

ASX ANNOUNCEMENT

26 April 2007

CEC GROUP ANNOUNCES 1 FOR 6 UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE

Cairns based property development, civil construction and waste management company CEC Group Limited (ASX: CEG) has previously announced the intention to undertake an underwritten renounceable pro-rata rights issue.

The CEC Board has resolved that the rights issue will take the form of a 1 for 6 underwritten pro-rata renounceable rights issue (**Rights Issue**). The Rights Issue will result in the issue of up to 10,953,926 fully paid ordinary shares (**New Shares**) assuming that the Company issues 729,429 Ordinary Shares on 27 April 2007 pursuant to the Company's dividend reinvestment plan. The Rights Issue will raise proceeds of up to A\$20.812 million. Following the issue of the New Shares the Company will have up to 76,677,484 fully paid ordinary shares on issue.

Net proceeds from the rights issue will be used to provide working capital for the Company and to selectively retire existing debt.

The issue price for the shares to be offered under the rights issue has been set at \$1.90 per share. This represents a discount of 9.5% to the closing price of ordinary shares on Tuesday, 17 April 2007, the last full trading day prior to the announcement of the material terms of the Rights Issue (including the issue price).

The Rights Issue is to be made to all shareholders as at 7.00 pm (Sydney time) on Tuesday 8 May 2007 whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

Eligible Shareholders will be entitled to apply for additional shares at the issue price out of the shortfall of shares not taken up under the Rights Issue.

The Rights Issue will be underwritten by persons who accepted offers by the Company pursuant to the recent placing by the Company of 8,391,408 ordinary shares announced on 19 April 2007.

A prospectus detailing the Rights Issue will be lodged with ASIC and the ASX on 27 April 2007 (**Prospectus**). A copy of the Prospectus will be available for review on the CEC website at www.cecgroup.com.au until Friday 4 May 2007 or on the ASX website. Eligible Shareholders will be mailed a copy of the Prospectus together with an Entitlement and