



ABN 84 010 025 831

1 May 2007

Dear Shareholder

CEC Group Limited (CEC) is undertaking a 1 for 6 underwritten pro-rata renounceable rights issue (**Rights Issue**) of up to 10,953,926 fully paid ordinary shares (**New Shares**) to raise proceeds of up to A\$20,812,460.00 (less expenses).

The New Shares will be offered under the Rights Issue at an issue price of \$1.90 per New Share.

The Rights Issue will raise up to A\$20,812,460.00 (less expenses).

Following the issue of the New Shares the Company will have up to 76,677,484 fully paid ordinary shares on issue. The New Shares will rank equally (including with respect to dividends) with all existing ordinary shares from their date of issue.

The Rights Issue is being made to all shareholders as at 7.00 pm (Sydney time) on Tuesday 8 May 2007 (**Record Date**) whose registered address on CEC's share register is in Australia or New Zealand. Shareholders on the Record Date whose registered address on CEC's share register is outside Australia or New Zealand (**Excluded Shareholders**) will not be eligible to participate in the Rights Issue. This decision has been made by CEC taking into account the small number of Excluded Shareholders in each jurisdiction, the small number and value of New Shares which would otherwise have been offered to those Excluded Shareholders and the costs of complying with the legal and regulatory requirements in those jurisdictions.

It has been determined that you are an Excluded Shareholder because your registered address on CEC's share register is outside Australia and New Zealand and accordingly we regret that you will not be eligible to participate in the Rights Issue.

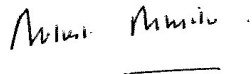
You may still receive some benefit from the Rights Issue, however. CEC has appointed a nominee company to act as nominee for the Excluded Shareholders (**Nominee**). CEC will transfer the rights to subscribe for New Shares which would have been given to Excluded Shareholders to the Nominee who will then determine whether it is viable to sell the rights (whether a surplus over the expenses of sale can be obtained for the rights). If the rights are sold then the net proceeds (after the costs of the sale) will be sent to the Excluded Shareholders at their risk to their addresses shown on CEC's share register, by cheque in Australian currency.

Rights are able to be sold on ASX from Wednesday 2 May 2007 until Tuesday 22 May 2007. The Rights Issue closes at 5.00pm (Sydney time) on Tuesday 29 May 2007.

CEC lodged a prospectus containing the full details of the Rights Issue (**Prospectus**) with ASIC and ASX on Friday 27 April 2007, including key dates as set out on page 6 of the Prospectus and further details with respect to Excluded Shareholders as set out in section 1.12 of the Prospectus. The Prospectus is available on the ASX website (company announcements section, ASX code: CEG) at www.asx.com.au. The Prospectus (not including an Entitlement and Acceptance Form) will be mailed to Excluded Shareholders on 11 May 2007 **for information purposes only. No action is required on the part of Excluded Shareholders.**

If you have any queries about the Rights Issue, please contact your professional adviser or the Company's Share Registry, Link Market Services Limited on +61 2 8280 7454 (from outside Australia) or on (02) 8280 7454 (from within Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday.

Yours faithfully



Chairman