



14 November 2019

Dear Shareholder

CML Group Limited (ASX:CGR)

Notification to Eligible Shareholders of the Entitlement Offer

On 13 November 2019, CML Group Limited ACN 098 952 277 (**ASX:CGR**) (**Company**) announced a 3 for 20 (3 new shares for every 20 existing shares) non-renounceable pro rata entitlement offer pursuant to which the Company will raise up to A\$14,525,300.64 (before costs and expenses) (**Entitlement Offer**).

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*).

Under the terms of the Entitlement Offer, only shareholders of the Company with a registered address in Australia or New Zealand on or before 7.00 pm (AEST) on Monday, 18 November 2019 (**Record Date**) will be invited to participate in the Entitlement Offer (**Eligible Shareholders**). Eligible Shareholders will be invited to subscribe for three (3) new fully paid ordinary shares in the Company (**Shares**) for every twenty (20) Shares held by the shareholder at an issue price of A\$0.48 per Share (**Entitlement**).

The Company will lodge an offer booklet for the Entitlement Offer (**Offer Booklet**) with ASX on or before 20 November 2019. It is anticipated that the Offer Booklet and the accompanying personalised Entitlement and Acceptance Form will be mailed to Eligible Shareholders on or before 20 November 2019. The Offer Booklet may be viewed on the ASX's website at www.asx.com.au (by searching for the Company's ASX ticker code, CGR).

Further details of the Entitlement Offer

The Entitlement Offer will not be underwritten.

As announced on 13 November 2019, the Company has entered into a scheme implementation agreement with Consolidated Operations Group Limited (**COG**) (**Scheme Implementation Agreement**) whereby COG has agreed to acquire all of the issued capital in CML via a scheme of arrangement pursuant to Part 5.1 of the Corporations Act (**Scheme**).

If the Scheme is implemented, the proceeds from the Entitlement Offer will be used by the merged entity for some or all of the following:

- working capital;
- pay the costs associated with the Scheme and Entitlement Offer;
- reduce debt.

If, however, the Scheme is not implemented, the proceeds from the Entitlement Offer will be used by the Company as follows:

- working capital;

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- pay the costs associated with the Entitlement Offer and costs of the failed Scheme (including a break fee, if payable); and
- reduce debt.

As a result of the Entitlement Offer, the number of Shares in the Company is projected to increase from 201,740,293 Shares up to approximately 232,001,336 Shares (subject to rounding and assuming the full amount is raised). The Shares issued under the Entitlement Offer will be fully paid and will rank equally with the Company's other fully paid ordinary shares on issue. The Company has made an application to the ASX for official quotation of the maximum number of Shares that could be issued under the Entitlement Offer (i.e. up to approximately 30,261,043 Shares).

Eligible Shareholders can choose to take up all, part or none of their Entitlement. As the Entitlement Offer is non-renounceable, this means that Eligible Shareholders who do not take up their Entitlement to participate in the Entitlement Offer will not be able to transfer or receive any value for those Entitlements, and their equity interest in the Company will be diluted.

The Entitlement Offer will include a shortfall facility under which Eligible Shareholders who take up their full Entitlement will be invited to apply for additional Shares in the Entitlement Offer from a pool of those Entitlements not taken up by other Shareholders (**Shortfall Facility**). There is no guarantee that applicants under this Shortfall Facility will receive all or any of the additional Shares applied for under the Shortfall Facility, and sole discretion with respect to allocation remains with the Board.

If shortfall exists, it is anticipated that the Shares under the Shortfall Facility will be allocated as follows:

- (a) Eligible Shareholders who have applied for Additional Shares through the Shortfall Facility will receive the Additional Shares they have applied for unless there is an over subscription for Additional Shares through the Shortfall Facility, in which case Eligible Shareholders will receive Additional Shares on a pro rata basis having regard to their holdings as at the Record Date.

Eligible Shareholders wishing to participate in the Entitlement Offer should carefully read the Offer Booklet and accompanying personalised Entitlement and Acceptance Form which are expected to be dispatched on or before 20 November 2019.

Key Dates of the Entitlement Offer

Event	Date*
Announcement of Entitlement Offer	Wednesday, 13 November 2019
Ex-date for Entitlement Offer	Friday, 15 November 2019
Record Date	7.00pm (AEDT), Monday, 18 November 2019
Entitlement Offer opens Dispatch of Booklet and Entitlement and Acceptance Form	Wednesday, 20 November 2019
Entitlement Offer closes (Closing Date)	5.00pm (AEDT), Friday, 29 November 2019
Shares quoted on a deferred settlement basis	Monday, 2 December 2019
Announcement of shortfall (if any) under the Entitlement Offer Notification of undersubscriptions	Tuesday, 3 December 2019
Issue and allotment of shares under the Entitlement Offer	Thursday, 5 December 2019

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Dispatch of holding statements	Thursday, 5 December 2019
Commencement of trading of new shares	Friday, 6 December 2019

**The above timetable is indicative only and subject to change. The quotation of Shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Shares. All dates and times in the timetable above are in Sydney, Australia time.*

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

Yours faithfully



Steve Shin
Company Secretary