have Inside Information and has complied with clause 7.2.
- 7.2 A Designated Officer or their Associate may not Deal in Company Securities during the following prohibited periods:
- (a) during the period beginning one month before the start of trading on the day on which:
    - (i) the Company announces its half-yearly results to ASX;
    - (ii) the Company announces its full year results to ASX; and
    - (iii) the Company holds its annual general meeting (assuming an update of the full year's results is given at the meeting); and
  - (b) any additional periods determined by the Company from time to time.
- 7.3 Clause 7.2 does not apply to Dealing by a Designated Officer or their Associate that involves or results directly from any of the following:
- (a) Dealing in Company Securities under an offer or invitation made by the Company to all or most ordinary shareholders of the Company – such as an offer or invitation under a rights issue, bonus issue, share purchase plan, dividend reinvestment plan, an equal access buy-back or in lieu of a cash dividend (and including, without limitation, decisions relating to whether or not to take up entitlements, and the sale of entitlements required to provide for the take up of the balance of entitlements, under a renounceable rights issue) – or under an equal reduction of capital undertaken by the Company;
  - (b) undertaking to accept, or accepting, an offer for Company Securities made under a takeover bid or disposing of Company Securities under a court-approved compromise or arrangement under Part 5.1 of the Corporations Act;
  - (c) Dealing in units of or interests in, a fund or other scheme (other than a scheme investing primarily in Company Securities) where the assets of that fund or scheme are invested at a third party's discretion;
  - (d) where the Designated Officer or their Associate is the trustee of a trust, Dealing in Company Securities by that trust provided that neither the Designated Officer nor any Associate is a beneficiary of the trust and any decision to trade during a prohibited period is taken independently of the Designated Officer or their Associate;
  - (e) disposal of Company Securities effected by a change in the trustee of a trust;
  - (f) accepting an offer to acquire Company Securities, or acquiring Company Securities, under any employee Securities plan that the Board from time to time determines is a plan to which this clause applies;
  - (g) the exercise (but not the sale of Securities following exercise) of an option or right under an employee Securities plan, or the conversion of a convertible security, where the final date for exercise or conversion falls during a prohibited period; and the Company has been in an exceptionally long prohibited period or has had a number of consecutive prohibited

periods and exercise or conversion could not reasonably have occurred outside a prohibited period;

- (h) the forfeiture, lapse, cancellation or surrender of Company Securities under a employee share plan;
- (i) an off-market transaction involving the transfer or other disposal of Company Securities between a Designated Officer or Associate and any of the following:
  - (i) an Associate of the relevant Designated Officer (or, in the case of an Associate, the Designated Officer);
  - (ii) a company, trust or other entity over which the relevant Designated Officer or Associate of that Designated Officer has control or significant influence (whether alone or jointly with any of their Close Associates); or
  - (iii) a superannuation fund or other pension or saving scheme in which the relevant Designated Officer or an Associate of that Designated Officer is a beneficiary.

7.4 All such Dealing is subject to the overriding insider trading prohibition – that is, a Designated Officer or Associate must not Deal if they have Inside Information in relation to Company Securities.

7.5 A Designated Officer may Deal in the quoted Securities relating to another entity if they do not have Inside Information in relation to those Securities.

## 8. Obtaining Clearance

8.1 The Clearance Officer may give a Clearance in exceptional circumstances. Exceptional circumstances may include:

- (a) if a person is required by court order, or enforceable undertaking (e.g. in a bona fide family settlement) to transfer or sell Company Securities or there is another overriding legal requirement to do so; or
- (b) if a person has a pressing financial commitment that cannot otherwise be satisfied and all reasonable alternatives have been investigated.

8.2 A tax liability will not generally constitute a pressing financial commitment unless it fits the definition in 8.1(b).

8.3 A Clearance Officer may delegate his or her authority in writing to an appropriate person in the event of illness or absence, provided that person is not a member of the class for which they are the Clearance Officer.

8.4 The Clearance Officer has discretion to determine that circumstances other than in clause 8.1 nevertheless warrant Clearance.

8.5 Clearance will not be given:

- (a) retrospectively, or
- (b) if there is a matter about which there is Inside Information in relation to Company Securities (irrespective of whether the applicant is aware of it) when Clearance is requested; or
- (c) if there is other reason to believe that the proposed Dealing breaches this policy.

8.6 A request for Clearance must:

- (a) be in writing and given by hand or email to the Clearance Officer at least five business days prior to the proposed disposal of Company Securities;
- (b) set out the number of Company Securities proposed to be disposed of, and whether the proposed transaction will be on-market or off-market; and
- (c) include:
  - (i) sufficient information to demonstrate exceptional circumstances and that the proposed disposal is the only reasonable course of action available to the applicant; and
  - (ii) a declaration that the applicant does not believe they have any Inside Information.

A template request is set out at Appendix A.

8.7 The Clearance Officer must:

- (a) keep a written record of:
  - (i) any information or request received in connection with this policy; and
  - (ii) any Clearance given; and
- (b) send a copy of that record to the Company secretary for keeping.

8.8 The Company secretary must keep a file of material received under clause 8.7.

8.9 A Clearance:

- (a) must be in writing and may be given by hand or emailed;
- (b) will only be given if the Clearance Officer is satisfied that the applicant has no Inside Information and the circumstances are exceptional;
- (c) cannot extend for more than 10 business days (with the effect that the relevant sale or disposal must be commenced within that period); and
- (d) lapses immediately if the applicant acquires Inside Information.

8.10 A Clearance is not an endorsement. Designated Officers, Employees and Associates remain responsible for their compliance with this policy and the Corporations Act.

## 9. Dealings by an Associate

9.1 If a Designated Officer may not Deal in Company Securities, they must prevent such Dealing by their Associate.

9.2 A Designated Officer must:

- (a) inform any Associate of the periods during which the Designated Officer may not Deal in Company Securities;
- (b) inform any Associate that they may not Deal in Company Securities on a speculative basis; and
- (c) request any Associate to inform the Designated Officer immediately after Dealing in Company Securities.

- 9.3 A Designated Officer does not have to comply with clauses 9.1 and 9.2 to the extent that compliance would breach their obligation of confidence to the Company.

## 10. Communicating Inside Information

- 10.1 A Designated Officer, Employee or Associate must not directly or indirectly communicate Inside Information in relation to Company Securities or quoted Securities relating to another entity, if they know, or ought reasonably to know, that the other person would be likely to:

- (a) Deal in relevant Securities; or
- (b) procure another person to so Deal.

- 10.2 The provisions of clause 10 do not limit, and are additional to, other duties of confidentiality.

## 11. Notice of change in director's interest

- 11.1 If a Designated Officer is a director, they must ensure that an Appendix 3Y Change of Directors' Interest Notice is completed and provided to the Company secretary within 2 business days after the completion of any Dealing in Company Securities or the Securities of a related body corporate.
- 11.2 The Company secretary must provide the Appendix 3Y notice to ASX within 5 business days after the transaction's completion.

## 12. Speculative dealing

- 12.1 A Designated Officer may not Deal in Company Securities on considerations of a short term nature.

## 13. Derivatives

- 13.1 Subject to Part 2D.7 of the Corporations Act, the Company may grant shares, options or performance rights to its employees as part of their remuneration entitlements. These grants will usually be subject to the satisfaction of performance hurdles before they vest in the Employee or Designated Officer. The use of Derivatives over unvested Company Securities may allow value to be realised from those Securities even if performance hurdles have not been met. This would break the intended connection between staff performance and shareholder best interests.
- 13.2 Employees and Designated Officers are not permitted to use Derivatives in relation to any unvested Company Securities in a way which would have the effect of providing greater benefit than would otherwise have been realised by the Employee or Designated Officer in respect of the unvested Company Securities.
- 13.3 Employees and Designated Officers may use Derivatives in relation to vested Company Securities, provided any Dealing complies with the balance of this policy.

## 14. Margin loans

- 14.1 Margin loans to support an investment in Securities can compromise compliance with this policy, as the loan's terms may compel the sale of Securities during a prohibited period or when the Designated Officer has relevant Inside Information.

- 14.2 Designated Officers are prohibited from entering into margin loan arrangements to fund the acquisition of Company Securities or in relation to which Company Securities may be used as security against loan repayment.

## 15. Defined terms

**Associate** means someone that a Designated Officer (the **Principal**) can be regarded as having investment control or influence over, including:

- (a) family members of the Principal (including children);
- (b) nominees of the Principal (including an investment manager managing funds on the Principal's behalf);
- (c) a trust of which the Principal, or any family member, or any family-controlled company is the trustee or beneficiary;
- (d) a person in partnership with the Principal or a connected person mentioned above; and
- (e) a company which the Principal controls.

**Board** means the directors of the Company from time to time, acting as a board.

**Clearance** means permission given to a Designated Officer, Employee, or Associate to sell or otherwise dispose of, but not buy, Company Securities in circumstances otherwise prohibited by this policy.

**Clearance Officer** means:

- (a) for a Designated Officer (except the chairperson of the board), the chairperson of the board;
- (b) for the chairperson of the board, the chairperson of the Audit Committee; and
- (c) for an Associate, the Clearance Officer of their principal.

**Company** means Ellerston Asian Investments Limited ACN 606 683 729.

**Company Securities** include Securities and Derivatives of the Company.

**Dealing** has the meaning given in clause 5, and **Deal** has a corresponding meaning.

**Derivatives** has the meaning given in the Corporations Act, and includes the following if they relate to or derive their value from Company Securities: put or call options, forward contracts, futures, warrants, depositary receipts, structured financial products, swaps, contracts for difference, spread bets, caps and collars, and any other hedging or investment arrangement.

**Designated Officer** means any director of the Company and each other person with authority and responsibility, whether direct or not, for the planning, direction and control of the Company's activities (i.e. key management personnel).

**Inside Information** has the meaning given in clause 4.

**Manager** means Ellerston Capital Limited ACN 110 397 674.

**Securities** include shares, debentures, any legal or equitable right or interest in shares or debentures, options, convertible notes, Derivatives, interests in managed investment schemes and other financial products as defined by the Corporations Act.

## 16. Breach

16.1 A breach of this policy is serious and may lead to disciplinary action, up to and including dismissal.

## 17. Assistance and additional information

17.1 If you have information that you think might be Inside Information and are unsure whether you can Deal in Company Securities or Securities of another quoted entity, you should contact your Clearance Officer for assistance and additional information.

## 18. Distribution

18.1 This policy must be distributed to all employees of the Company (if any) and Designated Officers.

## 19. Amendment

19.1 Amendments to this policy not of a purely administrative nature must be approved by the Board.

19.2 Amendments to this policy that relate to:

- (a) prohibited periods; or
- (b) exclusions from its operation; or
- (c) exceptional circumstances in which trading may be permitted during a prohibited period must be given to ASX by the Company secretary for release to the market.

## 20. Approved and adopted

20.1 This policy was approved and adopted by the Board on 27 July 2015.



## Appendix A

### Request for Clearance

---

[date]

The Chairman/[insert]  
The Company  
Postal Address

#### TRADING OF COMPANY SECURITIES

In accordance with Ellerston Asian Investments Limited's securities trading policy clause 8, I give notice to you that I am proposing to Deal with Company Securities in the following manner:

- sell Company Securities
- transfer Company Securities vested under an equity incentive plan to me
- transfer Company Securities to a related party (e.g. family company, trust or superfund)
- exercise options over Company shares
- utilise derivatives and enter into a hedge transaction

The number of securities that I propose to Deal with is [number].

The transaction will be carried out [select from the following two options~on-market~off-market].

I confirm that I have no insider information and will comply with the balance of the Ellerston Asian Investments Limited securities trading policy in my Dealing.

I agree to notify the Company secretary of the results of this action for the purposes of disclosure in the annual report or to ASX.

Please confirm that I am cleared to Deal in Company Securities.

.....  
[select from the following three options~Designated Officer~Employee~Associate]

Date:

I confirm that subject to you gaining any Inside Information, you are authorised to Deal in Company Securities within a 10 business day window starting on \_\_\_\_\_ 20\_\_\_\_ and ending on 20\_\_\_\_ as outlined above.

.....  
Clearance Officer

Date: