

**SeaDragon Limited**

**Financial Products Trading Policy and Guidelines**

**Adopted on: 30 May 2018**



### **Scope of policy**

This SeaDragon Limited (“**SeaDragon**” or “**Company**”) policy applies to all directors, officers, employees and temporary contractors of the Company and its subsidiaries, and any trusts and companies controlled by them, who intend to trade in SeaDragon’s quoted financial products (“**Restricted Persons**”). Here, “control” refers to the way decisions are made in practice.

In this policy “trade” includes buying, selling or transferring quoted financial products, or agreeing to do so, whether as principal or agent.

### **Executive Summary**

Under the Financial Markets Conduct Act 2013 (“**FMCA**”), it is illegal for any person holding price sensitive, confidential information about a listed company (referred to in the FMCA as an “**information insider**”) to trade that company’s shares or other financial products. This behaviour is called “insider trading”.

The policy adopted by SeaDragon is that if you are a Restricted Person and you are an information insider, you must not trade in the Company’s shares or other quoted financial products. If you are a Restricted Person, and you are not an information insider, you may trade in the Company’s shares or other quoted financial products with the Company’s consent.

This policy also prohibits distributing information or engaging in trades which may constitute “market manipulation” under the FMCA (this is explained in further detail in the Appendix).

The detailed policy and procedure in respect of these rules is set out in Appendix A which forms part of this Financial Products Trading Policy and Guidelines document.

### **Purpose of this Document**

This purpose of this document is twofold: to detail and explain the insider trading and market manipulation provisions of the FMCA, as well as to provide a process for considering conduct by Directors, officers, employees and contractors who may be in breach of this policy.

These rules apply to trading in any quoted financial products of SeaDragon including (without limit) ordinary shares, options or convertible notes that may be issued by SeaDragon and quoted on the NZX (referred to in this document and the Appendix as “**Restricted Products**”).

The requirements imposed by this policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand and any other country where those securities may be quoted.

**If you do not understand any part of this policy, or how it applies to you, you should raise the matter with the Chief Executive Officer before dealing with any financial products covered by this policy.**

**Warning – Fundamental Rule – Insider trading is illegal**

If you have any **inside information** (as defined below), it is illegal for you to:

- trade in the Company’s Restricted Products;
- advise or encourage another person to trade or hold the Company’s Restricted Products;
- advise or encourage a person to advise or encourage another person to trade or hold the Company’s Restricted Products; or
- pass on the **inside information** to anyone else – including colleagues, family or friends – knowing (or where you ought to have known) that the other person will use that information to trade, or advise or encourage someone else to trade, or hold, the Company’s Restricted Products.

This offence, called “insider trading”, can subject you to criminal liability, including large fines and/or imprisonment, and civil liability, which may include being sued by another party or the Company, for any loss suffered as a result of illegal trading.

The prohibitions apply regardless of how you learn of the information, and regardless of why you are trading.

The prohibition on insider trading applies not only to information concerning the Company’s Restricted Products. If a person has inside information in relation to quoted financial products of another listed company (including futures contracts listed on an authorised futures exchange), that person must not trade in those financial products.

#### **What is “inside information”?**

“Inside information” is information that:

- is not generally available to the market; and
- if it were generally available to the market, a reasonable person would expect that to have a material effect on the price of SeaDragon’s Restricted Products.

It does not matter how you come to know the inside information (including whether you learn it in the course of carrying out your responsibilities, in passing in the corridor, in a lift, or at a social function).

Information is generally available to the market if it has been released as an NZX announcement, or investors that commonly invest in the Company’s Restricted Products can readily obtain the information (whether by observation, use of expertise, purchase or other means).

Information includes rumours, matters of supposition, intentions of a person (including the Company), and information concerning a proposal which is insufficiently definite to warrant disclosure to the public.

#### **What are some examples of inside information?**

The following list is illustrative only. Inside information could include information concerning:

- the financial performance of the Company;
- an unannounced upcoming performance announcement especially if it contains unexpected results
- a possible change in the strategic direction of the Company;
- the introduction of an important new customer, product or service;
- a possible acquisition or sale of any assets or company by the Company;
- entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
- a possible change in the Company’s capital structure, including the issue of any new Restricted Securities;
- a potential significant investment in, or takeover offer for, the Company;
- a change in the historical pattern of dividends;
- senior management changes;
- a material legal claim by or against the Company; or
- any other unexpected liability or new opportunity.

#### **Exceptions**

This policy does not apply to:

- acquisitions and disposals by gift or inheritance;
- acquisitions through an issue of new listed securities (such as an issue of new shares) under the exercise of options, a rights issue, a dividend reinvestment plan, or under a takeover offer.

### **Confidential information**

In addition to the above, you also have a duty of confidentiality to SeaDragon. This duty of confidentiality will continue to apply, even if you have ceased being employed by the Company. You must not reveal any confidential information concerning the Company to a third party (unless that third party has signed a confidentiality agreement with the Company and you have been authorised to disclose the confidential information), or to use confidential information in any way which may injure or cause loss to the Company, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep Company information confidential.

### **Short term trading discouraged**

You should not engage in short term trading (i.e buying and selling of Restricted securities within a 3 month period), unless there are exceptional circumstances discussed with and approved by the Company Chair and the Chief Executive Officer.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. These events may not be expected or known by you, but if they occur your short-term dealing may be viewed adversely with the benefit of hindsight. Therefore, to reduce the risk of an allegation of insider trading, do not trade Restricted Products on a short-term basis.

## **1.1 Health Warning ...If in doubt, don't!**

The rules contained in this policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading or it may give rise to the public drawing adverse inferences as to SeaDragon's conduct. **If in doubt, don't.**

### **Breaches of policy**

Strict compliance with this policy is a condition of employment, both within SeaDragon and on the Company's board of directors ("Board"). All suspected breaches of this policy should be reported to a member of the Board or senior management – the identity of anyone making such a report will be protected at all stages in the course of any internal investigation. Any determined breaches of this policy will be subject to disciplinary action, which may include termination of employment.

The Board has an obligation to report any breaches of this policy to NZX Regulation as soon as practicable after becoming aware of the breach.

### **Monitoring of trading**

The Company may monitor the trading of Restricted Products of directors, officers, employees and temporary contractors of the Company as part of the administration of this policy.

### **Application of policy**

The Board has approved this policy. The Board may approve updates, amendments to and exemptions to this policy from time to time, which may be implemented by memo to you or by posting on the Company's intranet.

To the extent of any inconsistency with any previous policy relating to this subject matter, this policy prevails over them.

### **Authorisation**

This SeaDragon Securities Trading Policy and Guidelines have been approved by the Board on 30 May 2018.

## Appendix A

### Persons covered by SeaDragon's Trading Restrictions

The additional trading restrictions set out below apply to:

- all directors, officers and employees of the Company and its subsidiaries;
- all temporary or permanent contractors of the Company and its subsidiaries who have access to material information; and
- all trusts and companies controlled by such persons.

Employees, directors, officers and contractors will be considered responsible for the actions of trusts and companies controlled by them. In this respect, "control" is not to be construed in a technical way but by looking at how decisions are made in practice.

### Trading restrictions

A "blackout period" operates in respect of which directors, officers and employees must refrain from dealing in Restricted Products during the following periods unless the Company provides a specific exemption in exceptional circumstances:

- the period commencing from the date of the end of the financial half year until the first trading day after the release of the Company's preliminary half year results announcement; and
- the period commencing from the date of the end of the financial year until the first trading day after the release of the Company's preliminary full year results announcement.

Outside of these "blackout periods" specified above, Restricted Persons who do not hold inside information may trade in Restricted Products subject to obtaining consent from the Company.

By way of guidance, and subject to other matters being carried out by or in relation to the Company, consent is generally likely to be forthcoming within the following trading windows:

- 4 week period immediately after the release by the Company of its half yearly results announcement to NZX;
- 8 week period immediately after the release by the Company of its yearly results announcement to NZX; or
- 4 week period immediately after the release of a disclosure document offering equity securities in the Company,

in each case PROVIDED that the person is NOT in possession of any inside information relating to those securities.

**Please note that in all cases if you hold inside information, you must not trade Restricted Products at any time. This policy in no way limits or defines a person's potential liability at law. All Restricted Persons are ultimately responsible and the Company accepts no responsibility nor any liability in respect of any alleged or actual breach of applicable law by any person with respect to the Restricted Products.**

### Consent

#### **Requirements before trading**

Before trading in Restricted Products, at any time, the persons to whom these restrictions apply must, in writing:

- notify the Company Chair, Chief Financial Officer/Commercial Manager or Chief Executive Officer of their intention to trade in Restricted Products, and seek consent to do so on the attached form;
- confirm that they do not hold inside information; and
- confirm that there is no known reason to prohibit trading in any Restricted Products.

Any consent given by the Company in accordance with this procedure is only valid for a period of 10 trading days after notification. A consent is automatically deemed to be withdrawn if the person becomes aware of inside information prior to trading.

### **Requirements after trading**

A person to whom these restrictions apply must advise the Chief Financial Officer/Commercial Manager or Chief Executive Officer promptly following completion of any trade, and the person to whom these restrictions apply must comply with any disclosure obligations it has under the FMCA and the NZX Main Board listing rules.

### **Market manipulation**

Engaging in behaviour which constitutes “market manipulation” is prohibited by the FMCA. Penalties for breaching the market manipulation provisions contained in the FMCA may include criminal liability, fines and imprisonment.

It is possible to commit market manipulation inadvertently, for example, in circumstances where a person *ought to have known* that their behaviour could be construed as market manipulation. As such, directors, officers, employees and contractors of SeaDragon should:

- familiarise themselves with types conduct which could be considered market manipulation; and
- take active steps to avoid disseminating information or trading securities in ways which could be construed as market manipulation.

The types of behaviour which could be categorised as market manipulation include:

- **Misleading information:** you must not make a statement or disseminate information concerning SeaDragon (or any other publicly listed entity) if this is false or materially misleading, where that statement would likely affect a person’s decision to trade or exercise a voting right (including abstentions from doing so).
- **Misleading trading:** you must not do, or omit to do, anything which will have (or will likely have) the effect of creating a misleading appearance of supply, demand, price or value of securities in SeaDragon (or any other publicly listed entity). This could include:
- **Wash trades:** sale and purchase of securities where there is no change in actual ownership of the security, e.g. from one company to another, where both companies are owned or controlled by the same person;
- **Improper matched orders:** transactions where both buy and sell orders are entered at the same time, with the same price and quantity by different colluding parties;
- **Advancing the bid:** increasing the bid for a security to increase its price;
- **Marking the close:** buying or selling securities at the close of market in order to affect the closing price of the security concerned; or
- **Pump and dump:** engaging in buying activity which results in increasingly higher prices for securities, followed by selling the securities at the higher prices.

If you are in doubt as to whether your communications or trading activity could be construed as market manipulation, you should consult the Company Chair or the Chief Executive Officer before trading or sharing information concerning the Company with external parties.

**REQUEST FOR CONSENT TO TRADE IN LISTED SECURITIES**

To: The [Chief Financial Officer][Commercial Manager], SeaDragon

In accordance with the Company's Financial Products Trading Policy and Guidelines, I request the Company's consent be given to the following proposed transaction to be undertaken either by me or persons associated with me, within 10 trading days of approval being given. I acknowledge the Company is not advising or encouraging me to trade or hold securities and does not provide any securities recommendations.

**Name:**

**Name of registered holder transacting  
(if different):**

**Address:**

**Position:**

**Description and number of Restricted  
Products:**

**Type of proposed transaction:** Purchase/sale/other (specify)

**To be transacted:** On NZX/off-market trade/other (specify)

**Likely date of transaction  
(on or about):**

I declare that I do not hold information which:

- is not generally available to the market at the time of trading; and
- would have a material effect on the price of the Company's Restricted Products if it were generally available to the market.

I know of no reason to prohibit me from trading in the Restricted Products and certify that the details given above are complete, true and correct.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

The Company hereby **does/does not** consent to the proposed transaction described above. Any consent is conditional on the proposed transaction being completed within 10 trading days of the date of this consent and in compliance with the Company's Financial Products Trading Policy and Guidelines.

\_\_\_\_\_  
Name:  
on behalf of SeaDragon Limited

\_\_\_\_\_  
Date