

# city chic collective

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## SECURITIES TRADING POLICY

Effective Date: 24 December 2010

### 1. Introduction

The purpose of this policy is to assist you to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the Corporations Act 2001 (Cth) (the Corporations Act).

### 2. What is Insider Trading?

#### 2.1 Prohibition

In broad terms, you will be guilty of insider trading if:

(a) you possess information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's, or another corporation's securities (ie, information that is 'price sensitive'); and

(b) you or a member of your immediate family or household use the price sensitive information to:

- (i) buy or sell securities in the Company (which includes shares, options and warrants);
- (ii) procure someone else to buy or sell securities in the Company or another corporation; or
- (iii) pass on that information to a third party where you know, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities in the Company or another corporation.

Information is generally available where the information is:

- readily observable; or
- made known in a manner that would, or would be likely to, bring it to the attention of people who commonly invest in the Company's securities or securities of a kind similar to the Company's securities, and a reasonable period has elapsed to allow the information to be disseminated; or
- able to be deduced, concluded or inferred from those types of information.

#### 2.2 Penalties

Insider trading is a criminal offence.

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

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

## **2.3 Examples of price sensitive information**

The following are examples of what may be price sensitive information which, if it has not already been disclosed to the market and if it were made available to the market, may be likely to affect materially the price of the Company's securities:

- the Company negotiating or pursuing a major acquisition or disposal of assets;
- the possible formation or termination of a joint venture;
- material information affecting a significant supplier;
- a significant new development proposal;
- the likely granting (or loss) of a major contract or government approval;
- a proposed dividend or change in dividend policy;
- a proposed new share issue;
- giving or receiving a notice of intention to make a takeover;
- the occurrence of a material accident involving the Company's personnel or facilities
- the threat of major litigation against the Company;
- the Company's financial results materially exceeding (or falling short of) the market's expectations;
- a change in accounting policy adopted by the Company;
- any rating applied by a rating agency to the Company and any change to such a rating;
- a proposal to change the Company's auditors;
- an agreement between the Company (or a related party or subsidiary) and a Director (or related party of the Director);
- a significant change in senior management;
- a change in the status of the "independence" of a Company Non-Executive Director;
- the health or capacity of any Director, the CEO, CFO;
- or change of significant investors attitudes to investment in the Company.

## **2.4 Dealing through third parties**

You can still be guilty of insider trading in relation to the Company's securities even though you are not the actual person who bought or sold the securities. The prohibition extends to:

- dealings by directors and employees through nominees, agents or other associates, such as family members, family trusts and family companies;
- directors and employees procuring third parties to deal in the Company's securities, which includes inducing or encouraging those third parties to deal; and
- directors and employees passing on any price sensitive information to a third party when you know, or ought to know, that the third party would be likely to deal in the securities or procure someone else to deal in the securities.

## **2.5 Information however obtained**

It does not matter how or where you obtain the information - it does not have to be obtained from the Company to constitute inside information.

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## **2.6 Employee share schemes**

Employees are not required to seek consent or provide notification in connection with participating in an employee share plan operated by the Company (eg: Applying for an allocation of securities under an employee share offer, exercising vested rights or options under an employee share plan). However, such dealings are still subject to the guidelines in Section 3.

## **3. Guidelines for Trading in the Company's Securities**

### **3.1 General rule**

You should not buy or sell securities in the Company when you are in possession of price sensitive information relating to the Company which is not generally available to the market.

### **3.2 No short-term trading in the Company's securities**

It is also contrary to Company policy for you to be engaged in short-term trading of the Company's securities. Directors and the CEO, and Direct Reports to the CEO, must not engage in short-term trading of the Company's securities within six months of acquisition. In exceptional circumstances (such as financial hardship) the designated officer:

- the Chairman, (in the case of directors including the CEO);
- the Board (in the case of the Chairman); or
- the CEO (in the case of Direct Reports to the CEO), may waive compliance with the provisions of this section, by providing prior written clearance (refer section 3.6).

Any other employees must request approval from the Company Secretary (designated officer) to trade within six months of acquisition of the Company's securities.

### **3.3 Safest times to deal in the Company's securities**

The only appropriate time for you to acquire or sell the Company's shares is when you are not in possession of price sensitive information which is not generally available to the market.

In addition, to avoid any adverse inference being drawn of unfair dealing, directors and employees must not deal in the Company's shares during the period between January 1 and 24 hours after the release of the Company's half-yearly results or the period between July 1 and 24 hours after the release of the Company's yearly results.

### **3.4 Derivatives**

(a) It is contrary to Company policy for you to deal in a derivative, the value of which is determined by reference to any unvested security held by you, until that security has fully and unconditionally vested.

(b) After vesting of the relevant security, the dealing in any derivative related to the security must be disclosed in accordance with section 4.

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## **3.5 Margin Loans Over Company Shares**

A director must inform the Chairman immediately if any of the following circumstances apply:

- the director holds Company shares that have been lent, mortgaged or charged to a financier;
- circumstances have arisen in which the financier is entitled, or is likely to become entitled, to exercise a right to demand payment; and
- the director expects satisfaction of the demand will require the disposal of Company shares.

## **3.6 Exceptional circumstances and prior written consent**

A person not in possession of inside information in relation to the Company, may be given prior written clearance to sell or otherwise dispose of the securities of the entity during a prohibited period under the trading policy, where the restricted person is in severe financial hardship or there are other exceptional circumstances (such as a court order or court enforceable undertaking requires the individual to sell the securities).

The person seeking clearance to trade must satisfy the designated officer in their instance, that they are in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of company securities is the only reasonable course of action available.

Prior written clearance is obtainable from a person's designated officer. A request must be made in writing by the individual and written clearance must be granted in writing and signed by their designated officer. The written clearance must specify the duration of time allowed to trade during the prohibited period.

## **4. Disclosure Policy**

Directors and the CEO, Direct Reports to the CEO, and any other executive specifically designated by the CEO from time-to-time, and members of their immediate family or household, (Covered Employees) wishing to buy or sell the Company's securities or derivatives or to exercise options over the Company's shares must advise the Chairman (in the case of directors and the CEO) or the CEO/Company Secretary (in the case of any other employee) of their intention to do so at least 48 hours before buying or selling the securities or derivatives or exercising options. This notification obligation operates at all times. Directors and Covered Employees must not buy or sell the Company's securities or derivatives or exercise their options until the Chairman, CEO, or Company Secretary (as applicable) has indicated that there is no objection under the Company's Securities Trading Policy to the proposed transaction. It is important to note that even where the Chairman, CEO, or Company Secretary (as applicable) has indicated that there is no objection, the director or senior employee who proposes to buy or sell the Company's securities or derivatives must not trade in the securities if he or she possesses price sensitive information which is not generally available to the market.

This procedure should prevent potential embarrassment and adverse publicity relating to trading in the Company's securities when, for example, there may be important corporate

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information (whether or not material in a legal context) not publicly released, or when projected financial results may deviate from market expectations.

## **5. ASX Notification by Directors**

Directors should note that the Corporations Act obliges a director to notify the ASX within 14 days after any dealing in the Company's securities (either personally or through a third party) which results in a change in the relevant interests of the director in the Company's securities. In addition, under the ASX Listing Rules the Company is required to notify the ASX of such dealings within 5 business days of such dealings taking place. Directors have agreed with the Company to provide notice of such dealings to the Company within 24 hours after such dealing to enable the Company to comply with its obligations under the Listing Rules. A notice given by the Company to the ASX under the ASX Listing Rules satisfies the director's obligation to notify the ASX under the Corporations Act.

Any Director requiring assistance in this regard should contact the Company Secretary.

This policy has been adopted by the Board and any amendment to this policy can only be approved by the Board.