

HGL LIMITED

(ACN 009 657 961)

SECURITY TRADING POLICY

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1. INTRODUCTION

- 1.1 The ordinary shares of HGL are listed on the ASX under listing code HNG. HGL aims to achieve the highest possible standards of corporate conduct and governance.
- 1.2 The purpose of this security trading policy is to ensure compliance with the ASX Listing Rules, and to ensure that Key Management Personnel and their associates are aware of the legal restrictions in dealing in HGL's securities while such a person is in possession of unpublished price sensitive information concerning HGL.
- 1.3 The policy recognizes that it is illegal for a person to deal in HGL's securities when he or she is in possession of unpublished price sensitive information. This is regardless of whether the terms of this policy have been complied with.
- 1.4 This policy shall be distributed to all Key Management Personnel and it is the responsibility of each Key Management Person to comply with this policy. Any non-compliance with this policy will be considered as serious misconduct.
- 1.5 The trading restrictions set out in this policy are additional to any provisions governing or restricting the trading of securities set out in any agreement between HGL and a Key Management Person or a Securityholder or any provisions in HGL's employee share plans. Where the provisions of an agreement between HGL and a Key Management Person or a Securityholder conflict with the provisions of this policy, the most restrictive provisions will prevail.
- 1.6 Definitions to assist in the interpretation of this policy are set out in clause 11 of this policy.

2. Insider Trading

- 2.1 A person engages in insider trading if that person deals in securities of a relevant entity while possessing information that:
 - (a) is not *generally available*; and
 - (b) if it were available, may have a material effect on the price or value of the relevant entity's securities; andthe person knows, or ought reasonably to know, that the information is not generally available and, if it were, it might have a material effect on the price or value of the entity's securities.

- 2.2 Information is considered to have a *material effect* on the price or value of securities of an entity if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities. This type of information is commonly referred to as “price sensitive information”.
- 2.3 The prohibition against insider trading applies to:
- (a) direct trading in HGL’s securities;
 - (b) procuring another person to trade in HGL’s securities; or
 - (c) communicating price sensitive information to another person who is likely to trade in HGL’s securities.
- 2.4 Insider trading is a criminal offence, punishable by substantial fines and/or imprisonment. HGL may in certain circumstances also be liable if a Key Management Person or their associates engages in insider trading. Insider trading may also attract civil liability, including liability to pay compensation to those who suffer loss or damage as a result of the insider trading.

3. Scope of this Policy

- 3.1 This policy extends to dealing in the securities of HGL by Key Management Personnel of HGL, any associate or related party of any Key Management Personnel and any company, trust or other entity in which any Key Management Personnel have a relevant interest. Accordingly, references to dealings in securities by a Key Management Person in this trading policy apply equally to dealings by any associate or related party of that Key Management Person and any company, trust or other entity in which any Key Management Personnel have a relevant interest.
- 3.2 This policy does not apply to the following trading:
- (a) transfers of securities of HGL already held into a superannuation fund or other saving scheme in which the Key Management Person is the sole beneficiary;
 - (b) undertakings to accept, or the acceptance of, a takeover offer;
 - (c) trading under an offer or invitation made to all or most of the securityholders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rate issue; and
 - (d) trading under the employee share plan of HGL where the plan does not permit the Key Management Person to exercise any influence or discretion over how, when or whether to trade.

4. Periods During Which Dealing May Take Place

- 4.1 Dealing by Key Management Personnel in HGL's securities may take place at any time, except during the following periods:
- (a) between 1 April and the day after the half year results are issued; and
 - (b) between 1 October and the day after the full year results are issued.
- (collectively the "Closed Periods").
- 4.2 Notwithstanding the above, no dealing will be permitted at any time if that Key Management Person possesses (or is deemed to possess) any price sensitive information which is not generally available.

5. Pre-Dealing Checklist – trading outside Closed Periods

- 5.1 For all periods during which dealing is permitted, the procedure in clause 5.2 must be complied with before any dealing is undertaken.
- 5.2 Is the Key Management Person aware of any information that is not generally available but, if the information was generally available, a reasonable person would expect to have a material effect on the price or value of HGL securities?
- NO – that Key Management Person must notify the Company Secretary, on behalf of the Designated Officer of their intention to deal in HGL's securities.
 - YES – has the information been disclosed to the ASX?
 - YES – that Key Management Person must notify the Company Secretary, on behalf of the Designated Officer of their intention to deal in HGL's securities.
 - NO – that Key Management Person may not deal in HGL's securities.

6. Pre-Dealing Procedure – trading outside Closed Periods

- 6.1 For all periods during which dealing is permitted, Key Management Personnel must notify the Company Secretary, on behalf of the Designated Officer of their intention to deal in the securities of HGL. The notification must be in the form set out in Schedule 1 and be submitted to the Company Secretary, at least two business days prior to their intention to deal in HGL securities. At the discretion of the company the two business day period may be reduced.
- 6.2 The dealing must be completed within 12 business days from the date of the notification.

7. Discretion to Prohibit Trading

In addition to the Closed Periods, the Board has the discretion to prohibit trading by any Key Management Person during any additional periods, which are imposed by the Board when it is considering matters which are subject to the exceptions to the continuous disclosure requirements set out in Listing Rule 3.1A (together with the Closed Periods, the “Prohibited Period”).

8. Dealing during Prohibited Periods in Exceptional Circumstances

- 8.1 In certain rare exceptional circumstances Key Management Personnel may apply to the Company Secretary, on behalf of the Designated Officer for approval to dispose of (but not acquire) securities during a Prohibited Period, provided that the Applicant is not in possession of inside information. The application must be in the form set out in Schedule 2 and submitted to the Company Secretary.
- 8.2 On receipt of an application under clause 8.1, the Company Secretary shall procure that the Designated Officer consider the application. No disposal may be undertaken before the Applicant receives the written approval of the Company Secretary, signed for and on behalf of the Designated Officer.
- 8.3 The Company Secretary, on behalf of the Designated Officer, may grant the Applicant written permission for the disposal of securities during the Prohibited Period if the Designated Officer, in his absolute discretion, is satisfied that the Applicant's circumstances amount to exceptional circumstances, when taking into account the factors listed at clause 8.4.
- 8.4 The circumstances under which Key Management Personnel may apply and the factors that will be considered by the Designated Officer in determining whether the Applicant is granted permission for a disposal (but not acquisition) of HGL securities during a Prohibited Period are:
- (a) whether the Applicant is suffering severe financial hardship;
 - (b) whether the Applicant is bound by a court order, enforceable undertaking or other legal or regulatory requirement to transfer or sell the securities of HGL; and
 - (c) whether the Applicant's circumstances are otherwise exceptional and the proposed disposal is the only reasonable course of action available.
- 8.5 If approval is granted by the Company Secretary, on behalf of the Designated Officer, the Applicant must complete the disposal within 10 business days of receiving such written approval, or such earlier time as determined.

9 Confirmation after dealing by a Director

Within 5 business days after a Director deals in HGL securities, the Director must notify the Designated Officer of the number of HGL securities involved, whether it was a sale, purchase, or subscription, the consideration payable, and the date of the transaction. This is in addition to any obligation on a Director of HGL under arrangements between the Director and HGL, to disclose information to HGL to enable it to comply with its obligations under ASX listing rule 3.19A.2 concerning notifiable interests of Directors of HGL.

10 Further Assistance

Any Key Management Person who is unsure of the nature of the information that they have in their possession and whether they may deal in HGL's securities should contact the Company Secretary.

11 Definitions

"Applicant" means a Key Management Person applying to deal securities during a Prohibited Period in accordance with clause 8.1.

"associate" includes:

- (a) A related body corporate; and
- (b) A Director or secretary of a related body corporate.

"ASX" means Australian Stock Exchange.

"Board" means the board of directors of HGL Limited.

"Closed Period" has the meaning given to that term in clause 4.1.

"Company" means HGL Limited.

"dealing" includes:

- (a) any application for acquisition or disposal of any securities;
- (b) entering into an agreement to apply for, acquire or dispose of any securities; and
- (c) the grant, acceptance, acquisition, disposal, exercise or discharge of any option or other right or obligation to acquire or dispose of securities.

"Company Secretary" means the individual who at the relevant time is the company secretary of HGL and, if more than one individual hold such office, any of those individuals.

"Designated Officer" means:

- (a) in the case that the Chairman is applying to deal in securities, the Chairman of the Audit Committee; or
- (b) in the case of all other Key Management Personnel, the Chairman.

“generally available”, in relation to information, means any such information which:

- (a) is readily observable;
- (b) has been made known in a manner which is likely to bring it to the attention of persons who commonly invest in securities provided that a reasonable period for that information to be disseminated has elapsed since it was made know; or
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under either paragraphs (a) or (b) above.

“HGL” means HGL Limited (ACN 009 657 961).

“Key Management Personnel” (singular use **“Key Management Person”**) has the meaning given to that term in the ASX Listing Rules, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director. For the avoidance of doubt, this includes management personnel reporting directly to the Chief Executive.

“Prohibited Period” has the meaning given to that term in clause 7.

“related party” includes:

- (a) a spouse or de facto spouse of a Key Management Person;
- (b) a parent, son or daughter of a Key Management Person;
- (c) an entity over which a person referred to above has control; or
- (d) two or more persons referred to above together have control.

“securities” includes:

- (a) ordinary shares;
- (b) partly paid shares;
- (c) preference shares;
- (d) hybrid securities;
- (e) debentures;
- (f) legal or equitable rights or interests in (a) to (f) above; and
- (g) any derivatives including but not limited to options in respect of any of (a) to (f) above.

“Securityholder” means a holder of securities in HGL.

This document was approved by the Directors of HGL on 22 December 2010.

**SCHEDULE 1 – NOTIFICATION OF INTENTION TO TRADE DURING
PERMITTED PERIODS**

Name: _____

Residential Address: _____

Office or position: _____

Type of Transaction (circle): Sale / Purchase

Number of securities that are subject of the proposed transaction: _____

Class of securities that are the subject of the proposed transaction: _____

Will the transaction take place on the ASX (circle): YES / NO

If the transaction is not to take place on the ASX, advise details of the transaction:

Likely date of the transaction: _____

I HEREBY ACKNOWLEDGE that:

I have read the HGL Security Trading Policy and my decision to deal in securities of HGL has not been made on the basis of information that:

- (a) is not generally available, and
- (b) would be expected by a reasonable person to have a material effect on the price or value of securities of HGL, if it was generally available.

Signed by the Key Management Person: _____

Date: _____

**SCHEDULE 2 – FORM OF APPLICATION FOR DISPOSAL DURING
PROHIBITED PERIODS**

Name of Applicant: _____

Residential Address: _____

Office or position: _____

Number of securities that are subject of the proposed disposal: _____

Class of securities that are the subject of the proposed disposal: _____

Will the transaction take place on the ASX (circle): YES / NO

If the transaction is not to take place on the ASX, advise details of the transaction:

Likely date of the transaction: _____

Details of exceptional circumstances pursuant to which I make this application:

I HEREBY ACKNOWLEDGE that:

I have read the HGL Security Trading Policy and my decision to sell securities of HGL has not been made on the basis of information that:

- (c) is not generally available, and
- (d) would be expected by a reasonable person to have a material effect on the price or value of securities of HGL, if it was generally available.

I request the Designated Officer to approve the sale of the above securities.

Signed by the Key Management Person: _____

Date: _____

Designated Officer Approval (signed by the Company Secretary for and on behalf of the Designated Officer):

I have reviewed the contents of the attached application and now give my consent to the proposed transaction.

Signed by the Company Secretary: _____

Date: _____