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# **Securities Trading Policy**

Pacific Smiles Group Limited ACN 103 087 449

Adopted by the Board on 28 August 2014, and amended on 18 February 2016

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## 1 Purpose

- (a) The *Corporations Act 2001* (Cth) (the **Corporations Act**) prohibits the trading in shares, options, debentures (including convertible notes) and other securities (**securities**) of a company by any person who is in possession of price sensitive information regarding that company that is not generally available. The Corporations Act:
  - (i) imposes substantial penalties on persons who breach those provisions; and
  - (ii) applies to the extent of any inconsistency between it and this policy.
- (b) This policy regulates dealings by directors and certain officers of Pacific Smiles Group Limited (**PSG** or the **Company**) and other designated persons (as defined below), in securities in PSG about which they acquire Inside Information through their position or dealings with PSG.
- (c) This policy is not designed to prohibit PSG Persons from investing in PSG securities, but does recognise that there may be times when PSG Persons and Key Management Personnel cannot or should not invest in PSG securities.
- (d) The purpose of this policy is not only to minimise the risk of insider trading, but also to avoid the appearance of insider trading and the significant reputational damage associated with the perception of insider trading. This policy will be applied by PSG taking into account this purpose, and should be taken into full consideration by all persons in complying with their obligations under this policy.

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## 2 Definitions

For the purposes of this Policy:

- (a) “**Board**” means the board of directors of the Company from time to time;
- (b) “**Closed Period**” has the meaning given in section 4.1 of this policy;
- (c) “**Company Secretary**” means the secretary of the Company from time to time;
- (d) “**Directors and Management**” means each director of PSG, the Chief Executive Officer, the Chief Financial Officer and Company Secretary of PSG, Key Management Personnel, persons undertaking designated Manager roles, and persons as the Board decides from time to time;
- (e) “**Inside Information**” has the meaning given in section 3.2 of this policy;
- (f) “**Key Management Personnel**” has the meaning given in the Corporations Act, as well as any other persons fulfilling roles which are designated as Executive or Senior Manager roles within the Company’s organisational structure;
- (g) “**PSG Person**” means:
  - (i) all Directors and Management and any other person designated a PSG Person by the Board in writing; and
  - (ii) all employees in head office roles or centralised support functions of the Company, from time to time; and
  - (iii) also includes:

- (A) a company or trust controlled by any of the persons referred to in sub-paragraphs (i) or (ii) above; and
  - (B) for the purposes of section 4 only, a spouse, dependent child, a close relative or a person acting in concert with any of the persons referred to in sub-paragraphs (i) or (ii) above.
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### 3 Insider trading

#### 3.1 General prohibition on insider trading

- (a) No PSG Person may, while in possession of Inside Information concerning PSG, in breach of the Corporations Act:
  - (i) buy or sell any PSG securities at any time;
  - (ii) procure another person to deal in PSG securities in any way; or
  - (iii) pass on any Inside Information to another person for that person's own personal gain by dealing in PSG securities in any way,  
  
(together, referred to as **Insider Trading** in this policy).
- (b) All PSG Persons are prohibited from dealing in the securities of outside companies about which they acquire Inside Information through their position with PSG.
- (c) The requirements imposed by this policy are in addition to any legal prohibitions on insider trading. Trading in PSG securities is prohibited at any time by a director or a PSG Person if that person possesses Inside Information, including where the trade occurs outside a Closed Period or clearance has been given under this policy to trade (whether in exceptional circumstances or otherwise).

#### 3.2 Inside Information

A PSG Person is responsible for assessing whether they possess "**Inside Information**". This occurs where:

- (a) the person possesses information that is not generally available to the public and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of PSG's securities (or a decision whether or not to trade in them); and
- (b) the person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of PSG's securities.

A reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence a person who commonly invests in securities to either deal or not deal in securities in any way. Inside Information in relation to the securities of outside companies has the same meaning for the purposes of this policy, except that references to "PSG's securities" should be read as references to the securities of the outside company.

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## 4 Restrictions on trading during Closed Periods

### 4.1 Closed periods

- (a) PSG Persons must not, subject to sections 4.4 and 6, buy or sell PSG securities during a Closed Period.
- (b) A “**Closed Period**” is any period of time:
  - (i) commencing from the end of 31 December until the end of the trading day on which PSG’s half-year financial results are released to ASX;
  - (ii) commencing from the end of 30 June until the end of the trading day on which PSG’s annual financial results are released to ASX;
  - (iii) commencing four weeks prior to PSG’s Annual General Meeting and ending at the end of the day on which PSG’s Annual General Meeting is held; and
  - (iv) any other period that the Board specifies from time to time.

If 31 December or 30 June are not ASX trading days, then the Closure Period begins on the preceding ASX trading day.

### 4.2 Ad-hoc restrictions

PSG may impose, without hesitation and in its sole and absolute discretion, additional restrictions on trading in PSG’s securities by any or all PSG Persons, and also by any other PSG Persons (who are not otherwise designated as “PSG Persons”) as PSG considers appropriate. For the avoidance of doubt, PSG may impose ad-hoc restrictions under this section 4.2 even where the proposed trade would otherwise take place outside a Closed Period provided for in this policy. Any restriction communicated by PSG to any or all PSG Persons under this section 4.2 must be kept strictly confidential.

### 4.3 Notifications

- (a) PSG Persons must:
  - (i) prior to dealing in PSG securities outside a Closed Period or where paragraph 5 requires the person to obtain a consent under paragraph 4.2, notify the relevant person in paragraph 4.3(b) (the **Authorising Officer**) in writing of their proposed dealing and obtain consent from the Authorising Officer; and
  - (ii) confirm that they are not in possession of any Inside Information;
  - (iii) after dealing with the PSG securities, provide the Authorising Officer with a transaction confirmation which includes details of the date/s, numbers and types of securities traded and identifies the PSG Persons who traded; and
  - (iv) notify the Authorising Officer if they begin to have, or cease to have, a “substantial holding” (as defined in section 9 of the Corporations Act) in PSG, or if they have a substantial holding in PSG and there is a movement of at least 1% in their holding.

(b) Authorising Officer

| <b>PSG Person seeking authorisation</b>      | <b>Authorising Officer</b>  |
|--|---|
| <i>Chair of the Board</i>                    | The Chair of the Audit and Risk Management Committee or, in his/her absence the Chair of the Nomination and Remuneration Committee  |
| <i>Other Directors and Company Secretary</i> | The chair of the Board or, in his/her absence either:<br><br>(i) the Chair of the Audit and Risk Management Committee; or<br><br>(ii) the Chair of the Nomination and Remuneration Committee if the PSG Person seeking authorisation is the Chair of the Audit and Risk Management Committee. |
| <i>Any other PSG Person</i>                  | The Company Secretary or, in his/her absence, the Chief Executive Officer.  |

#### 4.4 Exceptional circumstances

- (a) In exceptional circumstances the Company Secretary (or, in the case of directors, the chair) or their delegate, has discretion to approve dealings in PSG securities during Closed Periods, or other dealings that would otherwise be prohibited by this policy. Any approval given under this section 4.4(a), must be provided in writing (including by email). The notification requirements still apply.
- (b) What constitutes “exceptional circumstances” will be assessed on a case-by-case basis within the absolute discretion of the Board, and may include, without limitation, severe financial hardship or a requirement to comply with a court order or court enforceable undertaking.
- (c) Any decision to grant or refuse to grant clearance to trade in PSG’s securities by the Authorising Officer under this section 4.4:
- (i) may be made in the Authorising Officer’s absolute discretion, without giving any reasons;
  - (ii) can be withdrawn (if clearance has been given) if new information comes to light or there is a change in circumstances;
  - (iii) is final and binding on the PSG Persons seeking clearance; and
  - (iv) must be kept strictly confidential by the PSG Persons seeking clearance and not disclosed to any other person.
- (d) In deciding whether to grant clearance to trade in PSG’s securities, the Authorising Officer will consider the need to minimise the risk of Insider Trading, and also to avoid the appearance of Insider Trading and the significant reputational damage that may cause.
- (e) Any clearance to trade by the Authorising Officer under this section 4.4 is not an endorsement to trade. The relevant PSG Person doing the trading is individually responsible for their investment decisions and their compliance with Insider Trading laws. PSG Persons must carefully consider whether they are in possession of any Inside Information that might preclude them from trading at that time. If any PSG Person is in any doubt, they should not trade.

- (f) If a PSG Person comes into possession of Inside Information after receiving clearance to trade, they must not trade despite having received clearance.

#### **4.5 Notifications by Authorised Persons**

- (a) An Authorising Officer (other than the Company Secretary) shall promptly provide the Company Secretary with a copy of all requests, consents, confirmations and other information received or provided in accordance with sections 4.3 and 4.4.

#### **4.6 Company secretary to maintain records**

The Company Secretary will maintain a copy of:

- (a) all requests for an approval to deal in PSG's securities submitted by a PSG Person; and
- (b) details of all dealings in PSG's securities made by an PSG Person; and
- (c) all of the other documentation received under section 4.5 or otherwise under this policy.

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## **5 Other restrictions**

### **5.1 No protection arrangements**

The entering into of all types of "protection arrangements" for any PSG securities (or PSG products in the derivatives markets):

- (a) is prohibited at any time in respect of any PSG securities which are unvested or subject to a holding lock; and
- (b) otherwise, requires consent under paragraph 4.3.

For the avoidance of doubt and without limiting the generality of this policy, entering into protection arrangements includes entering into transactions which:

- (c) amount to "short selling" of securities beyond the PSG Person's holding of securities;
- (d) operate to limit the economic risk of any PSG Person's security holding (e.g. hedging arrangements) including PSG's securities held beneficially (for example, in trust or under any PSG incentive plan) on that PSG Person's behalf; or
- (e) otherwise enable a PSG Person to profit from a decrease in the market price of securities.

### **5.2 Granting of security over PSG securities or entering into margin lending arrangements**

- (a) PSG Persons may not at any time, directly or indirectly, grant any form of security (whether by way of charge, mortgage, pledge or otherwise) over any PSG securities which are unvested or subject to a holding lock, to secure any obligation of that PSG Person or any third party; or enter into any margin lending arrangement involving PSG securities.
- (b) Unless paragraph (a) applies, PSG Persons may, directly or indirectly, grant any form of security (whether by way of charge, mortgage, pledge or otherwise) over any PSG securities, to secure any obligation of that PSG Person or any third party; or enter into any margin lending arrangement involving PSG securities, provided that the PSG Person granting the security:
  - (i) provides full details of the security or arrangement to the Board in writing;

- (ii) obtains prior written consent of the Board to grant such security or enter into such arrangement; and
- (iii) obtains consent under section 4.3.

### **5.3 No speculative trading**

PSG Persons must not engage in short-term or speculative trading in PSG securities. This prohibition includes short term direct dealing in PSG securities as well as transactions in the derivative markets, involving exchange traded options, share warrants, contracts for difference, and other similar instruments, which are short term or speculative. PSG generally considers a period of short-term trading to be a period of 3 months or less from the date of first trade.

### **5.4 Trading in other companies**

PSG Persons are also restricted from buying or selling the securities or financial products in any other companies, in addition to PSG, where they are in possession of Inside Information of that outside company.

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## **6 Exemptions**

- (a) PSG Persons may at any time:
  - (i) trade PSG securities where the trading does not result in a change of beneficial interest in the securities;
  - (ii) acquire securities under any director or employee security plan or through the exercise of options or performance rights under an option or performance rights plan or acquire, or agree to acquire, options or performance rights under an option or performance rights plan. However, any dealing in those securities remains subject to this policy and the provisions of the Corporations Act;
  - (iii) transfer PSG securities already held into a self-managed superannuation fund or other saving scheme in which the restricted person is a beneficiary;
  - (iv) acquire PSG's ordinary shares by conversion of securities giving a right of conversion to PSG's ordinary shares;
  - (v) acquire PSG's securities under a bonus issue made to all holders of securities of the same class;
  - (vi) undertake to accept, or accept, a takeover offer;
  - (vii) invest in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of PSG) where the assets of the fund or other scheme are invested at the discretion of a third party;
  - (viii) make a disposal of PSG securities that is the result of a secured lender exercising their rights under a loan or security agreement;
  - (ix) where a restricted person is a trustee, trade in the securities managed by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;

- (x) trade under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan or 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 deciding 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 rata issue.
  - (b) If a PSG Person undertakes any of the actions described in paragraph (a), that PSG Person must advise the relevant Authorising Officer (as set out in clause 4.3(b)) in writing, including the full details of the action.
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## **7 ASX Notifications**

- (a) PSG must notify ASX within 5 business days after any change to a director's relevant interest in PSG securities or a related body corporate of PSG, including whether the change occurred during a Closed Period and, if so, whether prior written clearance was provided.
  - (b) To enable PSG to comply with the obligation set out in paragraph (a), a director must immediately (and no later than 3 business days after any relevant event) notify the Company Secretary in writing of the requisite information for the Company Secretary to make the necessary notifications to the Australian Securities and Investments Commission and ASX as required under the Corporations Act and ASX Listing Rules.
  - (c) If PSG makes a material change to this trading policy, the amended trading policy will be provided to ASX for release to the market within 5 business days of the material changes taking effect.
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## **8 General**

- (a) A breach of this policy will be regarded seriously and may lead to disciplinary action, including dismissal.
- (b) If you require any further information or assistance, or are uncertain about the application of the law or this trading policy in any situation, please contact the Company Secretary.