

110 Notice of general meeting

CBio Limited ACN 094 730 417

Notice is given that the general meeting of CBio Limited (**Company**) will be held at:

Location	BTP Technology and Conference Centre Brisbane Technology Park 1 Clunies Ross Court, Eight Mile Plains, Queensland, 4113
Date	9 November 2007
Time	10:00am Brisbane time

Special Business

Adoption of new constitution

To consider and if in favour pass the following resolution as a special resolution.

- 1 That, in accordance with section 136(2) of the Corporations Act 2001 (Cth), the Company adopt the New Constitution tabled at this general meeting, and signed by the Chairman for the purpose of identification, as its constitution in substitution for and to the exclusion of the Company's Old Constitution which, on the passing of this resolution, is repealed.

A full copy of the New Constitution is available to shareholders upon request made to the CBio Limited Company Secretary.

Dated 17 October 2007

By order of the board

Ben Graham
Company secretary

Notes

- (a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a member of the Company. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form.
- (d) A corporation may elect to appoint a representative in accordance with the *Corporations Act 2001* (Cth) in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) If you have any queries on how to cast your votes then call Company Secretary Ben Graham on +617 3841 4844 during business hours.

Explanatory memorandum

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GLOSSARY

'**New Constitution**' means the constitution which is proposed to repeal and replace the Old Constitution pursuant to Resolution 1.

'**Old Constitution**' means the Company's present constitution which was adopted on incorporation in 2000.

Resolution #1: Adoption of new constitution

It is proposed that the Old Constitution be repealed in its entirety and replaced with the New Constitution. The Old Constitution was adopted upon the Company's incorporation in 2000. The New Constitution is a standard form constitution appropriate for a public company which reflects the present corporations law as embodied in the *Corporations Act 2001* (Cth) and incorporates provisions enabling the Company to list on ASX Limited (**ASX**) at some point in time without the need for additional amendment.

The Board of directors have received legal advice in relation to the Old Constitution and its legal effect and have been advised to replace the document with a more appropriate constitution which adequately reflects the present law in its updated form and is consistent with the language and terminology presently used under the Corporations Act regime.

This is particularly so because, since incorporation of the Company and adoption of the Old Constitution, the then prevailing Corporations Law was replaced by the new Corporations Act regime. As a result of a number of changes to the Corporations Act subsequently, parts of the Old Constitution, despite minor amendment, are not entirely consistent with the new provisions of the Corporations Act or are otherwise out of step with provisions of the ASX Listing Rules, ASTC Settlement Rules and latest corporate governance principles.

Under the Corporations Act, a company may elect to either amend parts of its constitution or replace the entire document. The directors believe that it is preferable in the circumstances to repeal the existing document and replace it with a new constitution rather than to amend and insert a multitude of specific provisions.

The proposed New Constitution is broadly consistent with the provisions of the Old Constitution. However, there are some differences to accommodate for changes in the law and also incorporation of the ASX Listing Rules to the extent they may be applicable at any point. A summary of the principal differences between the Old Constitution and that proposed is set out below.

Pursuant to section 136(2) of the Corporations Act, it is necessary for a special resolution of shareholders to be passed to repeal and replace the Old Constitution and adopt the New Constitution.

Directors' recommendation: Each of the directors recommend that you vote in favour of this resolution.

Summary of principal differences between the Old Constitution and New Constitution

Subject	Summary of Amendment	old rule ref.	new rule ref.
References to Corporations Act	The terminology in the New Constitution refers to the <i>Corporations Act 2001</i> .	Nil	2.1
References to ASX Listing Rules	The terminology in the New Constitution has been updated by use of the defined term 'Listing Rules', being the official rules of ASX and the rules governing the operation of the stock exchange and the listed entities on its Official List.	Nil	2.1
Variation of Rights	The New Constitution provides that the rights of holders of shares that are issued with preferred or other rights are, unless the terms of issue say otherwise and subject to the ASX Listing Rules, deemed not to be varied by the creation or issue of further shares ranking equally with those shares.	Nil	3.9
References to ASTC Settlement Rules	The New Constitution now incorporates reference to the ASTC Settlement Rules, which are principally concerned with the electronic transfer and settlement of securities and the establishment and administration of CHES subregisters for securities. The provisions regarding transfer of shares now reflect the fact that transfers may occur at some future point by computerised or electronic means.	Nil	4.1 - 4.4, 8.1 - 8.7
Refuse to register transfer	Under the Old Constitution, the Board has an absolute discretion to refuse to register a transfer unless the transferor produces such evidence as the directors reasonably require. The New Constitution updates the provisions of the Old Constitution to the extent that, in the event the Company is admitted to the Official List of ASX, the Company may only refuse to register or prevent or interfere with the transfer of shares as permitted or required by the ASX Listing Rules.	16	8.5
Quorum for general meetings	A quorum remains 2 persons which is consistent with standard practice and compliant with the Corporations Act and ASX Listing Rules.	22.1	10.2
Casting vote of Chairman	The Chairman no longer has a casting vote (in addition to his deliberative vote) in the event of an equality of votes at general meetings.	22.8	10.8(a)
Annual General Meeting	The Company is required to convene an Annual General Meeting in accordance with the Corporations Act and the ASX Listing Rules.	Nil	9, 10
Proxy	The New Constitution prescribes in detail how a proxy must be instructed to vote (ie. for, against,	23.5	12.3

	<p>abstain, proxy's discretion) and the number of votes that are to be cast (ie. all of the votes or a percentage and what the default position is where two proxies are appointed but the number of votes to be cast are not stipulated).</p> <p>The New Constitution also restricts the number of proxies that may be appointed by each shareholder to 2. A valid appointment of a proxy must be deposited at the Company's registered office at least 48 hours before the commencement of the meeting.</p>	23.8	12.3(d), 12.3(e)
Number of and quorum for Directors	<p>The New Constitution confirms the Company must maintain a minimum of 3 directors in accordance with the Corporations Act and the ASX Listing Rules and that 3 directors are required to form a quorum. The Old Constitution allow a sole director in which case that director constitute a quorum (otherwise a minimum of 2 directors are required).</p>	22.1	13.1(b), 18.1(b)
Retirement of directors	<p>The New Constitution includes standard retirement by rotation provisions which require one third of the directors (excluding the managing director) to retire at each Annual General Meeting. If the number of directors in office is not a multiple of 3, then the number nearest but not more than one third are required to retire. In addition, all directors are required to retire at the third annual general meeting after their appointment.</p> <p>The New Constitution requires that where 2 or more directors cannot agree who of them will retire by rotation, the appropriate person will be determined by ballot. Currently the Chairman has discretion to draw lots.</p>	Nil	16.1
Poll	<p>The New Constitution provides a poll be called by the Chairman, at least 5 shareholders or a shareholder or shareholders with at least 5% of the votes that may be cast (previously 10%).</p>	22.6-22.9	10.10
Forfeiture of Shares	<p>Under the New Constitution, if a shareholder fails to pay an amount due on a share, the Board can give notice requiring the payment on a date to be specified and, if the shareholder fails to comply with the notice, the share(s) can be forfeited. Under the Old Constitution, there is a minimum 14 day notice period before the share(s) could be forfeited.</p>	13	6
General Meetings	<p>The New Constitution amends or updates a number of provisions regarding the convening and conduct of general meetings of the Company, including:</p> <p>(a) it expressly permits the Chairman to refuse</p>	21	9

	<p>admission to a meeting, or to require a person to leave a meeting, on certain grounds, including where they behave in a disruptive or offensive manner, or are in possession of an electronic or recording device or a dangerous item; and</p> <p>(b) it clarifies (consistent with the Listing Rules) that 28 days notice of a meeting is required (in line with section 249HA of the Corporations Act) and further clarifies that 2 months notice is required for the appointment or removal of a director (in line with section 203D(2) of the Corporations Act), whereas the previous requirement was 21 days notice.</p>		
Directors	<p>The New Constitution amends or updates a number of provisions regarding directors, including:</p> <p>(a) other than an appointed 'managing director', the remuneration of all directors must be a fixed sum, and not a commission or percentage of profits or revenue. Under the Old Constitution, remuneration of directors is not restricted in this way;</p> <p>(b) a notice of nomination for a new director must be given in accordance with the ASX Listing Rules, which require that the notice be accepted by the Company up to 35 business days before the relevant meeting (or 30 business day where the meeting is being convened at the request of a member of the Company). Where the nominee has been recommended by the Board, the notice must be given at least 5 business days before the meeting. The Old Constitution does not prescribe a procedure for nominating directors.</p>	24	13
Seal	<p>The New Constitution clarifies that a company seal is optional and that in the absence of a seal being affixed, cheques, bills of exchange and promissory notes are to be validly effected for and on behalf of the Company by 2 directors, or by one director and the secretary or some other officer authorised by the Board, or in such other manner as the Board may from time to time determine.</p>	32	21
Dividends	<p>The New Constitution updates the provisions regarding dividends, including clarifying that subject to the ASX Listing Rules, the Board can apply a sum standing to the credit of any reserve or other account in paying up in full unissued shares of the Company in accordance with any employee share or option plan that has been approved by the Company by special resolution.</p> <p>The Old Constitution does not specifically enable</p>	34	23

	<p>the Company to establish a share or option plan for employees or executives.</p> <p>In addition, the New Constitution empowers the Board to establish and maintain one or more dividend plans under which shareholder may elect to receive a dividend, reinvest all or part of a dividend in the Company by subscribing for fully paid shares for which the dividend amount is applied (as subscription monies).</p>		
Associate Directors	The references to associate directors which appeared in the Old Constitution have been removed from the New Constitution.	Various	Various
Notices	The New Constitution reduces the notice period for a facsimile or email from the day after the notice was sent to when the transmission is sent (i.e. facsimile is deemed to be sent upon generation of a confirmation of transmission report).	36	24
Insurance	In accordance with standard practice, the New Constitution includes provision for the Company, subject to the Corporations Act, to pay a premium for a contract insuring a person who is or has been a director, secretary or executive officer of the Company acting in that capacity against costs and expenses in defending any proceedings, whether civil or criminal, whatever their outcome, or liability arising from negligence or other conduct, but not wilful misconduct or conduct which constitutes an improper use of position or information (sections 182 or 183 of the Corporations Act).	Nil	26
Indemnities	The New Constitution includes provisions regarding the Company's indemnification of its directors, secretary, and executive offices against liabilities and attendant legal costs in accordance with normal practice.	38	26
Partial Takeovers	<p>The New Constitution sets out a process of approval for partial takeover bids in accordance with section 648D of the Corporations Act which prescribes that the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution to approve the proportional takeover bid is passed at a meeting, convened and conducted by the Company, of the persons entitled to vote on the resolution.</p> <p>The partial takeover bids provision ceases to have effect on the third anniversary of the later of the date of adoption or last renewal of the provision.</p>	Nil	27