

Lodge your vote:



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By Mail:

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

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

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For all enquiries call:

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

CGR

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX



Vote and view the notice of meeting 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: 9999999

SRN/HIN: I9999999999

PIN: 99999

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 (AEST) Sunday, 23 June 2019

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** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

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.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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

☐ 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 Extraordinary General Meeting of CML Group Limited to be held at Level 11, 201 Miller Street, North Sydney NSW 2060 on Tuesday, 25 June 2019 at 3:00pm (AEST) 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 Items 1 and 2 (except where I/we have indicated a different voting intention below) even though Items 1 and 2 are 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 Items 1 and 2 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 Non-Executive Director Remuneration Pool increase	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Adoption of CML Group Limited Rights Plan	<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

/ /

CML GROUP LIMITED [ACN 098 952 277]

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

TIME: 3:00pm (Sydney time)

DATE: Tuesday, 25 June 2019

PLACE: Level 11, 201 Miller Street, North Sydney, New South Wales, 2060

CML GROUP LIMITED
ACN 098 952 277

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of CML Group Limited (the **Company** or **CML**) will be held at Level 11, 201 Miller Street, North Sydney, New South Wales, 2060 on Tuesday 25 June 2019 at 3:00pm (Sydney, NSW time).

Further details in respect of the Resolutions proposed in this Notice of General Meeting (**Notice**) are set out in the Explanatory Memorandum (**Memorandum**) accompanying this Notice. The details of the Resolutions contained in the Memorandum should be read together with, and form part of, this Notice.

GENERAL BUSINESS

Resolution 1 - Non-Executive Director Remuneration Pool increase

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

"THAT, for the purposes of ASX Listing Rule 10.17, the Constitution and for all other purposes, the maximum aggregate sum that may be payable collectively to the Non-Executive Directors of the Company be increased by \$250,000 per annum, from \$250,000 per annum to \$500,000 per annum as described in the Memorandum which accompanied and formed part of the Notice of Meeting."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a director of the Company; or
- an associate of that person.

However the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

The Company will also disregard any votes cast on this resolution by a Restricted Voter (key management personnel and their closely related parties, as defined in the *Corporations Act 2001 (Cth)*) as a proxy where the proxy appointment does not specify the way the proxy is to vote on this resolution, unless:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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 even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

Further details in respect of Resolution 1 are set out in the Memorandum accompanying this Notice.

Resolution 2 – Adoption of CML Group Limited Rights Plan

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

"That, for the purposes of ASX Listing Rule 7.2 Exception 9(b), and for all other purposes including section 259B and 260C of the Corporations Act 2001 (Cth), approval is given for the Company to adopt an employee incentive scheme, being the "CML Group Limited Rights Plan", and the issue of securities under the Plan, as described in the Memorandum which accompanied and formed part of the Notice of Meeting."

Voting Exclusion Statements:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); or
- an associate of that person.

However the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

The Company will also disregard any votes cast on this resolution by a Restricted Voter as a proxy where the proxy appointment does not specify the way the proxy is to vote on this resolution, unless:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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 even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

Further details in respect of Resolution 2 are set out in the Memorandum accompanying this Notice.

Dated: 21 May 2019

By the order of the Board

Daniel Riley
Director

The accompanying Memorandum and Proxy and Voting Instructions form part of this Notice.

PROXY AND VOTING INSTRUCTIONS

PROXY INSTRUCTIONS

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at the registered office of the Company or sent by facsimile transmission to the Company's registered office on (02) 9267 1567 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

CORPORATE REPRESENTATIVES

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

VOTING ENTITLEMENT

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7pm 23 June 2019 (Sydney, NSW Time) are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

RESTRICTED VOTERS

Key management personnel identified in the Remuneration Report for the year ended 30 June 2018 (which formed part of the 2018 Annual Report) and their closely related parties as defined in the Corporations Act 2001 (Cth), which include specified family members, dependents and companies they control, are "Restricted Voters".

Directors of the Company and other Restricted Voters will not be able to vote undirected proxies held by them on Resolutions 1 or 2, provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote as set out below.

HOW THE CHAIR WILL VOTE UNDIRECTED PROXIES

The Chair of the meeting will vote undirected proxies on, and in favour of, the proposed resolutions (unless the applicable shareholder is not eligible to vote on Resolutions 1 and 2) even though Resolutions 1 and 2 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chair.

Proxies that are undirected on Resolutions 1 or 2:

If you are eligible to vote on Resolutions 1 and 2 and you appoint the Chair of the meeting as your proxy (or if the Chair may become your proxy by default) and you authorise the Chair to exercise your proxy on Resolutions 1 and 2, and your shares will be voted in favour of the Resolutions, unless you indicate a different voting intention by marking the applicable box on the proxy form.

CML GROUP LIMITED

ACN 098 952 277

("the Company")

**GENERAL MEETING
EXPLANATORY MEMORANDUM**

PURPOSE OF INFORMATION

This Explanatory Memorandum (**Memorandum**) accompanies and forms part of the Notice of General Meeting (**Notice**) for a general meeting of the Company to be held at Level 11, 201 Miller Street, North Sydney, New South Wales, 2060 on Tuesday 25 June 2019 at 3:00pm (Sydney, NSW time) (**Meeting**). The Notice incorporates, and should be read together with, this Memorandum.

This Memorandum and the Notice that it accompanies are important documents. Please read them carefully.

Resolution 1 - Non-Executive Director Remuneration Pool increase

In accordance with rule 10.2(a)(i) of the Company's Constitution and ASX Listing Rule 10.17, shareholder approval is sought to increase the maximum aggregate annual amount that may be paid by the Company to its non-executive directors (**Fee Pool**) by \$250,000, from \$250,000 per annum to \$500,000 per annum.

Under the ASX Listing Rules, the term "directors' fees" includes committee fees, superannuation contributions and fees which a director sacrifices for other benefits, but does not include reimbursement of genuine out-of-pocket expenses, genuine "special exertion" fees or securities issued to non-executive directors with the approval of shareholders in accordance with the ASX Listing Rules.

The Directors are seeking shareholder approval to increase the Fee Pool for the following reasons:

- The Company has grown significantly over the recent years but the Directors' Fee Pool has not changed since March 2013. The Company has conducted a formal review of directors' remunerations from external consultants which recommended increasing the Fee Pool. The increase in the Fee Pool will provide the Board with the ability to appoint additional directors with the requisite skill and experience as appropriate; and
- The increase will ensure the Company maintains the ability to pay non-executive directors' remuneration at levels commensurate with market rates and as necessary to attract and retain directors of the highest caliber.

The level of each non-executive directors' remuneration of the Company is reviewed annually to ensure alignment with the market. The directors are satisfied that the proposed Fee Pool will be within the average bands applying to companies within the Company's industry that are of similar size, profitability, growth and risk profiles and that the proposed increase in the Fee Pool is appropriate for the reasons set out above. This does not imply that the full amount of the Fee Pool will be used.

The following information is provided in accordance with ASX Listing Rule 10.17:

- (a) The amount of the proposed increase is \$250,000.
- (b) The maximum aggregate annual amount of directors' fees that may be paid collectively to the non-executive directors of the Company is currently \$250,000 and, if Resolution 1 is approved, will increase to \$500,000.
- (c) The Company has not issued any securities to non-executive directors under ASX Listing Rule 10.11 or 10.14 in the last three (3) years.
- (d) A voting exclusion statement as set out in the Notice applies to Resolution 1. See also the notes in the Notice of Meeting regarding key management personnel (KMPs) and their closely related parties (collectively, "Restricted Voters") voting as a shareholder or as a proxy.

Additional information regarding the remuneration paid to each non-executive director for the financial year ended 30 June 2018, and the Company's approach to the remuneration of non-executive directors, is set out in the Company's 2018 Annual Report which can be viewed online at the Company's website, www.cml-group.com.au.

Each of the Directors declines to make any recommendation in relation to voting on Resolution 1 as it relates to remuneration of members of the Company's key management personnel (specifically, non-executive directors). Mr Daniel Riley as the only executive director of the Company does not have any interest in the outcome of Resolution 1, but is a relative of Mr Greg Riley who is a non-executive director of the Company.

Resolution 2 - Adoption of CML Group Limited Rights Plan

Resolution 2 seeks shareholder approval for the adoption of an proposed employee incentive scheme to be known as the “CML Group Limited Rights Plan” (the **Plan**).

The Plan would enable eligible directors, officers, employees and contractors (including executive and non-executive directors, officers, employees and contractors of the Company's subsidiaries) to receive shares, options to acquire shares in the Company, other securities, entitlements to the value of a share (which may be settled in the form of cash) or interests such as performance rights and service rights (each of which is described in the terms of the Plan).

No directors or their associates can or will be issued shares, options or other securities under the Plan unless and until further shareholder approval of specific issues to them is obtained. Under the Plan the Company may acquire shares on market to be held on trust for directors or their associates.

A copy of the terms of the proposed Plan is contained in Annexure A.

The objectives of the Plan are to:

- enable the Company to provide variable remuneration that is performance focussed and linked to long-term value creation for shareholders;
- enable the Company to compete effectively for the calibre of talent required for it to be successful;
- ensure that participants in the Plan have commonly shared goals; and
- assist participants in the Plan to become shareholders.

Regulatory Requirements – ASX Listing Rules Chapter 7

ASX Listing Rule 7.1 requires that shareholder approval is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.2 exception 9 provide an exception to ASX Listing Rule 7.1 for securities issued under an employee incentive scheme within 3 years of shareholder approval of the scheme. The Company therefore seeks approval of the Plan under ASX Listing Rule 7.2 Exception 9 so that issues of securities under the Plan do not impede the capacity of the Company to issue up to a further 15% of its capital without shareholder approval.

As the Plan will not commence until shareholder approval is obtained, no securities have been issued under the Plan.

Regulatory Requirements – Corporations Act

Approval is also sought under Resolution 2 for the purposes of sections 259B and 260C of the Corporations Act 2001 (Cth).

The Plan provides for the Company to take security over shares issued under the Plan, and to place restrictions on transfer and voting which may also constitute taking security over its own shares. Section 259B(1) of the Corporations Act provides that a company must not take security over shares in itself except as permitted by the Corporations Act. Section 259B(2) provides that the Company may take security over shares in itself under an employee share scheme that has been approved by shareholders at a general meeting. Resolution 2 seeks approval of the Plan for the purposes of section 259B(2) of the Corporations Act.

Under section 260C(4) of the Corporations Act, a company may financially assist a person to acquire its shares if the financial assistance is given under an employee share scheme that is approved by shareholders at a general meeting. The Plan provides that the Company may acquire shares or other securities to be held on trust for eligible participants. This may be considered to be the Company providing financial assistance for the acquisition of its own shares or other securities. Accordingly Resolution 2 seeks approval of the Plan for the purposes of section 260C(4) of the Corporations Act.

Voting exclusions and restrictions

A voting exclusion statement as set out in the Notice applies to Resolution 2. See also the notes in the Notice of Meeting regarding key management personnel (KMPs) and their closely related parties (collectively, "Restricted Voters") voting as a shareholder or as a proxy.

Each of the Directors decline to make any recommendation in relation to voting on Resolution 2 as it relates to remuneration of members of the Company's key management personnel and they may be interested in the outcome of the Resolution if shares, options or other securities are acquired as provided for in the Plan.

ANNEXURE A

Terms of the proposed CML Group Limited Rights Plan ("the Plan") – refer to Resolution 2 in the Notice of General Meeting and the commentary on Resolution 2 in the Explanatory Memorandum.

CML Group Limited Rights Plan

1 Purpose

- 1.1 This CML Group Limited Rights Plan (the Plan) is governed by these Rules.
- 1.2 The purposes of the Plan are to:
 - (a) enable the Company to provide variable remuneration that is performance focussed and linked to long-term value creation for shareholders,
 - (b) enable the Company to compete effectively for the calibre of talent required for it to be successful,
 - (c) ensure that Participants have commonly shared goals, and
 - (d) assist Participants to become Shareholders.

2 Interpretation

- 2.1 Unless the context otherwise requires:
 - (a) headings and subheadings are for convenience only and shall not affect interpretation except for specific cross-references,
 - (b) words denoting the singular shall include the plural, and the converse also applies,
 - (c) words denoting any gender include all genders,
 - (d) any reference to a party to any agreement or document includes its successors and permitted assigns and substitutes by way of assignment or novation, and
 - (e) any reference to any agreement or document includes that agreement or document as amended at any time.
- 2.2 The capitalised words used in these Rules have the meaning ascribed to them in Rule 41 Dictionary.

3 Administration

This Plan will be administered by the Board, but it may delegate responsibility to a committee of the Board in relation to all Participants or to the Managing Director in relation to other Participants. The Board is authorised, subject to the provisions of these Rules, to establish such guidelines for the administration of the Plan as are deemed appropriate, and to make determinations under the Plan as may be deemed necessary or advisable from time to time. Such determinations shall be conclusive and binding on all Participants.

4 Eligibility

All Eligible Persons are eligible to receive Invitations.

5 Invitations

- 5.1 The Plan will operate through a series of Invitations. The Board will in its absolute discretion determine those Eligible Persons who will receive Invitations.
- 5.2 Subject to compliance with the Listing Rules, the Corporations Act and the Company's Constitution, the Board may make Invitations at such times and to such Eligible Persons as it determines in its discretion.
- 5.3 Each Invitation may contain terms and conditions that vary between Invitations. The variable terms and conditions that apply to a grant of Rights under the Plan are to be determined by the Board and included in the Invitation.
- 5.4 Details to be contained in an Invitation will include each of the following to the extent applicable to the intended features of a particular Invitation and the type of Rights that are the subject of the invitation (Performance Rights, Service Rights, and/or Restricted Rights):
 - (a) name of the Eligible Person,
 - (b) date of the Invitation,
 - (c) number of each type of Right in each Tranche, that may be applied for,
 - (d) price of the Rights which will be nil, unless otherwise determined by the Board,
 - (e) Exercise Price which will be nil, unless otherwise determined by the Board,
 - (f) the Term of Rights in each Tranche which will be 15 years unless otherwise determined by the Board,
 - (g) vesting conditions which are to apply to Service and/or Performance Rights, as may be applicable to each Tranche,
 - (h) Measurement Period, in the case of Performance and Service Rights,
 - (i) the Vesting Date or how the Vesting Date will be determined,
 - (j) in respect of unvested Service Rights held at the date of termination of employment whether they will lapse or vest or may be retained for possible vesting at a later date,
 - (k) Specified Disposal Restrictions period for Shares that may be acquired on exercise of vested Rights,
 - (l) whether any Shares to be provided to a Participant on exercise of Rights that are the subject of an Invitation must be purchased on-market or may be acquired otherwise,
 - (m) other terms and conditions that the Board determines to include, and

- (n) how to apply for Rights that are the subject of the Invitation, including the name of the person to whom the Application should be sent and the Application Period.

5.5 The receipt of an Invitation or Invitations under the Plan does not guarantee nor confer any entitlement to receive any other Invitation under the Plan.

6 Application for Rights

The form of Application and the Application Period shall be determined by the Board in its discretion from time to time. In submitting an Application, the Eligible Person will be agreeing to be bound by these Rules and the terms of the Invitation.

7 Granting of Rights

- 7.1 The Board will consider valid Applications that are made in response to Invitations and determine whether or not to accept them.
- 7.2 In respect of accepted Applications, the Board will use reasonable endeavours to grant the Rights within 30 days of the last date on which a valid Application may be made.
- 7.3 Participants will be advised in writing when Rights have been granted and the date of the grant, via a Grant Notice.

8 Participants

- 8.1 Eligible Persons whose applications have been accepted and have been granted Rights will be referred to as Participants in the Plan.
- 8.2 They will remain Participants until all Rights they have been granted have either lapsed or been exercised and both any risk of forfeiture and disposal restrictions applicable to the Shares acquired by exercising the Rights have ceased to apply.

9 Rights May Not Be Disposed of or Transferred or Encumbered

Rights may not be disposed of or transferred or otherwise dealt with (including for purposes of this Rule, encumbered or made subject to any interest in favour of any other person) and will lapse immediately on purported disposal, transfer or dealing unless the transfer is effected by operation of law on death or legal incapacity to the Participant's legal personal representative.

10 Measurement Periods

- 10.1 The Measurement Period applicable to each Tranche of Performance Rights will be three years unless otherwise specified in the Invitation. The Measurement Periods for Performance Rights will relate to periods when performance conditions must be satisfied for them to vest.

- 10.2 The Measurement Period applicable to each Tranche of Service Rights will be specified in the Invitation. The Measurement Periods for Service Rights will relate to periods when service conditions must be satisfied for them to vest.

- 10.3 Measurement Periods for grants of Performance and Service Rights will commence on the first day of the financial year in which the grant is made unless otherwise determined by the Board and specified in the Invitation.

11 Vesting Conditions

- 11.1 Vesting Conditions may relate to:
 - a) performance of the Company or an aspect of the Company's operations or the performance of the Participant, or
 - b) continued service of the Participant with a Group Company, or
 - c) any combination of the foregoing determined by the Board for each Tranche.
- 11.2 Vesting Conditions, if applicable, must be specified in the Invitation, along with the relationship between various potential levels of performance and levels of vesting that may occur.
- 11.3 Performance conditions may vary between different Invitations and between different Tranches of Rights specified in an Invitation.

12 Vesting of Performance Rights

- 12.1 Following the end of the Measurement Period, the Board will determine for each Tranche of Performance Rights to which the Measurement Period applies, and which have not previously lapsed, the extent to which it has vested, if at all, and notify Participants in a Vesting Notice of both the extent of vesting and the date of vesting.
- 12.2 Prior to the end of a Measurement Period the Board may determine that some or all of the Performance Rights held by a Participant will vest in which case the Board will notify Participants in a Vesting Notice of both the extent of vesting and the date of vesting. In such circumstances the Board may also determine that any remaining Performance Rights will be forfeited in which case the Board shall notify Participants in writing, in a form determined by the Board in its absolute discretion.

13 Board Discretion Regarding Vesting of Performance Rights

- 13.1 The Board retains discretion to increase or decrease, including to nil, the extent of vesting in relation to each Tranche of Performance Rights if it forms the view that it is appropriate to do so given the circumstances that prevailed during the Measurement Period. In exercising this discretion, the Board shall take into account,

amongst other factors it considers relevant, Company performance from the perspective of Shareholders over the relevant Measurement Period.

- 13.2 Before exercising its discretion under this Rule, the Board may seek advice from an independent advisor as to whether the discretion should be exercised and if so then the alternative extent of vesting that should be considered by the Board.

14 Vesting of Service Rights

- 14.1 Following the end of the Measurement Period, the Board will determine for each Tranche of Service Rights to which the Measurement Period applies and which have not previously lapsed, the extent to which it has vested, if at all, and notify Participants in writing of the vesting and the date of vesting.
- 14.2 Prior to the end of a Measurement Period the Board may determine that some or all of the Service Rights held by a Participant will vest in which case the Board will notify Participants in a Vesting Notice of both the extent of vesting and the date of vesting. In such circumstances the Board may also determine that any remaining Service Rights will be forfeited in which case the Board shall notify Participants in writing, in a form determined by the Board in its absolute discretion.

15 Lapsing of Rights

Rights will lapse on the earlier of:

- a) For unvested Rights when there is no opportunity for them to vest at a later date, or
- b) The end of their Term.

16 Exercise of Rights

- 16.1 Subject to Rule 27, when a Tranche of Performance Rights or Service Rights vests, it shall be automatically exercised.
- 16.2 Subject to Rule 27, Restricted Rights will be automatically exercised ninety days after the date of their grant, and may not be exercised earlier except as provided for in these Rules.
- 16.3 On exercise of Rights the Board will determine in its absolute discretion whether to settle the Exercised Rights Value in Shares, a cash payment to the Participant or a combination of Shares and a cash payment to the Participant. The Board will advise the Participant in writing of the result of its determination, in the Vesting Notice.
- 16.4 To the extent that the Exercised Rights Value is to be provided in Shares, the Board will in its discretion, either:
- (a) issue Shares to Participants, or

- (b) arrange for Shares to be acquired for the benefit of Participants by the trustee of the EST. The Company or another Group Company will contribute such funds as are needed from time to time to the EST trustee to enable the EST trustee to acquire Shares and the trustee shall apply those funds to acquire Shares by:

- i. on-market purchase, or
- ii. subscription to a new issue

as directed by the Board.

- 16.5 To the extent that the Exercised Rights Value is to be paid in cash it will be paid via payroll less any legally required withholdings such as PAYG tax.

17 Disposal Restriction Attached to Shares

- 17.1 All Shares acquired by Participants or held by the trustee of the EST for the benefit of Participants as a consequence of the exercise of Rights, shall be subject to a disposal restriction being that such Shares may not be sold or disposed of in any way until their sale would not breach any of the following:
- (a) the Company's share trading policy, or
 - (b) Division 3 of Part 7.10 of the Corporations Act, or
 - (c) Specified Disposal Restrictions.
- 17.2 In cases of severe and demonstrable hardship the Board may in its absolute discretion waive the remaining portion of the disposal restriction period.
- 17.3 If Shares subject to disposal restrictions are held in the name of the Participant then the Company shall impose a CHES holding lock to ensure that the disposal restrictions are complied with.
- 17.4 Disposal restrictions attached to Restricted Shares acquired when Rights have been exercised shall cease when the Participant ceases to be an employee of a Group Company and is not immediately re-employed by another Group Company, unless otherwise determined by the Board and specified in the Invitation.
- 17.5 Any CHES holding lock applied by the Company to Restricted Shares will be removed when the Participant ceases to be an employee of a Group Company and is not immediately re-employed by another Group Company, unless otherwise determined by the Board and specified in the Invitation.
- 17.6 On the first occasion following the cessation of Specified Disposal Restrictions, if any, when Shares may be sold without breaching the Company's share trading policy the Board will advise the Participant in writing of the date of that occasion. A Notice of Cessation of Disposal

Restrictions will be used for this purpose. However, if sale of the Shares may not be undertaken due to Division 3 of Part 7.10 of the Corporations Act (insider trading restriction provisions) then the issue of the Notice of Cessation of Disposal Restrictions will be delayed until the next point in time when sales of Shares may occur without breaching either the Company's share trading policy or Division 3 of Part 7.10 of the Corporations Act (insider trading restriction provisions).

18 Disposal Restrictions Release at Taxing Point

In the event that a taxing point arises in relation to Restricted Shares and the disposal restrictions applicable to such Shares have not ceased to apply then disposal restrictions, other than those arising under the Corporations Act, will cease to apply to 50% of such Restricted Shares.

19 Fraud, Gross Misconduct, Etc.

In the event that the Board forms the opinion that a Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Company, the Participant will forfeit all unvested Rights.

20 Competition and Other Actions that May Harm the Company

If a Participant engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Company or the Board, then all unvested Rights held by the Participant will be forfeited, unless otherwise determined by the Board.

21 No Hedging

Participants must not enter into an arrangement with anyone if it would have the effect of limiting their exposure to risk in relation to Rights (vested or unvested) or Restricted Shares.

22 Bonus Issues, Rights Issues and Capital Reorganisation

22.1 In cases of bonus share issues by the Company the number of Rights held by a Participant shall be increased by the same number as the number of bonus shares that would have been received by the Participants had the Rights been fully paid ordinary shares in the Company, except in the case that the bonus share issue is in lieu of a dividend payment, in which case no adjustment will apply.

22.2 In the case of general rights issues to Shareholders there will be no adjustment to the Rights. However, the Board may consider issuing options to Participants:

- (a) of a number up to the number of Shares to which the Participant would have been entitled had the Rights been Shares, and
- (b) the exercise price of such options will be equal to the amount payable by Shareholders to exercise a right to acquire a Share.

22.3 In the case of an issue of rights to other than to Shareholders there will be no adjustment to the Rights.

22.4 In the case of other capital reconstructions the Board may make such adjustments to the Rights as it considers appropriate with a view to ensuring that holders of Rights are neither advantaged nor disadvantaged.

22.5 This rule is subject to the application of the Listing Rules.

23 Termination of Employment

23.1 If a Participant ceases to be an employee of a Group Company and is not immediately re-employed by another Group Company then Performance Rights granted in the financial year of termination of employment which are not vested will be forfeited in the same proportion as the remainder of the financial year bears to the full financial year, unless otherwise determined by the Board.

23.2 Performance Rights other than those referred to in Rule 23.1 that do not lapse at the termination of employment will continue to be held by Participants with a view to testing for vesting at the end of the Measurement Period.

23.3 Service Rights will be dealt with as specified in the relevant Invitation.

23.4 If a Participant has previously ceased to be an employee of a Group Company and was not immediately re-employed by another Group Company then Performance and Service Rights that vest will be dealt with pursuant to Rule 16 except that if the market value of a Share at the time of exercise is less than the market value of a Share at the date of the termination of employment then the Exercised Rights Value will be paid in cash, unless otherwise determined by the Board.

23.5 If a Participant ceases to be an employee of a Group Company and is not immediately re-employed by another Group Company then any unexercised Restricted Rights will be automatically exercised as at the date of the cessation of employment.

23.6 If a Participant ceases to be an employee of a Group Company and is not immediately re-employed by another Group Company then any Restricted Shares held by the Participant will cease to be subject to any Specified Disposal

Restrictions, unless otherwise determined by the Board and specified in the relevant Invitation.

24 Retirement Benefit Limit

Notwithstanding any other provision in these Rules, the Company is not required to provide or procure the provision of any benefit which would result in a breach by the Company of Division 2 of Part 2D.2 of the Corporations Act relating to termination benefits to any Participants who are the holder of an managerial or executive office unless any prior approval required from the Shareholders for the provision of such a benefit has been sought and obtained by the Company.

25 Change of Control Including Takeover

25.1 Unless otherwise determined by the Board, in the event of a Change of Control including a takeover, the Vesting Conditions attached to the Tranche at the time of the Application will cease to apply and:

- (a) unvested Performance Rights granted in the financial year of the Change of Control will be subject to a determination by the Board as to the extent of vesting and if they do not vest will lapse,
- (b) all remaining unvested Performance Rights will vest if the Change of Control Share Price is greater than the price at the commencement of the measurement period and the Change of Control Share Price leading up to the Change of Control has a 20% premium to the price at the beginning of the Measurement Period,
- (c) any remaining unvested Rights will vest to the extent, if any, determined by the Board having regard to performance over the Measurement Period prior to the Change of Control,
- (d) any unvested Performance Rights that do not vest pursuant to (a), (b) and (c) will lapse,
- (e) all unvested Service Rights will vest,
- (f) the date of automatic exercise of any unexercised Restricted Rights will be brought forward to a date determined by the Board, and
- (g) disposal restrictions applied to Restricted Shares by the Company and specified in the Invitation (Specified Disposal Restrictions) will be lifted, including the removal of any Company initiated CHESS holding lock, if applicable.

26 Major Return of Capital to Shareholders

26.1 In the event of a major return of capital to Shareholders, unvested Performance Rights will be dealt with as is determined to be appropriate in the discretion of the Board, under the circumstances. The terms and conditions that apply to the remainder of the Rights, in particular

the standards of performance required for vesting, would then be reviewed to account for the Company's changed circumstances.

26.2 In the event of a major return of capital to Shareholders, the Board will have sole and absolute discretion to vest unvested Service Rights, or to determine that they will be unaffected, as may be appropriate in the circumstances of the return to Shareholders at the time. If the decision is made not to vest the Service Rights, the number of Rights may be adjusted to ensure that Participants are neither advantaged nor disadvantaged by the return of capital to Shareholders, at the Board's discretion.

26.3 In the event of a major return of capital to Shareholders, any unexercised Restricted Rights will be automatically exercised on a date determined by the Board, prior to the return occurring, unless otherwise determined by the Board.

27 Exercise of Plan Securities Granted to a Director without Shareholder Approval

If a grant of Rights to a Director has not received prior approval of the Company's shareholders, then on exercise of such Rights and subject to the Listing Rules any Shares to be provided to the Participant shall be acquired by the trustee of the EST by on-market purchase.

28 Clawback

While the Company has a policy governing clawback of incentive remuneration and that policy allows clawback of unvested and/or vested Rights and/or Restricted Shares then in the event of any inconsistency between the Plan Rules and the clawback policy, the latter shall prevail.

29 ASIC Class Order Compliance

Invitations will be made in reliance on ASIC Class Order 14/1000 (or any successor class order) and the Board will take such action or refrain from taking actions so as to remain able to rely on the relief provisions of the Class Order, including notifying ASIC when it first relies on the Class Order and not making grants that may exceed the limit contained in the Class Order.

30 Employee Share Scheme Taxing Provisions to Apply

Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to this Plan including to all Rights granted under the Plan and all Shares that arise from the exercising of Rights.

31 Overseas Transfers

31.1 If a Participant is transferred to work in another country and, as a result of that transfer, the Participant would:

- (a) suffer a tax disadvantage in relation to their Rights (this being demonstrated to the satisfaction of the Board); or
- (b) become subject to restrictions on their ability to deal with the Rights, or to hold or deal in the Shares or the proceeds of the Shares acquired on exercise, because of the security laws or exchange control laws of the country to which he or she is transferred,

then, if the Participant continues to hold an office or employment with a Group Company, the Board may decide that the Performance or Service Rights will vest on a date it chooses before or after the transfer takes effect. The Rights will vest to the extent determined by the Board and may lapse or not lapse as to the balance as determined at the discretion of the Board.

32 Non-Australian Residents

When a Right is granted under the Plan to a person who is not a resident of Australia, the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any applicable or relevant laws, matters of convenience and desirability and similar factors which may have application to the Participant or to the Company in relation to Rights. Such alterations or additions shall be specified in the Invitation.

33 Board Determinations and Amendment of the Plan

- 33.1 A determination by the Board or a Board committee or a delegate of the Board may be evidenced by minutes of a meeting of the Board or Board committee or a record of a determination by the delegate (as applicable). Any such minute or determination shall be prima facie evidence of the determination in the absence of manifest error.
- 33.2 The Board may at any time by written instrument, or by resolution of the Board, amend or repeal all or any of the provisions of the Rules, including this Rule.
- 33.3 No amendment to or repeal of the Rules is to reduce the existing rights of any Participant in respect of any accepted Application that had commenced prior to the date of the amendment or repeal, other than with the consent of the Participant or where the amendment is introduced primarily:
 - (a) for the purpose of complying with or conforming to a present or future State, Territory or Commonwealth legal requirement governing, regulating or effecting the maintenance or operation of the Plan or like plans;
 - (b) to correct any manifest error or mistake;

- (c) to address possible adverse tax implications for Participants generally or the Company arising from:
 - i. a ruling of any relevant taxation authority;
 - ii. a change to tax legislation or the application or termination of the legislation or any other statute or law (including an official announcement by any relevant taxation or government authority);
 - iii. a change in interpretation of tax legislation by a court of competent jurisdiction or by any relevant taxation authority; or
 - iv. to enable the Company to comply with the Corporations Act or the Listing Rules.

34 Not Exclusive Method of Incentive

This Plan shall not be an exclusive method of providing incentive remuneration for employees of the Company, nor shall it preclude the Company from authorising or approving other forms of incentive remuneration.

35 No Right to Continued Employment

Neither the establishment of the Plan nor receipt of an Invitation, nor the approval of an Application, nor the payment of an award nor the vesting of Performance Rights or any other action under the Plan shall be held to confer upon any Participant the right to continue in the employment of the Company or affect any rights the Company may have to terminate the employment of the Participant.

36 Relationship to Other Plans

Participation in the Plan shall not affect or be affected by participation in or payment under any other plan of the Company, except as otherwise determined by the Board.

37 Notices

- 37.1 A notice (meaning for the purposes of this Rule 37, notice, application, permission or other communication) under the Rules or in connection with the Plan may be given in writing, addressed to the person to whom it is given, and is taken to be given and received if sent in accordance with Rules 37.2, 37.3 or 37.4.
- 37.2 For the purposes of Rule 37.1 a notice is duly given and received by the Company or another Company if sent to the Company by pre-paid mail or by facsimile or other electronic communication, to an address at which it is actually received by:
 - a) the person who is, from time to time, designated by the Board as the person to whom the notice should be sent or by whom it

should be received, and whose name or title and address are notified to the sender; or

- b) if no other person is designated by the Board for this purpose, the secretary of the company.

37.3 For the purposes of Rule 37 notice is duly given and received by a company other than a Company if sent to the company:

- a) by pre-paid mail to its registered office; or
- b) by facsimile or other electronic communication to the last known facsimile or other electronic communication address of its registered office.

37.4 For the purposes of Rule 37.1 a notice is duly given and received by a natural person (other than a person referred to in Rule 37.1) if sent to:

- a) the person's last known mailing address or the person's last known facsimile or other electronic communication address; or
- b) in the case of a Participant who has not ceased to be an employee of the Company, to the last known mailing, facsimile or other electronic communication address of the place of business at which the person performs the whole or substantially the whole of his or her Employment.

37.5 A notice given under Rule 37.1 to a person being a natural person (referred to in Rule 37.4), is duly given even if the person is then deceased (and whether or not any Company has notice of his or her death), unless the legal personal representative of the person has established title to this position to the satisfaction of the Company and supplied to the Company an address to which documents should be sent.

37.6 A notice sent in accordance with Rule 37.1 is treated as given and received:

- a) in the case of a notice sent to the Company or another Company, at the time it is actually received by the appropriate person referred to in Rule 37.1;
- b) in the case of any other notice sent by prepaid mail, 48 hours after it was put into the post properly stamped; and
- c) in the case of any other notice sent by facsimile or other electronic communication, at the time of transmission.

38 Constitution and Listing Rules

The Rules are subject to the Company's constitution and applicable Listing Rules in force from time to time.

39 Effective Date

These rules will be effective from 25 June 2019 and will continue until the Plan is amended or terminated.

40 Governing Law

40.1 These Rules are governed by the laws of New South Wales, Australia.

41 Dictionary

41.1 Unless the context otherwise requires, the following terms and abbreviations have the following meanings.

Application	The document that must be submitted to apply for Rights under the Plan, as specified in Rule 6, which is annexed to the Invitation.
Application Period	The period between the date of the Invitation and the last date on which an Application may be submitted.
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 (aka Australian Securities Exchange) or the securities market which it operates, as the context requires.
Board	The Board of Directors of the Company.
Company	CML Group Limited ABN 88 098 952 277.
Change of Control	When the Board advises Participants that one or more persons acting in concert have acquired or are likely to imminently acquire "control" of the Company as defined in section 50AA of the Corporations Act.

Change of Control Share Price	The volume weighted average share price at which the Company's shares were traded on the ASX over the twenty (20) trading days prior to the date for which the calculation is made.	Invitation	Means a communication to an Eligible Person that contains the terms and conditions of the specific invitation to apply for Rights.
		Listing Rules	The Listing Rules of the ASX.
CHESS	Clearing House Electronic Sub-register System	Managing Director	Means a Director who simultaneously holds the most senior executive role within the Company.
Corporations Act	Corporations Act 2001 (Cth).		
Director	Means a member of the Board whether in an executive or non-executive capacity.	Measurement Period	In relation to Invitations of Performance and Service Rights means the period or periods specified in the Invitation in relation to conditions applying to the vesting of the Rights.
Eligible Person	Means a full time or part-time employee (including an executive director but excluding a non-executive director), a casual employee of a Group Company or a contractor to a Group Company or a person who will prospectively fill one of the foregoing roles.	Notice of Exercise Execution	The written advice from the Board to a Participant indicating whether exercised Rights will be settled in cash or Shares or a combination of both.
		Participant	See Rule 8.
EST	The CML Group Limited Employee Share Trust or any other employee share trust established to facilitate the operation of this Plan.	PAYG	Pay As You Go tax instalment system.
		Performance Rights	These are Rights which are subject to performance related Vesting Conditions.
Exercise Price	Means the amount, if any, payable to exercise a Right.	Plan	CML Group Limited Rights Plan.
Exercised Rights Value	The value determined by multiplying the relevant number of vested Rights in a Tranche by the relevant Share Price at the date of exercise of the Rights.	Related Bodies Corporate	Has the meaning in section 50 of the Corporations Act.
		Restricted Right	Means a Right which is fully vested at grant.
Grant Notice	The document issued to a Participant to notify them that a grant of Rights has been made to them, which must include the date of the grant.	Restricted Shares	Shares acquired by exercise of vested Rights and which are subject to disposal restrictions.
		Right	Means an entitlement to the value of a Share which may be settled in the form of cash, or a Share (including a Restricted Share), as determined by the Board in its discretion.
Group	Means the Company and its Related Bodies Corporate.		
Group Company	Means any body corporate within the Group.	Rules or Plan Rules	These Rules that govern the Plan.

Service Rights	These are Rights that are subject to service related Vesting Conditions.	Vesting Date	The date on which unvested Rights become vested, as specified in a Vesting Notice.
Shareholders	Means those persons who hold Shares.	\$	Australian Dollars.
Share	A fully paid ordinary share in the Company.		
Share Price	The volume weighted average share price at which the Company's shares were traded on the ASX over the ten (10) trading days prior to the date for which the calculation is made.		
Specified Disposal Restrictions	Means the period for which Restricted Shares may not be disposed of or transferred or otherwise dealt with (including encumbered or made subject to any interest in favour of any other person) unless the transfer is effected by operation of law on death or legal incapacity to the Participant's legal personal representative.		
Tranche	Refers to a group of Rights defined by the fact that each Right in the group has identical terms and features.		
Term	Means the period between the date of grant of a Right and the date on which it will lapse if not earlier exercised, which will be the 15 th anniversary of the date of grant unless otherwise determined by the Board and specified in an Invitation.		
Vesting Notice	The document issued to a Participant to notify them that Rights have vested, including the date of vesting.		
Vested Right	Means a Rights in respect of which a Vesting Notice has been issued to a Participant.		
Vesting Conditions	Conditions that must be satisfied in order for vesting of a Right to occur, as contemplated in Rule 11.		