



13 November 2019

The Manager  
Company Announcements  
Australian Securities Exchange  
Level 5, 20 Bridge Street  
SYDNEY NSW 2000

**By electronic lodgement**

Dear Manager

**CML Group Limited (ASX:CGR)  
Cleansing notice under section 708AA of the Corporations Act**

This notice is provided by CML Group Limited ACN 098 952 277 (**Company**) in connection with the Company's proposal to undertake a non-renounceable pro rata entitlement offer (**Entitlement Offer**) to existing eligible shareholders of the Company (**Eligible Shareholders**) on the basis of 3 new fully paid ordinary shares in the Company at an issue price of 48 cents per Share (**Shares**) for every 20 Shares held on the record date, being 7.00 pm (AEDT) on 18 November 2019 (**Record Date**) to raise up to \$14,525,300.64 (subject to rounding).

Eligible Shareholders will only be those who are shareholders on the share register of the Company as of the Record Date with a registered address in Australia or New Zealand.

The Company gives this notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and states the following:

- 1) the Shares to be issued under the Entitlement Offer will be issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- 2) as at the date of this notice, the Company has complied with:
  - (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
  - (b) section 674 of the Corporations Act;
- 3) as at the date of this notice, there is no excluded information for the purposes of sections 708AA(8) and 708AA(9) of the Corporations Act; and
- 4) the potential effect the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. The potential effect on control is summarised below:
  - (a) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of the Company;
  - (b) if some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders in the Company will be diluted;
  - (c) the proportional interests of shareholders of the Company who are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer;
  - (d) Eligible Shareholders that apply for additional Shares under the shortfall facility (under which any shortfall between applications received and the number of Shares proposed to be issued under the Entitlement Offer may be applied for by those who have accepted

# CML Group

- their Entitlements in full) (**Shortfall Facility**) may increase their interests beyond their Entitlement Applications for shares in excess of an Eligible Shareholder's Entitlement. This would result in the dilution of the interests of shareholders of the Company who do not accept their entitlements in full, who do not apply for additional Shares under the Shortfall Facility, and shareholders of the Company who are not Eligible Shareholders;
- (e) currently there are two shareholders with voting power above 19%, being NAOS Asset Management Limited (and Related Entities) (**NAOS**) and First Samuel Limited (**First Samuel**). If either NAOS or First Samuel are the only Eligible Shareholder to take up their Entitlement, and that entity takes up its full Entitlement while all other Eligible Shareholders do not participate in the Entitlement Offer, the interest of either NAOS or First Samuel is projected to be as follows:

Shareholder	Current shareholding	Current voting power	Entitlement	Max. shareholding at completion of Entitlement Offer	Max. voting power at completion of Entitlement Offer***
NAOS Asset Management Limited and related entities ( <b>NAOS</b> )	41,360,835 Shares*	20.54%*	6,204,125 Shares	47,564,960 Shares	22.87%
First Samuel Limited ( <b>First Samuel</b> )	38,655,653 Shares**	19.20%**	5,798,347 Shares	44,454,000 Shares	21.42%

Notes:

\* Based on the most recent Form 604 lodged with ASX on 17 September 2019.

\*\* Based on the most recent Form 604 lodged with ASX on 23 May 2019

\*\*\* Maximum voting power is calculated on the basis that the relevant Shareholder takes up its full Entitlement and that it is the only Eligible Shareholder to participate in the Entitlement Offer.

- (f) as set out in the table above, the respective voting power of NAOS and First Samuel is projected to increase if, in the relevant scenario, NAOS or First Samuel is the only participant in the Entitlement Offer and they subscribe for their full Entitlement. Under the scenarios in the above table, NAOS' and First Samuel's maximum voting power at completion of the Entitlement Offer is projected to be 22.87 % and 21.42 % respectively, however this will decrease if other Eligible Shareholders participate in the Entitlement Offer.

For more information, please contact the undersigned on 1300 666 177.

Yours faithfully



**Steve Shin**  
Chief Financial Officer and Company Secretary