

NOTICE OF ANNUAL GENERAL MEETING and Explanatory Memorandum to shareholders

CML Group Limited
ABN: 88 098 952 277

**Please read the Notice of Annual General Meeting
and Explanatory Memorandum carefully**

If you are unable to attend the meeting,
please complete and return the enclosed
Proxy Form in accordance with the
instructions provided.

CML Group Limited

ABN: 88 098 952 277

Notice of Annual General Meeting

Notice is hereby given that the 2017 Annual General Meeting (AGM) of CML Group Limited will be held at the Kirribilli Club, 11 Harbourview Crescent, Lavender Bay NSW 2060 on Tuesday 14th November 2017 beginning at 3:00pm.

If you are unable to attend the AGM, we encourage you to complete and return the enclosed Proxy Form. Proxies (and any power of attorney or other authority under which the proxy is signed) must be received by the Company, at the address or at the facsimile number specified below no later than 3.00pm Sydney time on Sunday, 12th November 2017. Proxy Forms must be posted to the Company's registry, Computershare Investor Services Pty Limited, at GPO Box 242, Melbourne, Victoria 3001 or sent by facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Ordinary business

Receipt of financial report

To receive and consider the annual financial report of the Company for the year ended 30 June 2017, the accompanying Directors' Report and Auditors' Report.

Resolution 1: Remuneration Report

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2017 be adopted."

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out on pages 12 to 19 of the Company's 2017 Financial Report, available on the company's website <http://cml-group.com.au/>.

Voting Exclusion

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- a closely related party of such a member (those parties being "**Restricted Voters**").

However, a person (the voter) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1 or, in the case of the chair of the meeting, where an express authorisation to vote undirected proxies is given.

Voting Note

Directors of the Company who are key management personnel whose remuneration details are included in the 2017 remuneration report, any other key management personnel whose remuneration details are included in the 2017 remuneration report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1.

Resolution 2: Re-election of Director – Mr Greg Riley

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Greg Riley be re-elected as a Director of the Company, effective from the close of the meeting."

Mr Riley being eligible, offers himself for election.

Under the Company's constitution, one third of the directors (with the exception of the Managing Director, any Alternate director and any director appointed by the Board to fill a casual vacancy) retire every year.

Resolution 3: Re-election of Director – Mr Ilkka Tales

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That Ilkka Tales be re-elected as a Director of the Company, effective from the close of the meeting.”

Mr Tales being eligible, offers himself for election.

Mr Tales was appointed as a Director of the Company on 20 September 2017 to fill a casual vacancy. Directors appointed to fill casual vacancies hold office until the next annual general meeting, unless re-elected at that annual general meeting.

Resolution 4: Placement Capacity Refresh

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the 15% placement capacity of the Company be refreshed by approving the previous issue of 2,539,044 shares at an issue price of \$0.235 on 7 November 2016, on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion Statement for Resolution 4

Under Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by those persons who participated in the issue of Shares and their associates.

However, the Company will not disregard a vote if:

- (a) It is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5: Change of Auditors

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That, subject to Pitcher Partners having resigned as auditors of the Company, Pitcher Partners Sydney be appointed as auditor of the Company, effective from the close of the meeting.”

Other business

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act 2001.

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of AGM.

Entitlement to vote

It has been determined that, in accordance with Corporations Regulation 7.11.37, for the purposes of the AGM, shares in the Company will be taken to be held by the persons who are registered holders at 7pm Sydney time on Sunday 12th November 2017. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

Voting restrictions

Certain categories of persons (including Directors and the Chairman of the meeting) are prohibited from voting on resolutions relating to the remuneration of key management personnel (as disclosed in the Remuneration Report), including as proxy in some circumstances.

To ensure that your vote counts, please read the guidance on voting restrictions and proxy appointment set out below.

The Corporations Act provides that no member of the key management personnel or their closely related parties may vote on a resolution on the Remuneration Report (**Resolution 1**).

These restrictions apply in relation to votes cast by or on behalf of any of the persons specified above. However, the restrictions will not apply where votes are cast:

- (a) by any of the persons mentioned above as proxy for a person who is permitted to vote if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) by the Chairman of the meeting as a proxy for a person who is permitted to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Proxies

As noted above, certain categories of persons (including Directors and the Chairman of the meeting) are now prohibited from voting on resolutions relating to the remuneration of key management personnel, including as proxy in some circumstances.

If you are appointing a proxy, to ensure that your vote counts, please read the following and the instructions on the Proxy Form carefully.

If you appoint the Chairman of the meeting as your proxy, you should note that the Chairman of the meeting is a member of the key management personnel and may only exercise your vote on the resolution on the Remuneration Report (Resolution 1), if you direct him how to vote, or mark the appropriate box in Step 1 on the Proxy Form.

If you appoint a member of the key management personnel of the Company other than the Chairman of the meeting (which includes the Directors) or a closely related party of such a member as your proxy you must direct him/her how to vote on the resolution on the Remuneration Report (Resolution 1) – otherwise they are not permitted to vote undirected proxies on the resolution and your votes will not be counted in calculating the required majority if a poll is called.

The Chairman of the meeting intends to vote all available proxies in favour of all resolutions.

Shareholders are advised that:

- (a) each shareholder entitled to attend and vote at the AGM has a right to appoint a proxy to attend and vote instead of the shareholder;
- (b) the proxy need not be a shareholder of the Company and may be an individual or body corporate;
- (c) a shareholder who is entitled to cast two or more votes may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes;
- (d) a shareholder may specify the way in which the proxy is to vote on the resolution or may allow the proxy to vote at his or her discretion; and
- (e) if a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:
 - (i) appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act 2001 (Cth); and
 - (ii) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

A Proxy Form accompanies this Notice of AGM and, to be effective, must be received at the Company's share registry, Computershare Investor Services:

Postal address:

GPO Box 242, Melbourne, Victoria 3001

Facsimile number:

(within Australia) 1800 783 447

(outside Australia) +61 3 9473 2555

Proxies (and any power of attorney or other authority under which the proxy is signed) must be received by the Company, at the address or at the facsimile number specified below no later than 3.00pm Sydney time on Sunday 12th November 2017.

Special Resolution

For a special resolution to be passed at least 75% of the votes validly cast on the resolution by shareholders (by numbers of shares) must be in favour of the resolution.

By order of the Board

Steve Shin

Company Secretary

28th September 2017

Explanatory Memorandum to shareholders

Explanatory Memorandum

This Explanatory Memorandum has been prepared to provide the shareholders of the Company with material information to enable them to make an informed decision on the business to be conducted at the forthcoming AGM of the Company to be held on Tuesday 14th November 2017 at 3:00pm.

This Explanatory Memorandum is an important document. Please read it carefully.

Ordinary business

Annual financial report

The Corporations Act 2001 (Cth) (Corporations Act) requires that:

- (a) the annual financial report for the year ended 30 June 2017; and
- (b) the reports of the Directors and auditors,

be laid before the AGM. Neither the Corporations Act nor the Constitution requires a vote of the shareholders on these reports. However, shareholders will be given reasonable opportunity to raise questions and comment on the reports and management of the Company at the AGM.

Shareholders will also be given reasonable opportunity at the AGM to ask the Company's auditor for the 2017 financial year, Pitcher Partners, questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Resolution 1: Remuneration Report

Shareholders are asked to adopt the Company's Remuneration Report.

The Remuneration Report is set out on pages 12 to 19 of the Company's 2017 Financial Report, available on the company's website <http://cml-group.com.au>.

Shareholders will be given reasonable opportunity for discussion of the Remuneration Report at the AGM. The shareholder vote on this resolution is advisory only and does not bind the Company or its Directors. The Remuneration Committee will, however, take into account the discussion on this resolution and the outcome of the vote when considering the Company's future remuneration arrangements.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings ("AGM") (treating this AGM as the first such meeting), shareholders will be required to vote at the second of those AGM's on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must be put up for re-election. The vote on the Remuneration Report contained in the Company's 2016 Annual Financial Statements was passed with the support of more than 75% of votes thus a spill resolution will not be required in the event that 25% or more of votes that are cast are against the adoption of the 2017 Remuneration Report. However, in the event 25% or more of votes that are cast are against the adoption of the 2017 Remuneration Report, shareholders should be aware that if there is a 'no' vote of 25% or more at the same resolution at the 2018 AGM the consequences are that it may result in the re-election of the Board.

Note that voting restrictions apply to Resolution 1 in the terms set out in the Notice of AGM accompanying this Explanatory Memorandum.

The Board recommends that shareholders vote in favour of the resolution.

Resolution 2: Re-election of a Director – Greg Riley

Greg Riley's current responsibilities include Chairman of the Board, Chairperson of the Risk Committee, Member of Audit committee and Remuneration committee.

Greg founded CML Group in 2002 as Careers MultiList, initially focusing on recruitment and labour-hire. After listing on the ASX in 2010, Greg has overseen the growth and transformation of CML to a wider services business including invoice finance in which invoice financing has become the dominant part of the business. Greg was Managing Director from 2002 until late 2010, Director until November 2014 and Chairman to the present. During his tenure as Chairman, Greg has seen the business transform from an inexperienced, new player in the invoice finance sector to a well organised, serious player, with robust systems, strong financial resources, experienced staff and strong growth.

The Board (excluding Greg Riley who is abstaining because of his interest) recommends unanimously that shareholders vote in favour of the re-election of Greg Riley as a Director of the Company.

Resolution 3: Re-election of a Director – Ilkka Tales

Ilkka Tales was appointed as an Independent, Non-Executive Director of the Company in September 2017. Ilkka's background in finance, including product development, mergers and acquisitions, combined with his current experience in supply chain finance in Australia & internationally, will add to the knowledge of the Board of CML as it pursues continued growth in its finance division.

Ilkka is a business builder, whether from the ground up, or mentoring and investing in the new wave of entrepreneurs. He has run three ASX listed entities and founded, grown and assisted technology companies. Ilkka has 20 years' experience in finance, IT and telecommunications internationally and locally with Philips and Telstra. He has lived and worked in Asia for over a decade. Ilkka was CEO of Mobile Innovations Ltd, the largest direct marketing mobile business in Australia in the early 2000's. He founded Engin Ltd in 2003, pioneering Voice Over IP (VOIP). Engin had 65,000 customers and was the market leader in broadband telephony. He is a frequent public speaker on Fintech, Global Trade Finance, Innovation and Entrepreneurship and is active within the community in junior rugby and the surf life saving community. Ilkka is also a director of his family company, which is active in training front line telephone counsellors for LifeLine and Wesley Mission on suicide awareness and prevention.

The Board (excluding Ilkka Tales who is abstaining because of his interest) recommends unanimously that shareholders vote in favour of the re-election of Ilkka Tales as a Director of the Company.

Resolution 4: Placement Capacity Refresh

Resolution 4 seeks Shareholder approval for the prior issue of Shares that occurred in the 12 months prior to 31 August 2017 that has not already been approved by Shareholders for the purposes of Listing Rule 7.4.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the Company's issued capital at the commencement of that 12 month period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting subsequently approves the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The Company is seeking Shareholder approval for the issue of securities described below. The Board believes that it is in the best interests of the Company to maintain the ability to issue up to its full placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval so that the Company retains financial flexibility and can take advantage of commercial opportunities that may arise.

Specific Information required by ASX Listing Rule 7.5

In accordance with the requirements of Listing Rule 7.5 the following information is provided in relation to the prior issue:-

Number of shares issued: 2,539,044

Price of the shares issued: \$0.235

The terms of the shares issued: shares rank equally in all respects with the existing shares. The shares were issued to place the shortfall of shares not taken as part of Company dividend reinvestment plan in respect of the interim dividend for the year ended 30 June 2017. The shares were issued to an unrelated, sophisticated investor client of the Company's corporate advisor Henslow Pty Ltd. The funds received from the issue were applied to the Company's working capital requirements.

A voting exclusion statement in respect of this resolution is contained in the Notice of AGM accompanying this Explanatory Memorandum.

The Board considers the adoption of this resolution to be appropriate and reasonable and recommends you vote in favour.

Resolution 5: Change of Auditors

Due to a restructuring of the firm, the Company's current auditor, Pitcher Partners, will be performing their audit services under a new partnership which has a new ABN. Accordingly, Pitcher Partners has sought consent from the Australian Securities and Investments Commission (ASIC) to resign as auditor with effect from the date of the annual general meeting. If ASIC does not provide its consent prior to the meeting, this resolution will not be put to the meeting.

A member of the Company has nominated Pitcher Partners Sydney to be appointed auditor of CML Group Limited, and Pitcher Partners Sydney has consented to this appointment. Refer Annexure A on page 12 for a copy of the nomination of Pitcher Partners Sydney as the auditor of the Company.

The Company's Audit Committee / Board, having considered the appointment of Pitcher Partners Sydney, and recommended that the Company appoints Pitcher Partners Sydney, as auditor of the company, subject to the approval of members at the annual general meeting.

The Board unanimously recommends that shareholders vote in favour of the appointment of Pitcher Partners Sydney as auditor of the Company.

ANNEXURE A – LETTER FROM SHAREHOLDER TO COMPANY

PRIVATE & CONFIDENTIAL

To: CML Group Limited
Level 4, 61 Lavender Street
MILSONS POINT NSW 2061

RE: NOTICE OF NOMINATION OF AUDITOR IN ACCORDANCE WITH SECTION 3288 OF THE CORPORATION ACT 2011 (Cth)

Daniel Riley of 11 Beach Street Minnamurra NSW 2533 being a member of CML Group Limited nominates Pitcher Partners Sydney of Level 22, MLC Centre, 19 Martin Place, Sydney NSW 2000 for appointment to the position of Auditor of the company at the next Annual General Meeting.

Daniel Riley consents to the provision of a copy of this notice to Pitcher Partners and Pitcher Partners Sydney and the distribution of a copy of this notice of nomination as an annexure to the Notice of Meeting and Explanatory Memorandum for the 2017 Annual General Meeting of the Company as required by section 328B(3) of the Corporations Act 2001.

Date: 25 September 2017



Signature

CML Group

CML Group

Payroll & Finance

ACN 098 952 277

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 181070

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 3:00pm Sunday, 12 November 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of CML Group Limited hereby appoint

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the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of CML Group Limited to be held at Kirribilli Club, 11 Harbourview Crescent, Lavender Bay NSW 2060 on Tuesday, 14th November 2017 at 3:00pm and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director - Mr Greg Riley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Director - Mr Ilkka Tales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Placement Capacity Refresh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Change of Auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /