



**CPI Group Limited**

ACN 006 364 067

41-45 Mills Road

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[www.cpigroup.com.au](http://www.cpigroup.com.au)

24 December 2010

The Manager  
Australian Stock Exchange  
Company Announcements Office  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam,

**ASX Announcement – Securities Trading Policy**

In accordance with Listing Rule 12.9 which comes into effect on 1 January 2011, please find attached the CPI Group Limited Securities Trading Policy.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Bernard P Cassell', with a stylized flourish at the end.

**Bernard P Cassell**  
Managing Director

Encl.



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## **CPI Group Limited Securities Trading Policy**

### **1. Introduction and purpose**

This Policy summarises the law relating to insider trading and sets out the policy of CPI Group Limited (“CPI”) in relation to trading in shares (“the Shares”). This Policy assists the Directors and Senior Executives of CPI to comply with their legal obligations relating to dealings in the Shares while they are in possession of non-public, price sensitive information.

If you do not understand any part of this Policy or how it applies to you, you should raise the matter with the Managing Director or Company Secretary before trading in any securities which may be affected by the Policy or the law. This Policy is only a summary of complex legal provisions and should therefore only be used as a general guide, not as legal advice.

### **2. The insider trading prohibition**

If you have “inside information” relating to CPI which has not been published or which is not otherwise “generally available”, it is illegal for you to:

- buy, sell or otherwise deal in CPI Shares;
- advise, procure or encourage another person (for example, a family member, a friend, a family company or trust) to buy or sell CPI Shares; or
- pass on information to any other person, if you know or ought reasonably to know that the person may use the information to buy or sell (or procure another person to buy or sell) CPI Shares.

It is the responsibility of each Director and Senior Executive to ensure that they do not do anything which is prohibited by the insider trading law.

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

“Inside information” means information which:

- i. is not generally available to the market; and
- ii. if it were made generally available to the market, would be likely to have a material effect on the price of the Shares (i.e. the information would affect a reasonable investor’s decision whether to buy or sell CPI Shares);

and such information might include matters of supposition, matters that are insufficiently definite to warrant being released to the ASX, and matters relating to the likely intentions of a person.

It does not matter how or where you obtain the inside information and the information does not have to be obtained from CPI to constitute inside information.

#### **4. When is the information “generally available”?**

Information is generally available (and consequently will not be inside information) if it:

- is readily observable;
- has been made known in a manner likely to bring the information to the attention of people who commonly invest in securities of a kind whose price or value might be affected by the information and a reasonable period for it to be disseminated among such persons has elapsed;
- is derived from information which has been made public; or
- consists of observations, deduction, conclusions or inferences made or drawn from other generally available information.

It should be noted that where a matter that is readily observable or has been made public will have a specific impact upon CPI that would not be apparent to people who invest in CPI, the nature of that impact may still be inside information. For example, if new legislation was enacted that imposed a significant operational constraint or cost burden on CPI, the nature of that operational constraint or cost burden may be inside information.

#### **5. Penalties**

Breach of the insider trading prohibition by you or your family members could expose you or them to criminal and civil liability.

The criminal penalties for a breach of the insider trading prohibition include:

- for an individual – a fine of up to \$220,000 and a jail term of up to 5 years; and
- for a corporation – a fine of up to \$1,100,000.

In addition, the inside trader and any other persons involved in the contravention may also be liable to compensate third parties for any resulting loss.

Breach of insider trading law or this Policy will also be regarded by CPI as serious misconduct which may lead to disciplinary action and/or dismissal.

#### **6. Dealing in shares of other companies**

If you have “inside information” relating to a company other than CPI which is not “generally available” the same insider trading rules outlined above apply to buying and selling shares in that company.

In the course of performing your duties as an officer or employee of CPI, you may obtain inside information relating to another company in a variety of circumstances. Examples include:

- another company (e.g. a major customer, supplier or competitor) may provide inside information about itself to CPI in the course of a proposed transaction;
- another company with whom CPI is dealing may provide inside information about a third party company; or
- information concerning CPI or actions which may be taken by CPI (i.e. a planned transaction or strategic change) could reasonably have a significant effect on a third party company (e.g. a supplier or competitor).

Apart from the application of the insider trading rules to shares in other companies, employees are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

## **7. Dealings in CPI Group Limited Shares**

Directors and Senior Executives are permitted to buy, sell or otherwise deal in CPI Shares, subject to all relevant laws including the Corporations Act and the terms and conditions of this Securities Trading Policy particularly clauses, 8, 9 and 10, provided they obtain the written approval of the Chairman or Deputy Chairman.

## **8. Closed Periods**

Directors and Senior Executives of CPI must not buy, sell or otherwise deal in CPI Shares:

- during the period (“Closed Period”) of 60 days prior to the release of CPI’s half year and full year financial result to the ASX except where:
  - the dealing is ‘excluded trading’ covered by paragraph 9 of this Policy; or
  - exceptional circumstances covered by paragraph 10 of this Policy apply and the prior approval of the Chairman has been obtained (or if the Chairman wishes to trade or is uncontactable, where the prior approval of the Deputy chairman has been obtained) in writing (including without limitation via email); or
- where they are in possession of inside information.

## **9. Excluded Trading**

Trading by Directors and Senior Executives is excluded trading and permitted at any time including in a Closed Period where the trade involves:

- the transfer of CPI Shares from a holding controlled by the Director or Senior Executive into a self managed superannuation fund in respect of which the Director or Senior Executive is a beneficiary;
- an investment in, or trading in the units of, a superannuation fund where the assets of the fund are invested at the discretion of a third party;
- undertaking to accept, or accepting, a takeover offer for CPI;
- taking up rights under an offer or invitation made to all or most of CPI shareholders such as a rights issue, share purchase plan, or dividend reinvestment plan, where the plan that determines the timing and structure of the offer has been approved by the Board of CPI; or
- the sale of CPI Shares as a result of a secured lender to a Director or Senior Executive exercising its rights, e.g. under a margin lending arrangement.

## **10. Exceptional Circumstances**

Trading by Directors and Senior Executives in a Closed Period may be approved by the Chairman or the Deputy Chairman (as the case may be) as ‘exceptional circumstances’ where:

- the Director or senior Executive is experiencing severe financial hardship which cannot be satisfied or resolved other than by them selling CPI Shares; or
- the Director or Senior Executive is required to sell or transfer CPI Shares in accordance with a court order or undertaking or settlement enforceable by a court, e.g. a bona fide family settlement; or

where an 'exceptional circumstances' trading request is made to the Chairman or Deputy Chairman (as the case may be), the request must be made in writing (including without limitation via email) and must set out reasonable details of the circumstances relied upon by the Director or Senior Executive in question as being 'exceptional'.

If the Chairman or Deputy Chairman (as the case may be) approves trading in CPI Shares in a Closed Period, that approval is valid for a period of one week.

#### **11. ASX Notification by Directors**

The Corporations Act 2001 obliges a Director to notify ASIC within 14 days after any dealing in CPI's Shares (either personally or through a third party such as a broker) which results in a change in the relevant interests of the Director in CPI Shares. In addition, under the ASX Listing Rules, CPI is required to notify the ASX of such dealing within 5 business days of the dealings taking place. Directors have agreed with CPI to provide notice of such dealings to the Company Secretary of CPI within 3 days after such dealings to enable CPI to comply with its obligations under the Listing Rules. A notice given by CPI to the ASX under the ASX Listing Rules satisfies the Director's obligation to notify the ASIC under the Corporations Act.

When notifying the ASX of any dealings by the Directors in CPI Shares, CPI will also inform the ASX:

- whether the change occurred in a Closed Period in circumstances where prior written approval of the Chairman or Deputy Chairman (as the case may be) was required; and
- if prior written approval was required, whether that approval was obtained.

#### **12. Margin Loans**

Where the holding of a Director, Secretary or Senior Executive of CPI Shares has been financed via a margin loan or other secured finance arrangement (e.g. mortgage, charge or lien), the Company Secretary must be advised and the Company Secretary or Senior Executive holds at least 5% of CPI's issued shares subject to security interests or third party rights. That disclosure to the ASX will not extend to the specific details of the security interests or third party rights such as a trigger price under a margin loan.

#### **13. Additional Information**

If you have any questions arising from this Policy or its application to you, you should contact the Managing Director or Company Secretary.

This Policy, and any changes to it, must be endorsed by the Board of Directors.

**CPI Group Limited**  
**Board of Directors**

Effective Date: 24 December 2010