



Continuous Disclosure Policy

CEC Group Limited

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1. Introduction

The purpose of this Continuous Disclosure Policy ("Policy") is to ensure that CEC Group Limited, as a minimum, complies with its continuous disclosure obligations under the *Corporations Act* and the Australian Stock Exchange ("ASX") Listing Rules. This is achieved, in part, by ensuring that –

- (a) The market is provided with timely and equal access to information known to CEC Group Limited which is likely to impact upon its share price;
- (b) CEC Group Limited, through adherence to and regular review of this Policy, seeks to achieve and exceed best practice;
- (c) The Australian Security and Investment Commission's ("ASIC") "*Better Disclosure to Investors*" guidance principles and the ASX guidance note "*Continuous Disclosure: Listing Rule 3.1*" are appropriately incorporated into CEC Group Limited's Policy; and
- (d) Personnel with key roles under this Policy are educated in their obligations and responsibilities under the Policy.

2. Principles – ASX Listing Rules

The continuous disclosure requirements within the ASX Listing Rules are founded in Listing Rules 3.1, 3.1A and 3.1B, and state:

- 3.1 Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.*
- 3.1A Listing rule 3.1 does not apply to particular information while all of the following are satisfied.*
- 3.1A.1 A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*

- *The information is a trade secret.*

3.1B If ASX considers that there is or is likely to be a false market in an entity's securities, and asks the entity to give it information to correct or prevent a false market, the entity must give ASX the information needed to correct or prevent the false market.

An entity becomes aware of information if a director or executive officer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity. A director or executive officer may be deemed as having knowledge of any information that is known to employees of CEC Group Limited. It is for this reason that CEC Group Limited's employees have reporting obligations under this Policy.

Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to the ASX. Due to the elements of constructive knowledge on the part of the entity (or rather its directors and executive officers) and immediacy of the disclosure requirements, this Policy incorporates a system to identify material information and to decide if that information needs to be disclosed.

3. ASIC Guidelines

The ASIC has developed ten best practice principles for continuous disclosure. The guidelines are aimed primarily at preventing selective disclosure and developing disclosure procedures, but also address issues such as briefing analysts as a means of ensuring equal access to information for all sectors of the investment market.

All ten guidance principles are reflected in CEC Group Limited's Policy.

4. What information needs to be disclosed?

An entity must disclose information if a reasonable person would expect that information to have a material effect on the price or value of the entity's securities. A reasonable person is taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell securities. Much will depend upon the identity of the particular company in question and its circumstances at the time that the information comes to hand.

This Policy imposes upon the Company Secretary and Managing Director the responsibility for determining what information is to be disclosed. Where there is doubt as to the obligation to disclose the information, the Company Secretary and the

Managing Director must consult Board members and senior executives and, if necessary, obtain external advice. However, the Company Secretary and Managing Director must at all times bear in mind the requirement to disclose the information in a timely manner and the continuous disclosure obligations are not suspended merely because legal or accounting advice is being obtained prior to disclosure.

Determining whether information is materially price sensitive is a question of fact requiring consideration to be given to all of the circumstance surrounding the information and CEC Group Limited at that point in time. The ASX will give weight to judgments that are logically and honestly made.

The information must be relevant to the disclosing entity, but this does not limit the information to information from any one source. Information may come from other sources (for example, a joint venture partner or an unlisted subsidiary in which the disclosing entity has an interest, or the decision of a government body) where that information has a material impact on the CEC Group Limited.

5. How should information be disclosed?

Once disclosure is required to be made, disclosure of the information must be made to the ASX before dissemination of that information at large. An entity must not disclose information that is for release to the market to anyone until it has given the information to the ASX and has received an acknowledgment from the ASX that the information has been received.

6. Contravention & Breach

If CEC Group Limited breaches its continuous disclosure obligations by failing to notify the ASX of information required to be disclosed, and such contravention is intentional, reckless or negligent, CEC Group Limited and its officers may be guilty of an offence under the *Corporations Act*.

The consequences for CEC Group Limited of being found guilty include:

- criminal liability with monetary fines (up to \$1 million);
- civil liability for any loss or damage suffered by any person as a result of CEC Group Limited's failure to disclose the information to the ASX; and
- de-listing from the ASX.

CEC Group Limited's officers, employees and advisors (which can include accountants, lawyers and financial advisors) who are involved in a contravention by the company, may also face criminal (monetary fine and/or 5 years imprisonment) and civil liability for any loss or damage suffered by any person as a result of non-disclosure.

The Corporate Law Economic Reform Program 9 reform to the law relating to continuous disclosure has resulted in a new penalty system of infringement notices as a means of addressing what the ASIC considers to be less serious breaches of continuous disclosure obligations. Infringement notices represent a swifter form of punishment of offenders and result in fines set with reference to the market capitalisation of the offending company. In CEC Group Limited's case, a fine would be set at \$33,000.00 as its current market capitalisation does not exceed \$100 million. If its market capitalisation were to exceed \$100 million, the set fine would increase to \$66,000.00 per breach.

Obligations and Responsibilities

7. Roles & Responsibilities

Responsibility for compliance with the continuous disclosure obligations and this Policy falls on all employees of CEC Group Limited. However, the responsibilities vary depending upon the person's role within CEC Group Limited. The following personnel have key responsibilities with respect to disclosure as summarised below:

Board of Directors – it is the Board's role to take responsibility for the maintenance and review of this Policy and, where applicable, the signing off on significant ASX announcements.

Company Secretary/Managing Director – responsible for administering this Policy and communicating with the ASX.

Authorised Spokespersons – communicating publicly with third parties on behalf of CEC Group Limited.

All employees – obligation to report to the Company Secretary and/or Managing Director any information of which he or she gains knowledge which has the potential to amount to materially price sensitive information and therefore be required to be disclosed. This obligation extends to the reporting of leaks or inadvertent disclosures of information that come to the employee's attention.

Procedure

8. Reporting & Escalation of Information

It is the duty of all employees and not just directors and senior executives to immediately notify the Company Secretary and/or Managing Director as soon as he or she becomes aware of information that a reasonable person may expect to have an effect on the price or value of CEC Group Limited's securities ("Potentially Price Sensitive Information").

The escalation and reporting of Potentially Price Sensitive Information by employees should be made by way of an internal memo e-mailed to the Company Secretary and Managing Director, marked as being of high priority. Where the information comes first to the knowledge of the Company Secretary and/or Managing Director, no such memo is required. All Potentially Price Sensitive Information must be reported. Whether or not an exemption with respect to its disclosure applies is a question for the Company Secretary and Managing Director.

The duty to consider the application of the continuous disclosure obligations to the reported Potentially Price Sensitive Information is the responsibility of the Company Secretary and the Managing Director.

9. Company Secretary & Managing Director

Upon receipt of the Potentially Price Sensitive Information, the Company Secretary and Managing Director must:

review the information;

conduct further inquiries if required;

determine in consultation with other CEC Group Limited officers, executives and other senior employees, whether the information has to be disclosed to the ASX; and

prepare and co-ordinate the disclosure of the information should it be determined as being materially price sensitive.

No person may communicate with the ASX or any other party about price sensitive information except the Company Secretary and the Managing Director.

In addition to the above responsibilities, the Company Secretary is also responsible for:

ensuring CEC Limited Group is compliant with this Policy;

reporting regularly to the Board of Directors regarding continuous disclosure issues;

keeping a record of all ASX and other announcements the CEC Group Limited has made;

monitoring the application of this Policy including the understanding of employees of the general principles of continuous disclosure and its importance, including the underlying principles behind the need for continuous disclosure, and, where necessary, arranging appropriate training and education sessions for employees.

10. Timing

Continuous disclosure issues are intensely time critical. Therefore, if there is likely to be any significant delays in the investigation of potential price sensitive information or the preparation and lodgement of announcements to the ASX, the Board of Directors should consider whether a trading halt or suspension is warranted.

11. Dissemination of Information to ASX

If the Company Secretary and Managing Director form the opinion that the Potentially Price Sensitive Information must be disclosed in accordance with this Policy, the Company Secretary must prepare a draft announcement for lodgement with the ASX. The announcement must be factual, relevant and expressed clearly, objectively and unemotionally.

The Company Secretary must disseminate the draft announcement to the Board of Directors for comment.

The Company Secretary must lodge the announcement electronically with the ASX as soon as possible.

12. Dissemination of Information to Third Parties

CEC Group Limited must not disclose to third parties any information released to the ASX in a formal announcement until such time as the company has received confirmation from the ASX of the release of that announcement.

As soon as practicable after receipt of confirmation from the ASX but in any event no later than 24 hours after receipt of confirmation, the Company Secretary must arrange for the announcement to be published on CEC Group Limited's website in a manner whereby the nature of the information is clear to its reader and the information is published in an area that is not associated with the company's promotional or product material.

In addition to posting the information on the company website, the Company Secretary must ensure that the announcement is disseminated to major stakeholders and interested parties. This can be done via e-mail or a fax stream or if appropriate, a media release. The emphasis on this further release should at all times be equity of access to the information and dissemination of the information across the broadest spectrum of the market.

13. Official Spokesperson

No employee of CEC Group Limited is authorised to discuss the company's business operations or any price sensitive information with third parties and therefore such action is strictly prohibited.

The Managing Director, Chairman and any other person authorised by the Board of Directors from time to time are permitted to speak with third parties in accordance with this Policy.

When discussing CEC Group Limited with third parties the authorised spokesperson:

Must limit comments to information that is already within the public domain;

Should consult the Company Secretary prior to the discussions in order to become better briefed on information previously disclosed to the ASX;

May clarify with the Company Secretary previous announcements to the ASX but must not disclose material price sensitive information which has not previously been released;

Must advise the Company Secretary of the nature of the information that the spokesperson intends to discuss with the third party;

Should limit discussions to areas of the spokesperson's expertise wherever possible; and

Should report to the Company Secretary after the discussions if there is any doubt as to whether information has been disclosed which should not have been.

Specific Situations

14. Analysts & Media

The application of this Policy with respect to spokespersons generally, also applies to briefings with analysts and the media.

Prior to meeting with analysts, any slides or presentations intended to be used as part of the briefings should be given to the ASX for immediate release to the market and should be posted on CEC Group Limited's website.

When dealing with analysts' questions that raise issues outside of the intended scope of the briefing, spokespersons should not discuss information that has not been released through the ASX. Where answering a question requires the disclosure of price sensitive information, the spokesperson must decline to answer the question or take it on notice. If CEC Group Limited intends to respond to the question, the relevant price sensitive information must be announced to the ASX beforehand and receipt of confirmation of the release of the announcement must occur prior to a response being given. This ensures that no one person or group of persons has access to information for any period of time prior to the information being readily available to the market at large.

Any comments made in relation to an analyst's financial projections should be limited to correcting factual errors and underlying assumptions. Responses that in any way address issues of CEC Group Limited's projections as being incorrect should be avoided. Any changes in CEC Group Limited's projections must be announced through the ASX.

A minimum of two CEC Group Limited representatives must be present at briefings with analysts. If two representatives are not present, the spokesperson who is present should endeavour to tape record the briefing. Comprehensive file notes of the discussion must be kept and provided to the Company Secretary for verification.

15. Market Rumours

CEC Group Limited has a "no comment" policy with respect to market rumours, however it will issue an announcement in response to market speculation and rumour where it is necessary to comply with its continuous disclosure obligations.

If there is market rumour or speculation which is creating a false market, the ASX may request CEC Group Limited to respond to that speculation to ensure that the market is trading on a fully informed basis.

16. Leaks & Inadvertent Disclosures

The disclosure of information that is of a material, price sensitive nature through means other than an ASX announcement may amount to a breach of the ASX Listing rules and/or the *Corporations Act*. To reduce the consequences of a leak or inadvertent disclosure of information, the Company Secretary must prepare and lodge an announcement with the ASX as soon as practicable after the fact of the disclosure comes to the attention of the CEC Group Limited.

It is important to note that the disclosure of previously confidential information is sufficient to deprive that information of the exemption from disclosure that may otherwise have been afforded to it under ASX Listing Rule 3.1A.

Annexure

Information Disclosure Requirements & Materially Sensitive Information

CEC Group Limited must disclose any information that a reasonable person would expect to have a material effect on the price or value of securities issued by CEC Group Limited. Set out below is a non-exhaustive list demonstrative of matters that may give rise to an obligation to make disclosure to the market.

- 1 A change in CEC Group Limited's financial forecast or expectation.
- 2 The appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade debt, borrowing or securities held by it or any of CEC Group Limited's child entities.
- 3 A transaction for which the consideration payable or receivable is a significant proportion of the written down value of CEC Group Limited's consolidated assets. Normally an amount of 5% or more would be significant.
- 4 A recommendation or declaration of a dividend.
- 5 A recommendation or decision that a dividend will not be declared.
- 6 Under subscriptions or over subscriptions to an issue.
- 7 Giving or receiving a notice of intention to make a takeover.
- 8 An agreement between CEC Group Limited (or a related party or subsidiary) and a director (or a related party of the director).
- 9 A change in accounting policy adopted by the entity.
- 10 Any rating applied by a rating agency to CEC Group Limited, or securities of CEC Group Limited, and any change to such a rating.
- 11 A proposal to change CEC Group Limited's auditor.
- 12 Events or occurrences that have an impact on the operations of CEC Group Limited or a controlled entity.
- 13 Significant changes in technology or the application of technology that could affect the business of CEC Group Limited or a controlled entity.

- 14 Natural disasters or accidents that have particular relevance to the businesses of CEC Group Limited.
- 15 Legal proceedings against or an allegation of any breach of the law, whether civil or criminal, by CEC Group Limited or its employees.
- 16 Any negative publicity about CEC Group Limited or its senior employees or officers.
- 17 Resignation of existing directors or the appointment of new directors.
- 18 Entry by CEC Group Limited or a company controlled by CEC Group Limited into a new line of business or the discontinuance of a particular line of business.
- 19 Any action by a regulator that may have an adverse impact on CEC Group Limited's financials, reputation or licence to operate.
- 20 Planning to undertake a significant financing or security issue (whether debt or equity).