

24 December 2010

The Manager  
Company Announcements Office  
ASX Limited  
20 Bridge St  
SYDNEY NSW 2000

Dear Sir,

**SHARE TRADING POLICY**

In accordance with ASX Listing Rule 12.9 (effective 1 January 2011), CBio Limited (ASX: CBZ) attaches its Share Trading Policy.

For and on behalf of the Board of CBio Limited



**BEN GRAHAM**  
Company Secretary

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**About CBio**

CBio is an Australian ASX listed company established in 2000. CBio's lead product XToll® is a potential new-generation drug therapy which could provide safer and more effective treatment of autoimmune diseases such as rheumatoid arthritis. It is currently being trialled in phase II clinical trials in patients with rheumatoid arthritis (RA). Global sales of RA therapies exceeded US\$17 billion in 2008.

Novo Nordisk A/S (Copenhagen: NOVO-B.CO; NYSE: NVO), a top 20 global pharmaceutical company and world-leader in diabetes care, has an exclusive option to enter into a licence agreement for the intellectual property rights relating to XToll®.

CBio's Board includes internationally experienced drug developers including Dr Goran Ando, Vice-Chairman Novo Nordisk A/S (formerly president of R&D at Pharmacia/Pfizer and R&D director of Glaxo Group, UK); Dr Peter Corr, Founder and co-General Partner of Celtic Therapeutics (formerly Senior Vice-President for Science and Technology at Pfizer and Chairman of the Board of Governors, New York Academy of Sciences); and Professor John Funder, AO, Professor of Medicine at Monash University, Senior Fellow at Prince Henry's Institute of Medical Research (formerly Director of the Baker Institute, 1990-2001).

### **About Rheumatoid Arthritis**

Rheumatoid Arthritis is a chronic autoimmune disease, mainly characterised by inflammation of the lining of the joints. It can lead to long-term joint damage, resulting in chronic pain, loss of function and disability. The effects of RA are systemic, which means it can affect other organs in the body, and cardiovascular dysfunction in addition to RA is common. RA symptoms can make even the simplest activities – such as opening a jar or taking a walk – difficult to manage. RA has a worldwide distribution with a prevalence of 1 to 2% – which currently equates to approximately 100 million people. Prevalence increases with age, approaching 5% in women over age 55. RA is two to three times more common in women than in men and generally occurs between the ages of 40 and 60, but it can also affect young children and older adults. Currently, there is no cure.

## **1 Code of conduct for transactions in securities**

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### **1.1 Need for code of conduct**

- (a) There are legal duties relating to transactions in securities. Heavy sanctions apply if these duties are breached. The major issue is Price Sensitive Information or other confidential information.
- (b) This policy applies to Directors and Key Management Personnel of the Company.

### **1.2 Legal constraints**

- (a) Legal constraints on dealing in securities of the Company arise from the following sources:
  - (i) common law;
  - (ii) the Corporations Act; and
  - (iii) the ASX Listing Rules.
- (b) If a Director, or Key Management Person possesses any Price Sensitive Information which has not been publicly disclosed, there are a number of general, and some specific, legal constraints on dealings in securities.

### **1.3 General**

- (a) Directors and Key Management Personnel of the Company may hold Securities. Those who wish to buy or sell (trade) Securities are considered Traders and Traders must consider both the legal constraints and this code. They must abide by the spirit of this code as well as the letter of the law.
- (b) Traders in possession of Price Sensitive Information must not Trade in Securities, either for short-term speculative gain or otherwise.

### **1.4 Price Sensitive Information**

The Board has adopted the following definition of Price Sensitive Information:

*'Price sensitive information is information that:*

- (a) *relates to the financial or operational affairs of the Company;*
- (b) *may give the person proposing to deal in Securities an advantage over other persons holding or dealing in Securities; and*
- (c) *if it were generally available, would be likely to materially affect the price of the Securities in question.*

*Information such as material changes in financial status, funding, clinical trial or other research or scientific results, proposed action in the form of dividends, bonus issues or other new share issues, proposed major transactions involving the disposal or acquisition of assets and proposed major contracts beyond the size and nature of contracts normally undertaken by the Company, is price sensitive information.*

*Information about the Company related to any of the following subjects, is also price sensitive information:*

- (a) proposed changes in capital structure;*
- (b) information to be disclosed under the Corporations Act;*
- (c) proposed changes to the Board other than filling a casual vacancy or a retirement due to ill health or similar situation;*
- (d) proposed changes in the general character or nature of the business;*
- (e) information regarding changes in the holdings of substantial Shareholders;*
- (f) proposed significant changes in the holdings of any Director;*
- (g) appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by it;*
- (h) a recommendation or declaration of a dividend or distribution;*
- (i) a recommendation or declaration that a dividend or distribution not be declared;*
- (j) undersubscriptions or oversubscriptions to an issue;*
- (k) a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's assets;*
- (l) a claim against the Company for which the excess or damages (or both) payable by it is a significant proportion of the written down value of the Company's assets;*
- (n) information about the beneficial ownership of securities obtained under part 6C.2 Corporations Act;*
- (o) giving or receiving a notice of intention to make a takeover;*
- (p) an agreement between the Company (or a related party or subsidiary) and a Director (or a related party of the Director); or*
- (q) results of any clinical trial or other research or scientific investigations carried out by the Company.*

## **1.5 Prohibited trading**

- (a) Directors and Key Management Personnel, not in possession of Price Sensitive Information, may trade in the Company's securities at any time during the year except for the two business days before and after any Price Sensitive announcement is made to the ASX. (Closed Period)
- (b) The Company may enforce a Closed Period at any other time should it be appropriate to do so.
- (c) Directors and Key Management Personnel are prohibited from trading in Company securities during any Closed Period without seeking prior written approval from the Chairman.
- (d) Permission may be given by the Chairman for trading during a Closed Period if the Chairman is satisfied that the transaction would not be:

- (i) contrary to law;
  - (ii) for speculative gain; and
  - (iii) to take advantage of insider knowledge.
- (e) For example, approval may be given to a Trader, who is not in possession of inside information in relation to the Company, to sell or otherwise dispose of the securities of the Company during a Closed Period where the Trader is in severe financial hardship or there are other exceptional circumstances and to delay the transaction to the next permitted period would be detrimental to the Trader's affairs. A person may be in severe financial hardship if they have a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant securities of the Company.

## **1.6 Authority to Trade**

- (a) Written authority to Trade is not required where the trade is conducted in accordance with section 1.5(a).
- (b) In the case of trading in a Closed Period, written authority to Trade must be obtained:
  - (i) in the case of any proposed Trade by the Chairman - from another non-executive Director;
  - (ii) in the case of any proposed Trade by the any Director other than the Chairman and Key Management Personnel - from the Chairman or, in the absence of the Chairman, a non-executive Director nominated by the Chairman for the purpose.

All responsibility for trading rests with the individual Trader.

## **1.7 Informing the Company**

Traders involved in any trading in Securities, either personally or through a family member, or a trust or a company referred to in this code, must immediately advise the Company Secretary in writing of the details of completed transactions. Notification is necessary for all Trades. The Company Secretary will provide regular reports to the Board on trades completed by Directors and Key Management Personnel.

## **1.8 Persons covered by this code**

This code applies to all Directors and Key Management Personnel of the Company.

## **1.9 Securities covered by this code**

This code applies to all securities issued by the Company of any kind including ordinary shares, preference shares, debentures, convertible notes and options (Securities).

## **1.10 Securities not covered by this code**

This code does not apply to:

- (a) any acquisition of Securities as part of a new issue or dividend reinvestment plan where the issue is available pro rata to all holders of Securities of the relevant class;
- (b) accepting takeover offers;

- (c) the transfer of securities already held from a trader's own name into a superannuation fund to which the trader is a beneficiary;
- (d) the participation in any employee share option plan approved by the Board; or
- (e) the issue of securities to Directors or Key Management Personnel approved by the Board, or where required, approved by Shareholders.

#### **1.11 Families and trusts**

Persons to whom this code applies must not trade through any member of their family, or through a trust or company over which they have influence or control, in circumstances where they would have been prohibited from trading in their own name.

#### **1.12 Other companies' securities**

Trading by Traders in the securities of other corporations in which the Company has a substantial investment interest (10% or more) are subject to this code.

#### **1.13 Trustees**

A Trader who is a joint trustee or a trustee of a deceased estate, should advise any co-trustees or trust beneficiaries, of his relationship with the Company and the restrictions on his ability to give advice in respect of Securities.

#### **1.14 Company Contact**

Traders covered by this policy should contact the Company Secretary if they are unsure of any element of the policy or if they require clarification of how this policy applies to their personal circumstances. The Company encourages clarification to be sought in advance of any trading taking place under this policy.