

SHARE TRADING POLICY

SECURITIES OF CEC GROUP LIMITED

1. INTRODUCTION

1.1 Need for Share Trading Policy

- (a) The legal duties placed on directors and officers of the CEC Group ('Group') in relation to transactions in the securities of the **CEC Group Limited** are onerous and heavy sanctions apply if these duties are breached. The major problem is the matter of price sensitive information.
- (b) In view of this and the difficulties in determining whether certain information is price sensitive, the CEC Group Limited has decided to lay down a Share Trading Policy governing dealings in its own securities by directors, executives, nominated employees and nominated contractors.

1.2 Legal Constraints

- (a) Legal constraints which apply to directors and officers of a public company who buy or sell securities in that company arise from the following sources:
 - (i) common law;
 - (ii) Corporations Law; and
 - (iii) ASX Listing Rules.
- (b) As previously mentioned the major problem is the matter of price sensitive information. If a director or an officer is in possession of price sensitive information, which has not been publicly disclosed, there are a number of general and some specific legal rules which provide constraints on dealing in securities.
- (c) The concept of price sensitive information is not easy to define but in the present context it can be regarded as information which relates to the financial affairs of a company and the knowledge of which gives the person proposing to deal in securities in CEC Group Limited an advantage over other shareholders in CEC Group Limited.
- (d) The Share Trading Policy introduced by CEC Group Limited follows and will become effective from listing.

2. SHARE TRADING POLICY

2.1 General

- (a) Whilst it is desirable that directors, executives, nominated employees and nominated contractors of the Group should hold securities in CEC Group Limited, such persons wishing to trade (buy or sell) such securities must have regard to the legal constraints and to the spirit of this Code.
- (b) No such persons may trade in securities of CEC Group Limited either for short term speculative gain or whilst in possession of PRICE SENSITIVE INFORMATION (as described in Schedule 1) which concerns the Group and which is not generally available.
- (c) Such trading is not permissible, whether concluded personally, through a family member, trust or company in which the employee has any influence or control.

2.2 Allowable Trading

Directors, executives, nominated employees and nominated contractors will normally be permitted to trade in securities during the 4 week period commencing immediately after the announcement to the Australian Stock Exchange of the half yearly and annual results and after the conclusion of CEC Group Limited's annual general meeting provided that:

- (a) the person is not in possession of PRICE SENSITIVE INFORMATION; and
- (b) the trading is not for short term or speculative gain.
- (c) the four week period commencing immediately after a prospectus, as required to be produced by section 709 of the *Corporations Act 2001*, is lodged with the Australian Securities and Investments Commission,

provided that:

- (i) the person is not in possession of PRICE SENSITIVE INFORMATION; and
- (ii) the trading is not for short term or speculative gain.”

2.3 Prohibited Trading

- (a) Trading in securities by directors, executives, nominated employees and nominated contractors is prohibited at all times other than those set out in clause 2.2 subject to the exception that a person may trade outside the allowable period with written authority in accordance with clause 2.4.
- (b) Permission will be given for such trading but only after a written request for approval is provided and only if the approving person is satisfied that the transaction would not be:
 - (i) contrary to law;
 - (ii) for speculative gain;
 - (iii) to take advantage of insider knowledge; or
 - (iv) seen by the public, press, other shareholders or Australian Stock Exchange as unfair.
- (c) As a guide, approval to trade may be given by the Board where, for example, it can be shown that securities are to be sold to realise cash in a time of need or where securities are transferred from one member of a family or trust to another when to delay the transaction to the next permitted period would be detrimental to the family's affairs.
- (d) Approval could only be given under exceptional circumstances, for instance, where trading occurs in the period between 30 June and the announcement to the Australian Stock Exchange of final results for the year and between 31 December and the announcement to the ASX of the interim results for the half year.

2.4 Authority to trade

Written authority to trade as per clause 2.3 may only be obtained from the following:

- (a) Chairman - from another non-executive director;
- (b) Chief executive, directors and associate directors - from the chairman or in his absence a non-executive director nominated by the chairman;
- (c) All other executives, nominated employees and nominated contractors - from the chief executive or in his absence a non-executive director nominated by the chief executive.

2.5 Informing the Company and the ASX

- (a) Persons (defined in clause 2.6) who have been involved in any such trading in CEC Group Limited's securities either personally or through a family member, trust or company as indicated above, must advise the Group secretary in writing the details of completed transactions within 2 days of each transaction. Such notification is necessary whether or not prior authority has been required.
- (b) The Group secretary must maintain a Securities Transactions Code Register.
- (c) CEC Group Limited has an obligation under the *Corporations Law* to notify the ASX in writing of any changes in directors' holdings or interests in securities of CEC Group Limited.
- (d) A director of CEC Group Limited and of any subsidiary of CEC Group Limited shall not buy or sell shares at any time without the knowledge of the Chairman of CEC Group Limited.

2.6 Persons covered by this Code

This Code applies to all directors and to all executives and to employees and contractors nominated by the Board. Persons nominated are to be listed in a schedule and include the following:

- (a) directors, company secretaries and executives of subsidiaries;
- (b) corporate and divisional accounting officers reporting directly to any of the above executives;
- (c) confidential secretaries and assistants reporting to any of the above positions; and
- (d) staff members who have access to Group results.
- (e) family members of staff and directors

2.7 Securities covered

- (a) The Code applies to all securities issued by CEC Group Limited from time to time including ordinary shares, preference shares, debentures, convertible notes etc.
- (b) The Code does not apply to acquisition of CEC Group Limited securities, issued pursuant to new issues or dividend reinvestment plans where the issues are available pro rata to all shareholders. It also does not apply to acquisition of CEC Group Limited securities issued pursuant to a directors/employees incentive share or option plan.

2.8 Families and Trusts

Persons included under this Code must not trade through their family or through a trust or company in which they have influence or control, in circumstances where they would have been prohibited from trading in their own name.

2.9 Other Companies' Securities

- (a) Trading by persons included under this Code in the securities of other corporations in which CEC Group Limited has a substantial investment interest (10% or more) are subject to the same approval procedures as for CEC Group Limited securities.
- (b) Trading is absolutely prohibited in the securities of other corporations in which persons included under this Code may have, to the knowledge of a director, executive or employee, a potential interest.

2.10 Trustees

A person who is included under this Code and who is a joint trustee or a trustee of a deceased estate should advise his co-trustees or trust beneficiaries, as the case may be, of his relationship with CEC Group Limited and the consequential restrictions on his ability to give advice in respect of CEC Group Limited securities.

SCHEDULE 1

Price Sensitive Information

Price sensitive information can be regarded as information that relates to the financial affairs of the company the knowledge of which may give the person proposing to deal in securities in the company an advantage over other shareholders in the company and if it were generally available would be likely to materially affect the price of those securities.

Information such as material changes in turnover, current or prospective profit figures, proposed action in the form of dividends, bonus or new share issues, proposed major disposals or acquisition of assets and proposed major contracts beyond the size and nature of contracts normally undertaken by the company, could be considered to be price sensitive.

Information concerning the company related to the following subjects could also be regarded as price sensitive:

- proposed changes in the loan and share capital structure;
- information to be disclosed under the provisions of the *Corporations Law*;
- proposed changes to the Board other than the filling of a casual vacancy or a retirement due to ill health or some similar situation;
- proposed changes in the general character or nature of the business;
- information regarding changes in the holdings of substantial shareholders;
- proposed significant changes in the holdings of the directors.