Simmons
CORPORATE FINANCE

CSM Group Limited

Independent Adviser's Report and Appraisal Report

In Respect of the Acquisition of The Good Brand Company Limited

Appraisal Report

In Respect of the Issue of Shares to Hunter Holdings Limited

March 2020

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transactions considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

Index

Section **Page**

1. Executive Summary

1.1 Background

CSM Group Limited (**CSM** or the **Company**) is a listed shell company that is seeking to grow by undertaking acquisitions.

The Company's shares are listed on the main equities securities market (the **NZX Main Board**) operated by NZX Limited (**NZX**) with a market capitalisation of approximately $9.5 million as at 17 December 2019 (when its shares were suspended from quotation). Its unaudited total equity as at 31 December 2019 was approximately $1.8 million.

A profile of the Company is set out in section 5.

1.2 Restructure of the Company

Acquisition of The Good Brand Company Limited and Me Today NZ Limited

On 10 December 2019, CSM entered into the *Reverse Listing Agreement in relation to me / today* (the **Sale Agreement**) with Velocity Capital LP (**Velocity**) and M & N Kerr Holdings Limited (**M&N**) (together the **Me Today Shareholders**), whereby CSM agreed to acquire 100% of the shares in The Good Brand Company Limited (**Good Brand**) and Good Brand's wholly owned subsidiary Me Today NZ Limited (**Me Today NZ**) (together the **Me Today Group**) from the Me Today Shareholders for $5,550,000 (the **Acquisition**).

CSM and the Me Today Shareholders entered into the *Variation of Reverse Listing Agreement in relation to me / today* on 20 December 2019 (the **Variation Agreement**).

The Acquisition purchase price is to be satisfied by the issue of 1,110,000,000 new ordinary shares in CSM (the **Consideration Shares**) to the Me Today Shareholders' nominee MTL Securities Limited (**MTL**) at an issue price of $0.005 per share (the **Me Today Allotment**). The Consideration Shares will be placed in escrow whereby MTL may not dispose of the Consideration Shares until the business day after the Company releases its audited financial statements for the year ended 31 March 2021 (the **MTL Escrow**).

CSM expects that the Acquisition will be completed by 31 March 2020 (the **Completion Date**).

Good Brand is a sales and marketing agency business. Me Today NZ owns and operates the wellness brand *Me Today*tm. The company operates in the health and wellness sector, producing premium quality supplement and natural skincare products.

The Me Today Group was founded by Grant Baker, Stephen Sinclair and Michael Kerr (the **Founders**). The Founders, through entities owned and controlled by them, will own MTL.

A profile of the Me Today Group is set out in section 6.

Capital Raising

In conjunction with the Acquisition, CSM intends to undertake a placement of 300,000,000 new ordinary shares (the **Placement Shares**) at $0.005 per share to a number of wholesale investors to raise $1,500,000 (the **Placement**).

The Placement Shares will represent 16.44% of CSM's shares on issue following the Me Today Allotment and the Placement.

Hunter Holdings Limited (**HHL**) proposes to subscribe for 220,000,000 shares under the Placement (the **HHL Placement**). This will represent 12.06% of CSM's shares on issue following the Me Today Allotment and the Placement.

HHL is owned by Michael Sorensen (50%) and Adam Sorensen (50%).

HHL is an associated person of APZ Limited (**APZ**). APZ is the Company's third largest shareholder, holding 15.08% of CSM's shares currently on issue. APZ is owned by John Sorensen, who is the father of Michael Sorensen and Adam Sorensen.

We note that when the Acquisition was announced on 11 December 2019, the Board intended to undertake a component of the capital raising as a pro rata rights issue to the Company's existing shareholders (the **Existing Shareholders**). However, due to certain provisions of the Financial Markets Conduct Act and Regulations and given that the Company has had its shares suspended from quotation since 17 December 2019, CSM is restricted from making any offer of its securities to "non-wholesale" investors for a period of not less than 3 months from the Completion Date. Accordingly, non-wholesale investors are not entitled to participate in the capital raising initiative, leading to CSM and the Me Today Shareholders entering into the Variation Agreement.

Restructure

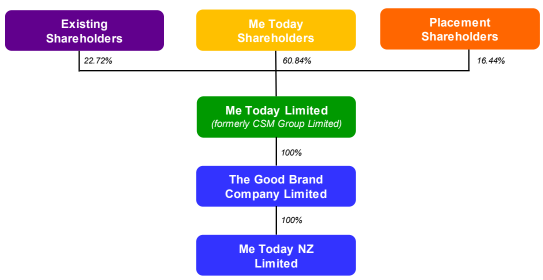
The Acquisition and the Me Today Allotment represents a backdoor listing (or reverse acquisition) of the Me Today Group through CSM. Following the Acquisition, Good Brand will be a wholly owned subsidiary of CSM.

We refer to the Acquisition, the Me Today Allotment and the Placement (including the HHL Placement) collectively as the **Restructure**.

Following the completion of the Restructure, CSM will change its name to Me Today Limited and its NZX ticker code to MEE.

Prior to Restructure

Post Restructure



1.3 Impact on Shareholding Levels

CSM currently has 414,550,000 ordinary shares on issue, held by 1,502 Existing Shareholders.

Following the Restructure and assuming there are no other changes to the Company's capital structure:

- the Existing Shareholders will collectively hold 22.72% of the Company's ordinary shares on issue
- MTL will hold 60.84% of the Company's ordinary shares on issue
- the subscribers to the Placement (including HHL) (the **Placement Shareholders**) will collectively hold 16.44% of the Company's ordinary shares.

Impact of the Restructure on Shareholding Levels

	Existing Shareholders	MTL	Placement Shareholders	Total
Current	414,550,000	-	-	414,550,000
%	*100.00%*	-	-	*100.00%*
Me Today Allotment	-	1,110,000,000	-	1,110,000,000
Placement	-	-	300,000,000	300,000,000
Post the Restructure	414,550,000	1,110,000,000	300,000,000	1,824,550,000
%	*22.72%*	*60.84%*	*16.44%*	*100.00%*

1.4 Summary of Opinion

Takeovers Code

Our evaluation of the merits of the Me Today Allotment as required under the Takeovers Code (the **Code**) is set out in section 2.

In our opinion, after having regard to all relevant factors, the positive aspects of the Acquisition (including the Me Today Allotment) outweigh the negative aspects from the perspective of the Existing Shareholders.

NZX Listing Rules

Restructure

Our evaluation of the fairness of the Restructure as required under the NZX Listing Rules (the **Listing Rules**) is set out in section 3.

In our opinion, after having regard to all relevant factors, the terms and conditions of the Restructure are fair to the Existing Shareholders.

HHL Placement

Our evaluation of the fairness of the HHL Placement as required under the Listing Rules is set out in section 4.

In our opinion, after having regard to all relevant factors, the terms and conditions of the HHL Placement are fair to the Existing Shareholders not associated with HHL (the **Non-associated Shareholders**).

1.5 Special Meeting

CSM is holding a special meeting of shareholders on 30 March 2020, where the Company will seek shareholder approval of 11 resolutions which cover the Restructure and associated matters (the **Restructure Resolutions**):

- resolution 1 – approval of the Acquisition for the purposes of the Listing Rules and as a major transaction under section 129 of the Companies Act 1993 (the **Co's Act**)
- resolution 2 – approval of the Me Today Allotment for the purposes of the Listing Rules and the Code
- resolution 3 – approval of the Placement for the purposes of the Listing Rules
- resolution 4 – approval of the HHL Placement for the purposes of the Listing Rules
- resolution 5 – the appointment of Grant Baker as a director of the Company
- resolution 6 – the appointment of Stephen Sinclair as a director of the Company
- resolution 7 – the appointment of Michael Kerr as a director of the Company
- resolution 8 – the appointment of Hannah Barrett as a director of the Company
- resolution 9 – the appointment of Antony Vriens as a director of the Company
- resolution 10 – an increase in the aggregate maximum amount of directors' fees to $450,000 per financial year
- resolution 11 – the revocation of the Company's existing constitution and the adoption of a new constitution to reflect updates to the Listing Rules.

The Restructure Resolutions are interdependent. All 11 resolutions must be passed in order for any one particular resolution to be implemented. If a resolution is not passed then no further resolutions will be put to the meeting and any resolutions previously put to the meeting will not be treated as having been passed.

Resolutions 2 to 10 are ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of those shareholders entitled to vote and voting on the resolutions in person or by proxy.

Resolutions 1 and 11 are special resolutions. A special resolution is a resolution passed by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the resolution in person or by proxy.

If all 11 resolutions are passed, then any shareholder that has cast all of their votes against resolution 1 is entitled to require CSM to purchase their shares in accordance with section 110 of the Co's Act. Appendix 2 of the notice of special meeting sets out the procedure for minority buy-out rights.

The Existing Shareholders will also vote on an ordinary resolution in respect of the Company's auditor (resolution 12). This resolution is independent of the Restructure Resolutions and is not conditional on the Restructure Resolutions being approved.

Voting Restrictions

All Existing Shareholders are entitled to vote on each of the Restructure Resolutions, other than any shareholder or their associated persons (as defined in the Listing Rules) or associates (as defined in the Code) who are to receive any of the securities referred to in resolutions 2, 3 or 4. For example, APZ and its associated persons are prohibited from voting any shares that they hold in relation to resolution 3 in respect of the Placement and resolution 4 in respect of the HHL Placement.

1.6 Regulatory Requirements

Takeovers Code

CSM is a code company as it is listed on the NZX Main Board (and has financial products that confer voting rights) and is subject to the provisions of the Code.

Rule 6 of the Code prohibits:

- a person who holds or controls no voting rights or less than 20% of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company
- a person who holds or controls 20% or more of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company

unless done in compliance with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(d) of the Code, enables a person to become a holder or controller of an increased percentage of voting rights by an allotment of voting securities in the code company if the allotment is approved by an ordinary resolution of the code company (on which neither that person, nor any of its associates, may vote).

The Me Today Shareholders are considered to be associates under the Code. Neither they nor MTL currently hold or control any shares in the Company. The Me Today Allotment will result in MTL holding or controlling 60.84% of the voting rights in CSM following the Restructure.

Accordingly, in accordance with the Code, the Existing Shareholders will vote at the Company's special meeting on an ordinary resolution in respect of the Me Today Allotment (resolution 2).

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an allotment under Rule 7(d).

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 16(h).

NZX Listing Rules

Backdoor Listing

Listing Rule 5.1.1 stipulates that an Issuer must not enter into a transaction to acquire assets where the transaction would significantly change the nature of the Issuer's business or involves a Gross Value above 50% of the Average Market Capitalisation of the Issuer unless the transaction is approved by way of an ordinary resolution.

The Acquisition will change the nature of CSM's business and has a Gross Value above 50% of the Company's Average Market Capitalisation.

Listing Rule 7.3.1 (b) (iii) requires CSM to provide a listing profile in respect of the Restructure (the **Profile**).

NZX Guidance Note *Backdoor and Reverse Listing Transactions* dated 1 January 2019 (the **Guidance Note**) states that "NZX considers that a notice of meeting in relation to a backdoor or reverse transaction must include an independent appraisal report prepared in accordance with Rule 7.10".

Material Transaction with a Related Party

Listing Rule 5.2.1 stipulates that an Issuer must not enter into a Material Transaction if a Related Party is a party to the Material Transaction or to one of a related series of transactions of which the Material Transaction forms part unless the Material Transaction is approved by way of an ordinary resolution from shareholders not associated with the Related Party.

The HHL Placement is a Material Transaction as it involves the issue of Equity Securities with a market value in excess of 10% of CSM's Average Market Capitalisation.

HHL is an Associated Person of APZ. APZ is a Related Party of the Company as it holds 15.08% of the Company's shares. Consequently HHL is also regarded as a Related Party of the Company.

Listing Rule 7.8.8 (b) requires an Appraisal Report to be prepared where a meeting will consider a resolution required by Listing Rule 5.2.1 (resolution 4).

In addition, Listing Rule 7.8.5 provides that a notice of meeting must be accompanied by an Appraisal Report if more than 50% of the Placement Shares to be issued are intended or likely to be acquired by Directors or Associated Persons of Directors. Sean Joyce is a director of the Company and is potentially an Associated Person of APZ given his long-standing role as a professional adviser to APZ and its related parties (although this issue is not unequivocal or definitive).

1.7 Purpose of the Report

The Company's board of directors (the **Board**) has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the allotment of shares under the Me Today Allotment in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 19 December 2019 to prepare the Independent Adviser's Report.

The Board has also engaged Simmons Corporate Finance to prepare an Appraisal Report on the fairness of the Restructure in accordance with the Guidance Note and an Appraisal Report on the fairness of the HHL Placement in accordance with the Listing Rules.

Simmons Corporate Finance was approved by NZX Regulation on 16 December 2019 to prepare the Appraisal Report in respect of the Restructure and on 17 January 2020 to prepare the Appraisal Report in respect of the HHL Placement.

Simmons Corporate Finance issues this Independent Adviser's Report and Appraisal Report to the Board for the benefit of the Existing Shareholders and the Non-associated Shareholders to assist them in forming their own opinion on whether to vote for or against the Restructure Resolutions.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the Me Today Allotment and the fairness of the Restructure and the HHL Placement in relation to each shareholder. This report on the merits of the Me Today Allotment and the fairness of the Restructure and the HHL Placement is therefore necessarily general in nature.

The Independent Adviser's Report and Appraisal Report is not to be used for any other purpose without our prior written consent.

1.8 Listing Profile

A Profile as required under Listing Rules 1.11.1 and 7.3.1 accompanies the notice of special meeting provided by CSM to the Existing Shareholders.

The Profile discloses particulars of the business of CSM if the Restructure is approved. The Profile also provides financial information in respect of the Restructure and identifies the key risk factors associated with the Me Today Group.

This report should be read in conjunction with the Profile. In order to avoid unnecessary repetition, references are made to information contained in the Profile rather than being repeated in this report.

2. Evaluation of the Merits of the Restructure (including the Me Today Allotment)

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the allotment of shares to MTL under the Me Today Allotment, having regard to the interests of the Existing Shareholders.

There is no legal definition of the term *merits* in New Zealand in either the Code or in any statute dealing with securities or commercial law.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers* dated 14 March 2019
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

The Me Today Allotment forms an integral component of the Restructure. Therefore when assessing the merits of the Me Today Allotment, an assessment of the merits of the Restructure also needs to be undertaken.

We are of the view that an assessment of the merits of the Restructure should focus on:

- the rationale for the Restructure
- the terms and conditions of the Restructure
- the alternatives to the Restructure
- the impact of the Restructure on CSM's financial position
- the impact of the Restructure on the control of CSM
- the impact of the Restructure on CSM's share price
- the benefits and disadvantages for the Existing Shareholders of the Restructure
- the benefits and disadvantages for the Me Today Shareholders of the Restructure
- the implications if the Restructure Resolutions are not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Summary of the Evaluation of the Merits of the Restructure (Including the Me Today Allotment)

The Existing Shareholders currently hold shares in a listed shell company with total equity of approximately $1.8 million as at 31 December 2019 and whose main asset is cash.

The Restructure will change the essential nature of CSM's business to an owner of a supplements and skincare brand and a sales and marketing agency business.

The Restructure consists of CSM:

- acquiring the Me Today Group from the Me Today Shareholders for $5,550,000
- issuing 1,110,000,000 Consideration Shares at an issue price of $0.005 per share to MTL
- issuing 300,000,000 Placement Shares at an issue price of $0.005 per share to the Placement Shareholders to raise $1,500,000.

The intended completion date of the Restructure is 31 March 2020.

The Existing Shareholders are being asked to vote on 11 resolutions in respect of the Restructure. All resolutions must be passed in order for the Restructure to proceed.

Accordingly, shareholders have 3 alternatives with regard to their voting:

- vote in favour of all 11 resolutions. In event that all resolutions are passed, the Company will complete the Restructure and will transform into an owner and operator of the Me Today Group, or
- vote against any of the 11 resolutions. In the event that any resolution is not passed, then the Restructure will not be undertaken and CSM will remain as a listed shell company, or
- abstain from voting, in which case the voting of the other shareholders will determine the outcome.

Our evaluation of the merits of the Restructure is set out in detail in sections 2.3 to 2.17.

In our view, the key overriding factor in assessing the merits of the Restructure is that, in the absence of the proposed transactions, the Existing Shareholders' investment in the Company has limited growth potential at this point in time as CSM's main asset is cash. The Existing Shareholders will potentially be in a more advantageous financial position post the Restructure, where they will collectively hold a 22.72% interest in the Me Today Group. The degree to which the Existing Shareholders are financially better off will depend on the value of the Me Today Group, which will be driven to a large degree by the Company's ability to successfully execute the Me Today Group's business strategy and growth initiatives.

Existing Shareholders should however be cognisant that the Me Today Group is an early stage business with a limited trading history. An investment in CSM post the Restructure will be of some risk given the uncertainty as to whether the Company will successfully execute its growth initiatives and generate profits in the future.

In summary, the positive aspects of the Restructure are:

- the rationale for the Restructure is sound. The Me Today Group will be backdoor listed into CSM, transforming the Company from a listed shell company into an owner of a supplements and skincare brand and a sales and marketing agency business
- the Me Today Shareholders have a sound track record in listing early stage businesses on the NZX Main Board and growing these businesses
- the terms of the Restructure are reasonable:
  - a purchase price of $5,550,000 has been ascribed to the Me Today Group. This represents the figure agreed between CSM and the Me Today Shareholders that is used as a reference point to reflect the relative shareholding levels of the Me Today Shareholders (60.84%), the Existing Shareholders (22.72%) and the Placement Shareholders (16.44%) in the Company following the completion of the Restructure
  - in the absence of any prospective financial information for the Me Today Group, it is not possible to undertake an in-depth valuation analysis of the Me Today Group or form any definitive conclusions as to the value of the Me Today Group at this point in time. However, the purchase price could be viewed as being not unreasonable based on the amount of capital invested by the Me Today Shareholders and the implied value of the Me Today Group's intangible assets
  - the issue price of $0.005 per share under the Me Today Allotment and the Placement is fair to the Existing Shareholders. We are of the view that the value of CSM's shares prior to the Restructure and in the absence of any alternative transaction is in the range of $0.0048 to $0.0055. The Consideration Shares and the Placement Shares will be issued at a price which is in line with our assessment of the current value of CSM's shares and is the same price at which 125,000,000 CSM shares sold on 8 November 2019. Therefore the Me Today Allotment and the Placement will not be value-dilutionary to the Existing Shareholders
  - the conditions and warranties set out in the Sale Agreement are in line with market practice for transactions of this nature and are not unreasonable
- there is unlikely to be any material transfer of value from the Existing Shareholders to the Me Today Shareholders under the Restructure as the consideration for the Acquisition is in the form of scrip (rather than cash) and we consider the issue price of the Consideration Shares to be fair. As MTL will hold 60.84% of the Company's shares post the Restructure, the current absolute value of the Me Today Group is of lesser importance to the Existing Shareholders (as opposed to the situation if CSM was to pay the purchase price in cash)
- the Restructure will have a positive impact on the Company's financial position. The Company will have cash on hand of approximately $4.1 million and no interest bearing debt
- the Company's shares may be re-rated by the market which may improve the liquidity of the shares and may make the Company a more attractive takeover target

- the implications of any of the Restructure Resolutions not being approved by the Existing Shareholders are that the Restructure will not proceed and CSM will remain a listed shell company. The Board may continue to operate CSM as a shell company listed on the NZX Main Board and seek to undertake another backdoor listing transaction. If this were to happen, there is no certainty as to if, or when, such a transaction could be completed. In the meantime, CSM would continue to incur operating costs associated with remaining listed on the NZX Main Board (including directors' fees, listing fees, registry fees and audit fees). Alternatively, the Board may decide to liquidate the Company, in which case the return to the Existing Shareholders would likely be no more than $0.004 per share.

In summary, the negative aspects of the Restructure are:

- the risk profile of CSM will change significantly from the limited risks associated with a company that is currently a listed shell company with cash as its main asset to the wide range of risks associated with early stage businesses and those operating in the health and wellness sector
- the Me Today Group has a limited trading history and is not expected to generate profits in the immediate or near term. There is no guarantee that the Me Today Group will successfully execute its growth initiatives or generate profits in the long term
- the Me Today Shareholders will have significant influence over the Company:
  - through MTL, they will be able to singlehandedly determine the outcome of ordinary resolutions as well as block special resolutions
  - they will hold 3 out of 6 appointments to the Board, including the chair role
  - they will lead the senior management team
- the dilutionary impact of the Restructure on the Existing Shareholders will result in their current collective interests in the Company reducing by 77%
- the Consideration Shares and Placement Shares issue price of $0.005 per share is at a significant discount to CSM's recent volume weighted average share prices (**VWAP**). The Company's one month VWAP to 10 December 2019 was $0.0204. The issue price represents a discount of 75% to the VWAP. However, we consider CSM's share price immediately prior to the announcement of the Restructure likely reflected a heavy speculative element and is not necessarily reflective of the fair value of the shares. Nevertheless, given that the issue price is at a significant discount to the Company's most recent share price and the quantum of shares being issued is significant, there is a strong possibility that this will result in a decrease in the Company's share price unless the shares are re-rated positively by the market.

There are a number of positive and negative features associated with the Restructure. In our view, when the Existing Shareholders are evaluating the merits of the Restructure, they need to carefully consider whether the negative aspects of the Restructure, including the early stage nature of the Me Today Group and the associated uncertainty as to its future profitability, the significant level of control that the Me Today Shareholders will hold over CSM and the dilutionary impact of the Me Today Allotment and the Placement, could justify voting against any of the Restructure Resolutions with the outcome that the Company will remain as a listed shell company seeking an alternate backdoor listing transaction sometime in the future or be liquidated.

In our opinion, after having regard to all relevant factors, the positive aspects of the Restructure outweigh the negative aspects from the perspective of the Existing Shareholders.

2.3 The Rationale for the Restructure

CSM has been a listed shell company following the Board's decision in May 2017 to cease operations of its wholly owned subsidiary China Scrap Metals Resources Pty Limited (**CSM Pty**). CSM Pty was based in Australia, where it processed scrap metals for export sale to Chinese markets. CSM Pty's operations were wound down and the company was voluntarily liquidated on 6 January 2019.

Following the decision to wind down CSM Pty's operations, the Board considered its main options for the Company were:

- finding a business to invest in
- undertaking a reverse acquisition of a business seeking a stock exchange listing
- the voluntary liquidation of CSM and the distribution of the net proceeds of the liquidation to the Company's shareholders.

The Board has advised us that it has reviewed numerous potential transactions and opportunities to introduce a business of suitable scale and growth potential into the Company in order to leverage its listed status since May 2017. The Restructure represents the most compelling opportunity evaluated by the Board.

The Board considers the Restructure to be an exciting opportunity for CSM and the Existing Shareholders:

- it will introduce the Me Today Group's business operations in the health and wellness sector into CSM, transforming the Company into an owner of a supplements and skincare brand and a sales and marketing agency business
- the Me Today Shareholders have a sound track record in listing early stage businesses on the NZX Main Board and growing these businesses
- the Me Today Group has significant growth opportunities. The approximately $4.1 million of cash on hand at the completion of the Restructure will help accelerate growth of Me Today NZ's existing products in New Zealand and offshore markets as well as provide capital to invest in new product development.

In our view, the rationale for the Restructure is sound. CSM is currently a listed shell company whose main asset is cash. The Acquisition offers the opportunity for the Company to invest in an early stage high growth business operating in the health and wellness sector and the Placement ensures that CSM will be adequately financed in the near term to fund its growth initiatives.

2.4 Process Undertaken by CSM

We are advised by the Board that the Company was approached by a CSM shareholder on behalf of the Me Today Shareholders to discuss the possibility of a backdoor listing of the Me Today Group through the Company.

The Board commenced discussions with the Me Today Shareholders on 22 November 2019. Negotiations on behalf of CSM were led by directors Roger Gower and Sean Joyce.

The due diligence process undertaken by the Board and its advisers encompassed a review of the Me Today Group's commercial operations, its financial performance and legal matters.

On 29 November 2019, CSM entered into a non-binding term sheet with the Me Today Shareholders (the **Term Sheet**).

The Board then negotiated and entered into the Sale Agreement with the Me Today Shareholders on 10 December 2019. The Variation Agreement was entered into on 20 December 2019 to alter aspects of the structure of the Placement.

2.5 Terms of the Restructure

Acquisition Purchase Price

The Acquisition purchase price is $5,550,000 and is to be satisfied by the Me Today Allotment.

The Board has advised us that it negotiated the Acquisition purchase price on a commercial arms-length basis with the Me Today Shareholders, based on the Board's evaluation of the level of investment in the Me Today Group and the Me Today Group's potential to earn revenue in the future, its gross margins, brand strength and future growth potential.

The Acquisition purchase price was determined by the Board having regard to the following factors:

- the expected amount of cash invested in the Me Today Group by the Me Today Shareholders prior to the Completion Date ($2,300,000)
- recognition of the opportunities accessible to the Me Today Group because of the Founders' reputations and experience
- the costs which the Board considers would be incurred if CSM were to establish the Me Today Group (eg developing and launching the *Me Today*tm brand and its line of products and undertaking the market development that has been undertaken to date by the Me Today Group)
- recognition of the sales and distribution platform that Good Brand has established
- consideration of the revenue being generated from the distribution of third-party product lines through Good Brand and the potential to increase that revenue through the introduction of more third-party product lines into the portfolio of products distributed by Good Brand
- the potential to earn revenue, both domestically and internationally, in the future through the sale of existing and future *Me Today*tm products
- recognition that Good Brand will hold not less than $1,000,000 in cash at the Completion Date.

In our view, the Acquisition purchase price is best thought of as representing the figure agreed between CSM and the Me Today Shareholders that is used as a reference point to reflect the relative shareholding levels in CSM of the Me Today Shareholders (60.84%), the Existing Shareholders (22.72%) and the Placement Shareholders (16.44%) following the completion of the Restructure. In our view, it does not necessarily reflect the amount that a third party would pay in cash for the Me Today Group at this point in time.

The Me Today Group is an early stage business with the potential for significant growth. Such businesses are typically valued using the discounted cash flow (**DCF**) valuation method. In order to undertake a meaningful DCF assessment, detailed financial projections are required based on assumptions regarding the key value drivers of the business.

Unfortunately no prospective financial information has been made available by the Me Today Group. Section 5 of the Profile entitled *Financial Information* states:

> *"**No future period prospective financial information***
>
> *The Founders have, after careful consideration and due enquiry, determined that the inclusion of prospective financial statements for the period to 31 March 2020 or for the period to 31 March 2021 is likely to mislead financial investors with regard to particulars that are material to the Reverse Listing. The Founders believe that it is not practicable to formulate reasonable assumptions on which to base prospective financial statements.*
>
> *The reasons for this are as follows:*
>
> - *The Good Brand Company commenced trading in November 2018 and the Me Today brand was launched into the market in November 2019. As a result, the trading history of the Me Today Group is too short for the Founders to formulate reasonable assumptions on which to base prospective financial statements.*
>
> - *The Me Today Group's distribution is growing quickly, but that is reflective of the early stage nature of the Me Today Group, and the Founders cannot formulate reasonable assumptions about future revenues, or costs, given the wide variation in the Me Today Group's potential future financial performance."*

On the basis that a meaningful DCF analysis cannot be undertaken due to the absence of prospective financial information, we have reviewed the reasonableness of the purchase price based on:

- the implied revenue multiple for the Me Today Group
- the amount of capital invested in the Me Today Group by the Me Today Shareholders
- the implied value of the Me Today Group's intangible assets.

Our analysis is set out in section 7.

Based on our analysis, we consider the Acquisition purchase price to be not unreasonable. However, we reiterate that given that no prospective financial information is available, it is not possible to undertake an in-depth valuation of the Me Today Group and derive any definitive conclusions as to the value of the Me Today Group at this point in time.

The very limited trading history of the Me Today Group and the absence of prospective financial information and any in-depth valuation analysis are issues that Existing Shareholders should consider if they are contemplating buying or selling CSM shares in the near term.

Me Today Allotment

Terms

The 1,110,000,000 Consideration Shares issued under the Me Today Allotment will be fully paid ordinary shares ranking equally in all respects with all existing shares, issued at $0.005 per share to MTL.

MTL will hold the Consideration Shares for the Me Today Shareholders as set out below.

Consideration Shares Held by MTL			
Beneficial Shareholder	**No. of Consideration Shares**	**% of Consideration Shares**	**% of Total Shares[1]**
Grant Baker interests	499,500,000	45.00%	27.38%
Stephen Sinclair interests	499,500,000	45.00%	27.38%
Velocity	999,000,000	90.00%	54.75%
M & N	111,000,000	10.00%	6.09%
	1,110,000,000	100.00%	60.84%

1 Assumes the maximum 300,000,000 Placement Shares are issued under the Placement

The Me Today Shareholders and their nominee MTL have agreed that the Consideration Shares will be subject to the MTL Escrow, meaning that the Consideration Shares cannot be traded until the release of the Company's 2021 annual report (subject to certain limited exceptions).

Fengli Share Sale

Up until 8 November 2019, the largest shareholder in CSM was Fengli Group (Hong Kong) Co. Limited (**Fengli**). Fengli held 125,000,000 shares, representing 30.15% of the total shares on issue. Fengli sold these shares on 8 November 2019 to a number of investors via an off-market placement at $0.005 per share (the **Fengli Share Sale**). The market was made aware of the Fengli Share Sale on 8 November 2019 when 2 investors who participated in the placement filed substantial product holder notices with NZX.

The Consideration Shares issue price of $0.005 per share is identical to the price at which the Fengli Share Sale transacted at.

Valuation Assessment

We assess the value of CSM's shares prior to the Restructure to be in the range of $0.0048 to $0.0055 per share.

Our valuation assessment is set out in section 8.

Conclusion

Based on the Fengli Share Sale and our valuation assessment, we consider the Consideration Shares issue price under the Me Today Allotment to be fair, from a financial point of view, to the Existing Shareholders.

The Consideration Shares issue price is the same price at which the Placement Shares will be issued at.

Placement

Terms

The Placement Shares will be fully paid ordinary shares ranking equally in all respects with all existing shares, issued at $0.005 per share to the Placement Shareholders.

The 220,000,000 Placement Shares to be issued to HHL under the HHL Placement will be placed in escrow for a period of 12 months from the date of their issue (subject to certain limited exceptions) (the **HHL Escrow**).

$1,500,000 will be raised from the issue of the Placement Shares. These funds, together with the minimum required cash at bank balances of $1,580,000 for CSM and $1,000,000 for the Me Today Group at the Completion Date, will be applied towards:

- expanding the presence of the *Me Today*tm product range in the New Zealand market
- launching the *Me Today*tm brand in select overseas markets
- product innovation and category expansion
- hiring new employees for the Me Today Group.

Conclusion

Based on the Fengli Share Sale and our valuation assessment, we consider the Placement Shares issue price to be fair, from a financial point of view, to the Existing Shareholders.

The Placement Shares issue price is the same price at which the Consideration Shares will be issued at.

Sale Agreement Conditions

The Acquisition is conditional on:

- CSM obtaining the Existing Shareholders' approval of the Restructure Resolutions
- NZX approval (to the extent required) of the Restructure
- CSM holding cash at bank of at least $1,580,000 at the Completion Date
- CSM having no more than 1,824,550,000 shares on issue at the Completion Date
- the Me Today Group holding cash at bank of at least $1,000,000 at the Completion Date
- CSM raising $1,500,000 through the Placement
- the Me Today Group having no external debt or related party debt at the Completion Date, other than any loan advances made by the Me Today Shareholders that have previously been approved by CSM in writing and third-party trade creditors.

The proposed date for satisfaction of the above conditions is 25 March 2020 (or such date that CSM and the Me Today Shareholders agree in writing).

The conditions in respect of cash at bank and the Placement will ensure that post the Restructure, the Company will have at least $4,080,000 of cash at bank and no external debt.

In the event that either CSM or the Me Today Group does not meet its respective minimum cash at bank condition, the party in default will be required to make good that cash deficit with a payment of cash to the other party equivalent to the shortfall.

We are of the view that the conditions of the Acquisition are in line with market practice for transactions of this nature and are not unreasonable.

Sale Agreement Warranties

Under the Sale Agreement, CSM has provided warranties in respect of CSM's shares, information, material circumstances, compliance with laws and tax.

The Me Today Shareholders have provided warranties in respect of Good Brand's shares, information, material circumstances, assets, books and records, statutory compliance, litigation / claims, employment, intellectual property, contracts and tax.

Each party's liability under these warranties is limited to claims brought within 12 months of the Completion Date and to an aggregate amount limited to $2.1 million in the case of warranties given by CSM and the Acquisition purchase price in the case of warranties given by the Me Today Shareholders.

We are of the view that the warranties provided under the Sale Agreement are in line with market practice for transactions of this nature and are not unreasonable.

Completion Date

Completion of the Restructure is expected to take place on 31 March 2020.

2.6 Limited Likelihood of Alternative Transactions

We are advised by the Board that since announcing the wind down of CSM Pty in 2017, it has received numerous proposals for companies to backdoor list via CSM. The Board is of the view that none of the proposals they have evaluated since are as compelling as the Restructure.

The Board has confirmed to us that it is not evaluating any other acquisitions / backdoor listing opportunities. Accordingly, we consider the likelihood of an alternative transaction in the near term to be limited.

2.7 Impact on Financial Position

A summary of CSM's and the Me Today Group's recent financial position is set out in sections 5.6 and 6.8 respectively.

As at 31 December 2019, CSM had approximately $1.8 million of cash on hand and total equity of approximately $1.8 million.

Following the Restructure, the Company will have approximately $4.1 million of cash on hand and no interest bearing debt following the issue of $5.55 million of Consideration Shares and $1.5 million of Placement Shares.

2.8 Impact on Control

Share Capital and Shareholders

CSM currently has 414,550,000 fully paid ordinary shares on issue held by 1,502 shareholders. The names, number of shares and percentage holding of the Company's 10 largest shareholders as at 21 February 2020 are set out in section 5.4.

Shareholding Levels

Neither the Me Today Shareholders nor MTL currently hold any shares in the Company. Following the Restructure:

- MTL will hold 60.84% of the Company's shares
- the Existing Shareholders will collectively hold 22.72% of the Company's shares
- the Placement Shareholders will collectively hold 16.44% of the Company's shares.

Shareholding Voting

Following the Restructure, the Me Today Shareholders' ability to influence the outcome of shareholder voting through MTL will be significant. MTL's holding of 60.84% of the Company's voting rights will enable the Me Today Shareholders' to:

- pass or block ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders)
- block special resolutions (which require the approval of 75% of the votes cast by shareholders).

We note that while a shareholding level of 60.84% is technically not sufficient to singlehandedly pass a special resolution, in reality, it most probably can due to the fact that a number of shareholders in widely held companies (such as CSM with over 1,500 shareholders) tend not to vote on resolutions and hence the relative weight of the 60.84% shareholding increases.

The ability for any shareholder to influence the outcome of voting on the Company's ordinary resolutions or special resolutions may be reduced by external factors such as the Company's constitution, the Code, the Listing Rules and the Co's Act (eg if the shareholder is precluded from voting on the resolution because it is a party to the transaction which the resolution relates to).

Ability to Creep

MTL will be able to utilise the *creep provisions* of Rule 7(e) of the Code. The *creep provisions* enable entities that hold more than 50% and less than 90% of the voting securities in a code company to acquire up to a further 5% of the code company's shares in any 12 month period without the need for shareholder approval. MTL will be able to utilise the *creep provisions* commencing 12 months after the date of the Me Today Allotment.

Board Control

As set out in section 5.3, the Company currently has 5 directors on the Board, none of whom are associated with the Me Today Shareholders.

Following the Restructure, the Me Today Shareholders will exert significant control over the Board as they will hold 50% of the Board appointments and the chair role:

- Me Today Shareholders Grant Baker, Michael Kerr and Stephen Sinclair will be appointed to the Board, along with new independent directors Hannah Barrett and Antony Vriens
- current directors Sean Joyce, Ping Li, Tim Preston and Zhmin (Richard) Shi will resign from the Board while current independent director Roger Gower will remain on the Board
- Grant Baker will be appointed Board chair.

The new directors' resumes are set out in section 3 of the Profile entitled *The Me Today Group and What it Does.*

Operations

Following the Restructure, the Me Today Shareholders will exert significant influence over the Company's operations:

- Michael Kerr will be appointed as the Company's chief executive officer
- Stephen Sinclair will take up the role of chief financial officer on an interim basis.

Protection for Minority Shareholders

While the Me Today Shareholders will have significant control over CSM, they cannot act in an oppressive manner against minority shareholders. The Co's Act provides a level of protection to minority shareholders. Furthermore, any transactions between the Company and any shareholder holding 10% or more of the Company's shares will need to satisfy the requirements of the Listing Rules with respect to transactions with related parties.

2.9 Dilutionary Impact

The Restructure will result in the Existing Shareholders' shareholdings in the Company being diluted by 77.3%:

- the Me Today Allotment will dilute the Existing Shareholders' shareholdings by 72.8%
- the Placement will further dilute the Existing Shareholders' (already diluted) shareholdings by 16.4%.

While the dilutionary impact is significant, we are of the view that the Existing Shareholders' main focus should be on whether there is any dilutionary impact on the value of their respective shareholdings rather than on their level of voting rights. As stated in section 2.5, we are of the view that the Consideration Shares and the Placement Shares issue price is fair to the Existing Shareholders from a financial point of view and therefore does not dilute the value of their respective shareholdings.

2.10 Impact on Share Price and Liquidity

A summary of CSM's daily closing share price and monthly volume of shares traded from 4 January 2017 is set out in section 5.8.

In the year up to 10 December 2019 (immediately prior to the announcement of the Restructure), 0.5% of the Company's shares traded at a VWAP of $0.0198. The vast majority of these shares traded between 29 November 2019 and 10 December 2019 (ie over a 2 week period after the announcement of the Fengli Share Sale). The closing share price on 10 December 2019 was $0.023 and the one month VWAP was $0.0204.

CSM's shares were placed on a trading halt on 11 December 2019 following the announcement of the Restructure. The quotation of the Company's shares was suspended by NZX Regulation on 17 December 2019, pending the issue of the notice of special meeting and the Profile to the Existing Shareholders.

Given that the Consideration Shares and the Placement Shares issue price of $0.005 is at a 75% discount to the one month VWAP and the size of the Me Today Allotment and the Placement, the Company's share price could possibly drop immediately after the Restructure.

Re-rating of CSM Shares

In our view, the prices at which CSM's shares traded immediately prior to the announcement of the Restructure most likely reflect a heavy speculative element that assumed that a backdoor listing transaction would take place following the market becoming aware of the Fengli Share Sale.

The trading in CSM's shares between 29 November 2019 and 10 December 2019 indicates that the Restructure may lead to a re-rating of the Company's shares. The transformation of the Company to an owner of a supplements and skincare brand and a sales and marketing agency business may lead to greater demand for the Company's shares which in turn may lead to higher prices for the shares. However, Existing Shareholders should also bear in mind that any re-rating of the Company's shares may increase the variability in the share prices and this may result in the Company's share price either increasing or decreasing.

Liquidity

Trading in the Company's shares is extremely thin, reflecting that the top 10 shareholders collectively hold 94.10% of the shares.

Existing Shareholders currently have very limited opportunities to sell their shares. Only 0.5% of the Company's shares traded in the year up to 10 December 2019 and the vast majority of these traded between 29 November 2019 and 10 December 2019. In the year up to 8 November 2019 (ie the date of the Fengli Share Sale), only 0.1% of the Company's shares traded.

The Restructure will not necessarily improve the liquidity of the Company's shares as the number of shares held by the Existing Shareholders will not change and the shares issued to MTL and HHL are subject to the MTL Escrow and the HHL Escrow respectively.

Should MTL and / or HHL seek to dispose of some of their CSM shares following the respective escrow periods, this may result in increased trading in the Company's shares, thereby improving liquidity. Similarly, the sale of any Placement Shares not subject to the escrow may improve liquidity.

While we would expect increased demand for the Company's shares post the Restructure, we note that the relatively small free float means that there will be a limited number of shares available for sale and this may restrict the level of trading in the Company's shares.

2.11 Main Advantage to the Existing Shareholders of the Restructure

Following the Restructure, the Existing Shareholders will collectively hold 22.72% of the shares in an early stage business that owns a supplements and skincare brand and a sales and marketing agency business and which will be adequately financed to meet its near term capital needs.

Currently they hold 100% of the shares in a listed shell company with total equity of $1.8 million as at 31 December 2019 and whose shares are thinly traded on the NZX Main Board.

2.12 Main Disadvantage to the Existing Shareholders of the Restructure

The main disadvantage to the Existing Shareholders of the Restructure is that the shares issued under the Me Today Allotment and the Placement will significantly dilute their interests in the Company. Their collective shareholding will be diluted by 77% from their collective shareholding of 100% at present to 22.72%.

In our view, the positive aspects of the transformation of the Company (as set out in section 2.2) outweigh the dilutionary impact of the Restructure.

2.13 Other Issues for the Existing Shareholders to Consider

Change in Business Risk

A detailed analysis of the risks associated with an investment in CSM post the Restructure is set out in section 6 of the Profile entitled *Risks to the Me Today Group's Business and Plans* and are summarised in section 6.6 of this report.

The analysis highlights the increased level of risk associated with an investment in the Company post the Restructure and the Existing Shareholders need to be cognisant of the change in the risk profile of their investment in the Company.

Future Requirements for Capital

As part of the Restructure, CSM will raise $1,500,000 under the Placement. Under the Sale Agreement, CSM and the Me Today Group are required to have minimum cash at bank of $1,580,000 and $1,000,000 respectively at the Completion Date.

The Profile does not discuss what the Me Today Group's longer term additional equity capital requirements are likely to be or how they may be sourced.

Given the nature of early stage high growth businesses, we are of the view that it is probable that the Company will need to raise additional equity capital in the medium term to fund the Me Today Group's growth initiatives.

Existing Shareholders should be cognisant that any equity raisings in the future by the Company in which they do not participate will lead to further dilution of their proportionate interests in the Company.

Restructure Costs

The total transaction costs associated with the Restructure are estimated to be in the vicinity of $250,000.

CSM's share of the costs are estimated to be in the vicinity of $120,000. The costs include legal fees, Takeovers Panel fees, NZX Regulation fees, shareholder meeting costs and the cost of this report.

Benefits to CSM of the Me Today Shareholders as Cornerstone Shareholders

The Me Today Allotment will position the Me Today Shareholders as important cornerstone investors in CSM, signalling their confidence in the future prospects of the Company. Furthermore, the Founders will undertake integral roles in the governance and management of the Company.

Existing Shareholder Approval is Required

Pursuant to Rule 7(d) of the Code and Listing Rule 5.1.1, the Existing Shareholders must approve by special resolution the Acquisition and by ordinary resolutions the Me Today Allotment and the Placement.

The Restructure will not proceed unless the Existing Shareholders approve all of the Restructure Resolutions.

May Increase the Attractiveness of the Company as a Takeover Target

Following the Restructure, the Me Today Shareholders will not be able to increase their level of shareholding in the Company unless they comply with the provisions of the Code and the Listing Rules.

The Me Today Shareholders will generally only be able to acquire more shares in the Company if:

- they make a full or partial takeover offer
- the acquisition is approved by way of an ordinary resolution of the Company's shareholders excluding the Me Today Shareholders
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of the Company's shareholders excluding the Me Today Shareholders
- the Company undertakes a share buyback that is approved by the Company's shareholders and MTL does not accept the offer of the buyback.

As discussed in section 2.8, MTL will be able to utilise the *creep provisions* of Rule 7(e) of the Code.

If the Restructure Resolutions are approved and the Me Today Group is backdoor listed, we consider it highly unlikely that the Me Today Shareholders would make a takeover offer for the Company as this would result in the Me Today Group being privatised, thereby reversing the backdoor listing transaction.

However, the Me Today Group, as a listed entity, will have a higher profile and may be more visible and attractive to potential investors, which may increase the likelihood of a takeover offer for the Company.

2.14 Key Benefit to the Me Today Shareholders

Enhanced Investment Liquidity

CSM offers the Me Today Shareholders an effective and efficient means to achieve a listing of the Me Today Group on a recognised stock exchange.

Backdoor listing the Me Today Group on the NZX Main Board via CSM will provide a number of benefits to the Me Today Group and the Me Today Shareholders:

- an enhancement of the Me Today Group's profile in the market place
- the ability to raise equity capital more easily
- the ability to use scrip for acquisitions
- liquidity for the Me Today Shareholders (following the expiry of the MTL Escrow).

The Me Today Shareholders will exchange their investment in a closely held non-listed company for a shareholding of 60.84% in a company listed on the NZX Main Board, thereby enhancing the liquidity of their investment.

2.15 Disadvantages to the Me Today Shareholders

Exposure to the Regulatory Requirements of CSM

The key risks that are likely to impact upon the business operations of the Me Today Group are summarised in section 6.6. The Me Today Shareholders currently face these risks through their investment in the Me Today Group and therefore their risk exposure does not change to any significant extent.

However, following the Restructure, the Me Today Group will be a subsidiary of the Company and will be subject to the additional regulatory requirements of the Code and the Listing Rules.

2.16 Likelihood of the Restructure Resolutions Being Approved

The Restructure Resolutions are interdependent with each other. All 11 Restructure Resolutions must be passed in order for any one resolution of the 11 Restructure Resolutions to be passed.

All Existing Shareholders are entitled to vote on each of the Restructure Resolutions, other than any shareholder or their associated persons / associates who are to receive any of the securities referred to in resolutions 2, 3 or 4. For example, APZ and its associated persons are prohibited from voting any shares that they hold in relation to resolution 4 in respect of the HHL Placement.

The Board has unanimously recommended that the Existing Shareholders vote in favour of the Restructure Resolutions.

The Company's 3 largest shareholders collectively hold 54.88% of the Company's shares:

- Marvel Fantasy Limited (**Marvel**) – 24.12%
- Ilakolako Investment Limited (**Ilakolako**) – 15.68%
- APZ – 15.08%.

Assuming the 3 shareholders vote on the Restructure Resolutions, the manner in which they vote on the 9 ordinary resolutions (resolutions 2 to 10) could determine the outcome of each resolution.

The next 2 largest shareholders in the Company are:

- Lindsay Investment Trust – 12.06%
- Wallflower Limited (**Wallflower**) – 10.77%.

Collectively, the 5 largest shareholders hold 77.72%. Assuming they all vote on the Restructure Resolutions, the manner in which these 5 shareholders vote on the 2 special resolutions (resolutions 1 and 11) could determine the outcome of each resolution.

As at the date of this report, none of the 5 largest shareholders has made a public statement as to how they will vote on the Restructure Resolutions.

2.17 Implications of the Restructure Resolutions not Being Approved

If any one of the 11 Restructure Resolutions is not approved, then the Restructure will not proceed and CSM will remain a listed shell company.

The Board may continue to operate CSM as a shell company listed on the NZX Main Board and seek to undertake another backdoor listing transaction. If this were to happen, there is no certainty as to if, or when, such a transaction could be completed. In the meantime, CSM would continue to incur operating costs associated with remaining listed on the NZX Main Board (including directors' fees, listing fees, registry fees and audit fees).

CSM had cash of approximately $1.8 million as at 31 December 2019 and the Board expects that the Company will have cash of approximately $1.6 million as at the Completion Date following the payment of operating costs and transaction costs.

Depending on the time and costs incurred to evaluate other transactions, CSM may need to raise additional capital from its existing shareholders and / or new shareholders at some stage or the Board may contemplate winding up the Company.

The non-approval of the Restructure could possibly have negative implications for future capital raising initiatives as potential investors may be hesitant to invest in the Company – especially if shareholder approval is required.

Alternatively, the Board may decide to liquidate the Company and return the net proceeds to the Existing Shareholders. After allowing for liquidation costs, the return to shareholders would likely be no more than $0.004 per share.

2.18 Options for Shareholders who do not Wish to Retain Their Investment in CSM

Sell On-market

Those Existing Shareholders who do not wish to remain shareholders in the Company after the Restructure is completed could possibly sell their shares on-market. However, given that the Company's shares are infrequently traded on the NZX Main Board, that option may not be readily available.

Minority Buy-out Rights Under the Co's Act

If the Restructure Resolutions are passed, those Existing Shareholders who voted all of their shares against special resolution 1 will be entitled to require the Company to buy their shares in accordance with the provisions of the Co's Act.

A detailed explanation of the minority buy-out rights is set out in Appendix 2 of the notice of special meeting.

2.19 Voting For or Against the Restructure Resolutions

Voting for or against the Restructure Resolutions is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

3. Evaluation of the Fairness of the Restructure

3.1 Basis of Evaluation

The Guidance Note states that "NZX considers that a notice of meeting in relation to a backdoor or reverse transaction must include an independent appraisal report prepared in accordance with Rule 7.10".

Listing Rule 7.10.2 requires an Appraisal Report to consider whether the terms and conditions of the Restructure are *fair* to the Existing Shareholders.

There is no legal definition of the term *fair* in either the Listing Rules or in any statute dealing with securities or commercial law in New Zealand.

In our opinion, the Restructure will be fair to the Existing Shareholders if:

- they are likely to be at least no worse off if the Restructure proceeds than if it does not. In other words, we consider that the Restructure will be fair if there is no value transfer from the Existing Shareholders to the Me Today Shareholders, and
- the terms and conditions of the Restructure are in line with market terms and conditions.

We have evaluated the fairness of the Restructure by reference to:

- the rationale for the Restructure
- the terms and conditions of the Restructure
- the alternatives to the Restructure
- the impact of the Restructure on CSM's financial position
- the impact of the Restructure on the control of CSM
- the impact of the Restructure on CSM's share price
- the benefits and disadvantages for the Existing Shareholders of the Restructure
- the benefits and disadvantages for the Me Today Shareholders of the Restructure
- the implications if the Restructure Resolutions are not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

3.2 Evaluation of the Fairness of the Restructure for the Purposes of Listing Rule 7.10.2

In our opinion, after having regard to all relevant factors, the terms and conditions of the Restructure are fair to the Existing Shareholders.

The basis for our opinion is set out in detail in sections 2.3 to 2.17. In summary, the key factors leading to our opinion are:

- the rationale for the Restructure is sound
- the terms of the Restructure are reasonable:
  - while it is not possible to undertake an in-depth valuation analysis of the Me Today Group or form any definitive conclusions as to the value of the Me Today Group at this point in time, the Acquisition purchase price could be viewed as being not unreasonable
  - the issue price of $0.005 per share under the Me Today Allotment and the Placement is fair
  - the conditions and warranties set out in the Sale Agreement are in line with market practice for transactions of this nature
- the Restructure will have a positive impact on the Company's financial position
- the Me Today Shareholders (through MTL) will hold 60.84% of the Company's voting rights following the Restructure. The Me Today Shareholders' ability to influence the outcome of shareholder voting will be significant as they will be able to singlehandedly determine the outcome of ordinary resolutions and block special resolutions
- the Me Today Shareholders will have significant influence over the Board and the Company's operations
- the Company's shares may be re-rated by the market which may improve the liquidity of the shares and may make the Company a more attractive takeover target
- the risk profile of CSM will change significantly from the limited risks associated with a company that is currently a listed shell company to the wide range of risks associated with early stage businesses and those operating in the health and wellness sector
- the Me Today Group has a limited trading history and is not expected to generate profits in the immediate or near term. There is no guarantee that the Me Today Group will successfully execute its growth initiatives or generate profits in the long term
- the dilutionary impact of the Restructure on the Existing Shareholders will result in their current collective interests in the Company reducing by 77%

- the implications of any of the Restructure Resolutions not being approved by the Existing Shareholders are that the Restructure will not proceed and CSM will remain a listed shell company. The Board may continue to operate CSM as a shell company listed on the NZX Main Board and seek to undertake another backdoor listing transaction. If this were to happen, there is no certainty as to if, or when, such a transaction could be completed. In the meantime, CSM would continue to incur operating costs associated with remaining listed on the NZX Main Board (including directors' fees, listing fees, registry fees and audit fees). Alternatively, the Board may decide to liquidate the Company, in which case the return to the Existing Shareholders is likely to be no more than $0.004 per share.

3.3 Alternative Courses for CSM

As stated in section 2.6, the likelihood of an alternative transaction in the near term is limited. The Board is not evaluating any other potential transactions. The costs incurred in evaluating the Restructure and seeking shareholder approval will reduce the Company's cash reserves.

3.4 Voting For or Against the Restructure Resolutions

Voting for or against the Restructure Resolutions is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

4. Evaluation of the Fairness of the HHL Placement

4.1 Overview of the HHL Placement

HHL proposes to subscribe for 220,000,000 Placement Shares under the HHL Placement for $1,100,000, representing 12.06% of CSM's shares on issue following the Restructure. HHL will become the Company's second largest shareholder following the Restructure.

HHL is an associated person of APZ, who is currently the Company's third largest shareholder, holding 15.08% of CSM's shares on issue.

Accordingly, the HHL Placement represents a Material Transaction with a Related Party under Listing Rules 5.2.1.

4.2 Basis of Evaluation

Listing Rule 7.10.2 requires an Appraisal Report to consider whether the terms and conditions of the HHL Placement are fair to the Non-associated Shareholders.

In our opinion, the HHL Placement will be fair to the Non-associated Shareholders if:

- they are likely to be at least no worse off if the HHL Placement proceeds than if it does not. In other words, we consider that the HHL Placement will be fair if there is no value transfer from the Non-associated Shareholders to HHL, and
- the terms and conditions of the HHL Placement are in line with market terms and conditions.

We have evaluated the fairness of the HHL Placement by reference to:

- the rationale for the HHL Placement
- the terms and conditions of the HHL Placement
- the benefits and disadvantages to the Non-associated Shareholders of the HHL Placement
- the benefits and disadvantages to HHL of the HHL Placement
- the implications if the resolution in respect of the HHL Placement is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

4.3 Evaluation of the Fairness of the HHL Placement for the Purposes of Listing Rule 7.10.2

In our opinion, after having regard to all relevant factors, the terms and conditions of the HHL Placement are fair to the Non-associated Shareholders.

The key factors leading to our opinion are:

- the rationale for the HHL Placement is sound. The HHL Placement represents the majority portion of the Placement (73.33%) and the Placement is a key component of the Restructure. As stated in section 2.3, we consider the rationale for the Restructure to be sound. In order for the Restructure to proceed, the HHL Placement must be approved
- the terms of the HHL Placement are reasonable:
  - as stated in section 2.5, we are of the view that the Placement Shares issue price of $0.005 per share is fair to the Non-associated Shareholders
  - HHL has agreed that the 220,000,000 Placement Shares will be placed in escrow under the HHL Escrow for a period of 12 months
- the HHL Placement, as an integral component of the Restructure, will have a positive impact on the Company's financial position
- HHL will hold 12.06% of the Company's voting rights following the Restructure and will be the Company's second largest shareholder. However, HHL's ability to influence the outcome of shareholder voting will not be significant. It will not be able to singlehandedly determine the outcome of ordinary resolutions or special resolutions
- HHL will not have any significant influence over the Board or the Company's operations
- the dilutionary impact of the Restructure (of which the HHL Placement forms part of) on the Non-associated Shareholders will result in their current collective interests in the Company reducing by 77%
- the implications of resolution 4 in respect of the HHL Placement not being approved by the Non-associated Shareholders is that the Restructure will not proceed. The implications of the Restructure not proceeding are set out in section 2.17.

4.4 Voting For or Against Resolution 4 in Respect of the HHL Placement

Voting for or against resolution 4 in respect of the HHL Placement is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

5. Profile of CSM

5.1 Background

The Company was incorporated on 27 June 2007 as RLV No. 3 Limited (**RLV**). It changed its name to Orion Minerals Group Limited on 16 December 2008 and to CSM Group Limited on 8 April 2016.

RLV was established as a reverse listing vehicle for the purpose of providing a privately owned company with a cost and time efficient way to achieve a stock market listing on the NZX markets.

RLV issued a prospectus on 8 October 2007 and raised $250,000 (before issue costs) through the issue of 25,000,000 shares at an issue price of $0.01 per share.

RLV was listed on the alternative market (the **NZAX**) operated by NZX on 29 October 2007.

On 12 December 2007, the Company announced that it had agreed to acquire all the shares in TJRE Holdings Limited for approximately $13.75 million, representing a reverse listing of The Joneses national residential real estate business through RLV (the **Joneses Transaction**). However, the Company announced on 18 February 2008 that the Joneses Transaction would no longer proceed.

On 11 December 2008, RLV acquired 100% of the shares in Minera Varry S.A, a Chilean company which owned an iron ore mining concession in Chile (the **Minera Varry Transaction**).

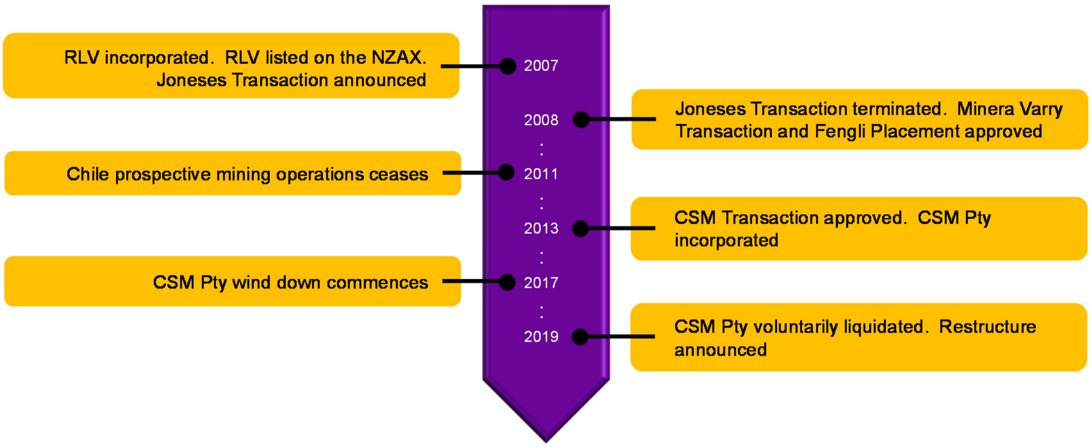
In conjunction with the Minera Varry Transaction, RLV entered into a subscription agreement with Fengli, whereby Fengli agreed to subscribe for up to 200,000,000 ordinary shares in RLV at an issue price of US$0.125 per share and 50,000,000 options to acquire 50,000,000 ordinary shares in RLV (the **Fengli Placement**). Fengli eventually acquired 125,000,000 shares under the Fengli Placement.

In 2011, the Board decided to cease the Company's prospective mining operations in Chile and pursue an alternative business strategy of undertaking private equity investment in projects and companies with Chinese market potential.

On 17 July 2013, the Company's shareholders approved the commencement of a new business operation in Australia processing scrap metal for export sale to Chinese markets (the **CSM Transaction**). CSM Pty was incorporated in Australia as a wholly owned subsidiary of the Company to undertake the operations.

On 10 May 2017, CSM announced its intention to wind down CSM Pty's commercial scrap metal operations. CSM Pty was voluntarily liquidated on 6 January 2019.

The Company's key events are summarised below.



5.2 Nature of Operations

The Company has not undertaken any acquisitions since the wind down of its Australian commercial scrap metal operations. It has remained as a listed shell company with approximately $1.8 million of cash on hand as at 31 December 2019.

5.3 Directors and Senior Management

The Board consists of 5 non-executive directors:

- Roger Gower, independent chair
- Sean Joyce, non-independent director
- Ping Li, independent director
- Tim Preston, non-independent director
- Zhmin (Richard) Shi, independent director.

The Company has no employees.

5.4 Capital Structure and Shareholders

CSM currently has 414,550,000 fully paid ordinary shares on issue held by 1,502 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 21 February 2020 are set out below.

CSM's 10 Largest Shareholders

Shareholder	No. of Shares	%
Marvel	100,000,000	24.12%
Ilakolako	65,000,000	15.68%
APZ	62,524,790	15.08%
Forsyth Barr Custodians Limited (**FBCL**)	50,002,530	12.06%
Wallflower	44,667,000	10.77%
Minera Varry Minerals Limited (**MVM**)	19,410,000	4.68%
Custodial Services Limited	17,000,050	4.10%
Brett Wilkinson and Julie Wilkinson	13,200,000	3.18%
Laddara Pty Limited	10,000,000	2.41%
Shane Edmond	8,300,856	2.00%
Subtotal	390,105,226	94.10%
Others (1,492 shareholders)	24,444,774	5.90%
Total	414,550,000	100.00%

Source: NZX Company Research

Marvel is the Company's largest shareholder, holding 24.12% of the Company's shares which it acquired in December 2009. Marvel is incorporated in Hong Kong.

Ilakolako is owned by Rhonda Preston (50%) and Susan Lee (50%). Mrs Preston is the wife of Company director Tim Preston. The shares were acquired from Fengli under the Fengli Share Sale. We understand that Mrs Preston is the beneficial owner of 45,000,000 shares held by Ilakolako (as bare trustee) and the remaining 20,000,000 shares are held by Ilakolako on principal account.

APZ is owned by John Sorensen.

FBCL holds 50,000,000 shares (12.06%) on behalf of the Lindsay Investment Trust. The shares were acquired from Fengli under the Fengli Share Sale.

Wallflower appears to be a New Zealand incorporated company owned by Lan Zhu that has been removed from the companies register.

MVM is wholly owned by Judith Burson. MVM's sole director is Donald Gibson. We understand that MVM acts as a bare trustee for one or more entities / persons.

5.5 Financial Performance

A summary of CSM's recent financial performance is set out below.

Summary of CSM Financial Performance

	Year to 30 Jun 18[1] (Audited) $000	Year to 30 Jun 19 (Audited) $000	6 Mths to 31 Dec 19 (Unaudited) $000
Revenue	-	-	-
Administrative expenses	(601)	(564)	(291)
Operating loss	(601)	(564)	(291)
Finance income	27	28	7
Exchange (loss) / gain	(214)	(91)	33
Loss before income tax	(788)	(627)	(251)
Income tax expense	-	-	-
Loss from continuing operations	(788)	(627)	(251)
Gain / (loss) from discontinued operations	(202)	13	-
Transfer from reserve on wind down of CSM Pty	-	(697)	-
Net loss for the year	(990)	(1,311)	(251)

1 Restated

Source: *CSM audited financial statements and interim financial statements for 6 months ended 31 December 2019*

Since the wind down of CSM Pty, CSM's only source of revenue has been interest received on its cash deposits.

Administrative expenses have consisted mainly of directors' fees, audit fees and consulting costs.

Discontinued operations relate to CSM Pty.

5.6 Financial Position

A summary of CSM's recent financial position is set out below.

Summary of CSM Financial Position	As at 30 Jun 18[1] (Audited) $000	As at 30 Jun 19 (Audited) $000	As at 31 Dec 19 (Unaudited) $000
Cash and cash equivalents	2,452	1,874	1,798
Trade and other receivables	120	69	47
Taxation receivable	246	212	19
Total assets	2,818	2,155	1,864
Trade payables and other liabilities	(174)	(125)	(85)
Net assets	2,644	2,030	1,779
Net assets per share	$0.0064	$0.0049	$0.0043

1 Restated

Source: CSM audited financial statements and interim financial statements for 6 months ended 31 December 2019

CSM's current assets comprise mainly cash.

The Company had total equity of approximately $1.8 million as at 31 December 2019, comprising:

- share capital – $44.9 million
- accumulated losses – negative $43.1 million.

5.7 Cash Flows

A summary of CSM's recent cash flows is set out below.

Summary of CSM Cash Flows	Year to 30 Jun 18[1] (Audited) $000	Year to 30 Jun 19 (Audited) $000	6 Mths to 31 Dec 19 (Unaudited) $000
Net cash (outflow) from operating activities	(792)	(487)	(113)
Net cash inflow from investing activities	509	-	-
Net cash inflow from financing activities	-	-	-
Net decrease in cash held	(283)	(487)	(113)
Opening cash balance	2,676	2,452	1,874
Effect of exchange rate changes	59	(91)	37
Closing cash balance	2,452	1,874	1,798

1 Restated

Source: CSM audited financial statements and interim financial statements for 6 months ended 31 December 2019

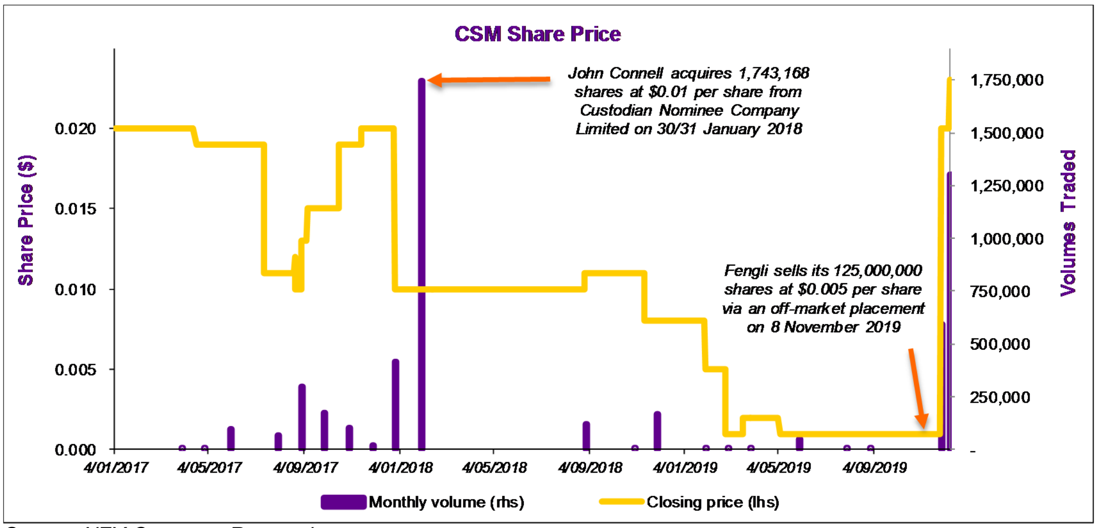
CSM has incurred approximately $1.4 million of cash losses from its operations over the past 2 and a half year period to 31 December 2019.

The Company received $0.5 million of net proceeds from the wind up of CSM Pty in the 2018 financial year.

CSM has not raised any capital since the Fengli Placement in November 2009.

5.8 Share Price History

Set out below is a summary of CSM's daily closing share price and monthly volumes of shares traded from 4 January 2017 to 10 December 2019. CSM's shares were placed on a trading halt on 11 December 2019 and the quotation of the Company's shares was suspended on 17 December 2019.



Source: NZX Company Research

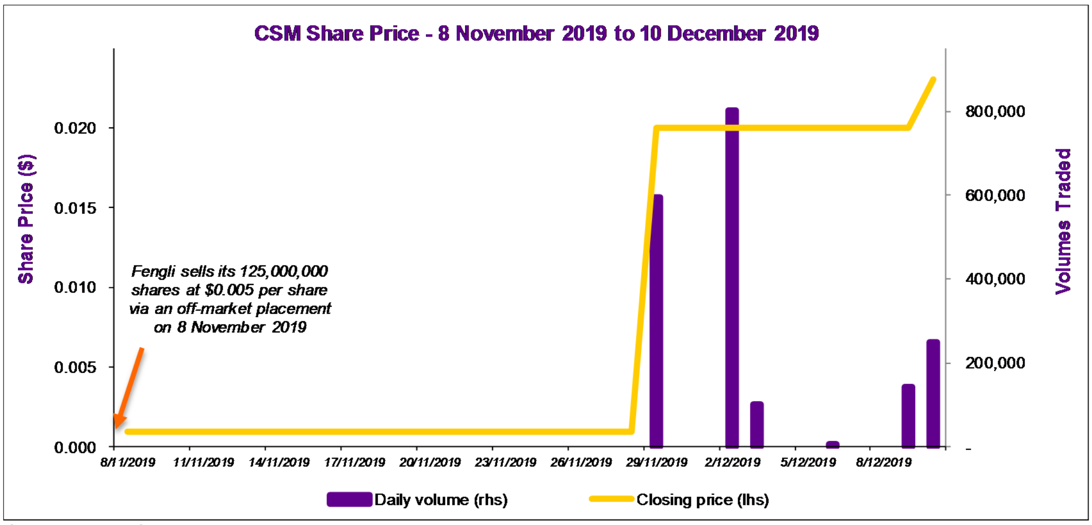
During the period, CSM's shares have traded between $0.001 and $0.023 at a VWAP of $0.0144.

An analysis of CSM's recent VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 10 December 2019 is set out below.

Share Trading up to 10 December 2019					
Period	**Low ($)**	**High ($)**	**VWAP ($)**	**Volume Traded (000)**	**Liquidity**
1 month	0.001	0.023	0.0204	1,899	0.5%
3 months	0.001	0.023	0.0204	1,899	0.5%
6 months	0.001	0.023	0.0203	1,901	0.5%
12 months	0.001	0.023	0.0198	1,955	0.5%

Source: NZX Company Research

Trading in the Company's shares is extremely thin. Virtually all of the share trades in the above table occurred over 6 trading days between 29 November 2019 and 10 December 2019 (ie post the Fengli Share Sale and in the 2 weeks leading up to the announcement of the Restructure), as set out in the following graph.



Source: NZX Company Research

The extremely thin trading is more apparent when viewed over the period up to 8 November 2019, being the date of the Fengli Share Sale.

Share Trading up to 8 November 2019

Period	Low ($)	High ($)	VWAP ($)	Volume Traded (000)	Liquidity
1 month	n/a	n/a	n/a	-	n/a
3 months	0.001	0.001	0.0010	2	0.0%
6 months	0.001	0.001	0.0010	2	0.0%
12 months	0.001	0.008	0.0064	226	0.1%

n/a: Not applicable as the shares did not trade

Source: NZX Company Research

6. Profile of the Me Today Group

6.1 Ownership Structure

Good Brand

Good Brand was incorporated on 27 September 2018.

The current issued capital of Good Brand consists of 1,000,000 fully paid ordinary shares.

The shareholders of Good Brand are:

- Velocity: 900,000 shares (90%)
- M&N: 100,000 shares (10%).

Velocity is a limited partnership that is ultimately wholly owned by interests associated with Grant Baker and Stephen Sinclair.

M&N is wholly owned by interests associated with Michael Kerr.

The directors of Good Brand are:

- Grant Baker
- Michael Kerr
- Stephen Sinclair.

Me Today NZ

Me Today NZ was incorporated on 29 May 2019.

Good Brand holds all 100 shares in Me Today NZ.

The directors of Me Today NZ are:

- Michael Kerr
- Stephen Sinclair.

6.2 Founders

The Me Today Group was founded by Mr Baker, Mr Sinclair and Mr Kerr.

Mr Baker and Mr Sinclair have a long history of business start-ups and investing in New Zealand listed entities:

- they were involved in the listing of 42 Below Limited (**42 Below**) on the NZX Main Board in October 2003. Bacardi New Zealand Holdings Limited completed a takeover of 42 Below in December 2006
- they were co-founders of investment firm The Business Bakery LP in September 2008
- they were involved in the listing of Ecoya Limited (**Ecoya**) on the NZX Main Board in May 2010, as well as Ecoya's acquisition of skincare products business Trilogy Natural Products Limited (**Trilogy**) in September 2010. CITIC Capital China Partners III, L.P acquired Ecoya (which had since changed its name to Trilogy) under a scheme of arrangement in April 2018
- they were involved in the listing of Moa Group Limited on the NZX Main Board in November 2012

- Mr Baker and Mr Sinclair are the third and seventh largest shareholders respectively in NZX Main Board listed company Turners Automotive Group Limited (**Turners**). Mr Baker is the chair of Turners.

Mr Kerr has significant experience in the health and wellness sector. He was responsible for establishing the *Swisse* brand in New Zealand and, more recently, was the general manager of the *Trilogy* skincare brand. Mr Kerr is the chief executive officer of the Me Today Group.

6.3 The Me Today Group

Section 3 of the Profile entitled *The Me Today Group and What it Does* provides a comprehensive overview of the Me Today Group. A summary of the Me Today Group is set out below.

Me Today NZ

Me Today NZ owns and operates the wellness brand *Me Today*tm. Me Today NZ describes itself as a New Zealand health and wellness brand that produces premium quality products clearly linking supplements and natural skincare, ultimately making it easier for consumers to shop.

The Founders have stated that they joined forces to create Me Today NZ as they believed there to be significant opportunity for a new brand in the wellness space. Their research found that both the supplements and the natural skincare categories in New Zealand and overseas have experienced significant growth in recent years.

The Me Today NZ product range currently consists of 8 supplements products and 12 skincare products. The products are formulated using highly absorbable forms of ingredients and, where possible, are either vegetarian or vegan friendly. The products are contract manufactured in New Zealand.

The Me Today NZ supplements and natural skincare ranges were launched into the New Zealand pharmacy sector on 1 November 2019 through the Green Cross Health Limited (**Green Cross**) network of *Unichem* and *Life Pharmacy* stores. Green Cross has a network of 360 stores nationwide. The Me Today Group states that its products are currently stocked in 180 Green Cross stores and it expects distribution to reach approximately 280 Green Cross stores by the end of 2020.

As well as selling through the Green Cross network, Me Today NZ sells its products direct to consumers on its website www.metoday.com.

While the *Me Today*tm brand has been launched with supplements and natural skincare products as the platform, the Founders have stated that they see significant opportunity to further expand the product offering and take advantage of new trends within the health, beauty and wellbeing spaces. They believe there are significant opportunities to take the brand offshore into markets such as Australia, North America, United Kingdom, Asia and China through a cross border e-commerce model.

Good Brand

Good Brand commenced trading in November 2018, selling and marketing third party brands within the health and wellness space.

Good Brand currently represents the *Me Today*tm brand and 3 other agency branded businesses (*Life-space*, *Artemis* and *SleepDrops*) and is actively seeking other agency brands to complement its existing brand portfolio.

The company employs a network of sales employees to service the pharmacy and health store markets in New Zealand.

Good Brand performs the sales function for the brand principal and is remunerated through a mix of base retainer fee and commission on sales made. The brand principal holds all inventory through a third party logistics provider, thereby alleviating Good Brand from carrying any inventory risk.

6.4 Capital Raising

The Me Today Shareholders have invested $1,200,000 of equity in the Me Today Group as at 31 December 2019.

The funds have been applied to:

- developing the *Me Today*tm brand
- developing supplement and skincare product formulations
- establishing sales channels
- building Me Today NZ's presence on e-commerce and social media platforms
- taking steps to protect the *Me Today*tm trade mark
- building approximately $0.4 million of inventory and funding working capital
- acquiring approximately $0.1 million of fixed assets.

A condition of the Sale Agreement is that the Me Today Group holds cash at bank of at least $1,000,000 at the Completion Date. Accordingly, the Me Today Shareholders expect to invest a further $1,100,000 of equity into the Me Today Group prior to the Completion Date.

6.5 Growth Opportunities

Section 3 of the Profile entitled *The Me Today Group and What it Does* sets out in detail the growth opportunities identified by the Founders for the Me Today Group.

In summary, the growth opportunities are:

- increased sales of *Me Today*tm branded products by growing the *Me Today*tm brand
- extending Me Today NZ's distribution network (eg becoming listed on the *Unichem Tmall* site)
- launching the *Me Today*tm brand into overseas markets such as China and Australia in the near to medium term, followed by other Asia countries and later the United States of America and the United Kingdom

- focusing on and investing in innovation through product development and new category opportunities
- cost reductions by contracting larger manufacturing volumes
- establishing a world class team within the Me Today Group to support and foster the financial performance of the business
- expanding the Good Brand brand agency portfolio.

6.6 Key Business Risks

Section 6 of the Profile entitled *Risks to the Me Today Group's Business and Plans* sets out in detail the key business risks faced by the Me Today Group.

In summary, the key business risks are:

- the Me Today Group's operations are heavily reliant on certain key personnel, in particular each of the Founders
- the Me Today Group needs to be able to identify and react to new trends in the health and wellness sector and to achieve successful brand cut through against its competitors
- the health and wellness sector in New Zealand and internationally is highly competitive
- the Me Today Group may not successfully manage its expected rapid growth
- the value of the Me Today Group's brands may be adversely affected if the Me Today Group is unable to obtain and enforce trade mark and intellectual property rights for its brands
- the Me Today Group may fail to successfully execute its strategy in overseas markets or its products may not resonate with consumers in foreign markets
- the Me Today Group is an early stage business with limited trading history and no assurance of future revenue growth or profitability
- the sale, marketing and production of health and wellness products may be subject to new regulations
- the Me Today Group relies on third parties for the manufacture, packaging and distribution of *Me Today*^{tm} branded products.

6.7 Financial Performance

A summary of the Me Today Group's financial performance since it commenced operations is set out below.

Summary of Me Today Group Financial Performance	5 Mths to 31 Mar 19 (Unaudited) $000	9 Mths to 31 Dec 19 (Unaudited) $000
Agency business commission	83	270
*Me Today*tm product sales	-	136
Interest received	-	1
Revenue	83	407
Cost of sales	-	(55)
Depreciation	(1)	(13)
Operating expenses	(51)	(687)
Brand establishment costs	(75)	(135)
Expenses	(127)	(890)
Net loss	(44)	(483)

Source: Me Today Group management accounts

Good Brand commenced trading in November 2018 and Me Today NZ started selling products through the Green Cross network in November 2019.

Me Today NZ has achieved a gross margin of 60% on its product sales.

The Me Today Group's main operating expenses are salaries, accounting for over half of its operating expenses.

The Me Today Group has incurred $210,000 of costs to date on the development of the *Me Today*tm brand.

6.8 Financial Position

A summary of the Me Today Group's recent financial position is set out below.

Summary of Me Today Group Financial Position	As at 31 Mar 19 (Unaudited) $000	As at 31 Dec 19 (Unaudited) $000
Cash and cash equivalents	38	78
Trade and other receivables	21	208
Inventories	-	409
Fixed assets	10	87
Total assets	69	782
Trade payables and other liabilities	(14)	(109)
Net assets	55	673

Source: Me Today Group management accounts

The Me Today Shareholders have invested $1,200,000 of equity in the Me Today Group as at 31 December 2019 and anticipate investing a further $1,100,000 of equity by the Completion Date to meet their minimum cash level obligation of $1,000,000 under the Sale Agreement.

7. Reasonableness of the Acquisition Purchase Price

7.1 Basis of Valuation

In general terms it is recognised that the value of a share represents the present value of the net cash flows expected therefrom. Cash flows can be in the form of either dividends and share sale proceeds or a residual sum derived from the liquidation of the business.

There are a number of methodologies used in valuing shares and businesses. The most commonly applied methodologies include:

- DCF
- capitalisation of earnings
- net assets or estimated proceeds from an orderly realisation of assets.

Each of these valuation methodologies is applicable in different circumstances. The appropriate methodology is determined by a number of factors including the future prospects of the business, the stage of development of the business and the valuation practice or benchmark usually adopted by purchasers of the type of business involved.

The DCF method is the fundamental valuation approach used to assess the present value of future cash flows, recognising the time value of money and risk. The value of an investment is equal to the value of future free cash flows arising from the investment, discounted at the investor's required rate of return.

The capitalisation of earnings method is an adaptation of the DCF method. It requires an assessment of the maintainable earnings of the business and a selection of a capitalisation rate (or earnings multiple) appropriate to that particular business for the purpose of capitalising the earnings figure.

An assets based methodology is often used in circumstances where the assets of a company have a market value independent of the profitability of the company that owns them. A valuation based on an orderly realisation of assets is normally restricted to instances where the investor holds sufficient control to effect a sale of the assets and / or there is some indication that an orderly realisation is contemplated.

7.2 Inability to Undertake a Comprehensive Valuation

It is widely acknowledged that it is extremely difficult to assess the value of early stage high growth businesses as such businesses lack an operating history and have minimal asset backing yet exhibit potential for rapid growth and usually have an inherent instability in their capital structure because of a frequent need for equity and / or debt financing.

Such businesses are generally valued using the DCF method, with the key inputs into the DCF analysis being financial projections for the business based on underlying assumptions regarding key value drivers such as market penetration, pricing for services, cost structures and capital expenditure.

No prospective financial information is available for the Me Today Group. We note that this is not uncommon for the early stage businesses with limited track records as their future financial performance cannot be forecast with any degree of precision.

In the absence of any prospective financial information for the Me Today Group, it is not possible to undertake an in-depth valuation analysis of the Me Today Group at this point in time.

7.3 Assessment of the Reasonableness of the Acquisition Purchase Price

Implied Revenue Multiple

Given that it is not possible to undertake an in-depth assessment of the value of the Me Today Group, our preferred approach to assess the reasonableness of the Acquisition purchase price would be by way of reference to the implied revenue multiples based on the Acquisition purchase price.

Early stage businesses are frequently loss making. As a result, investors and analysts have tended to default to valuing these businesses on a revenue multiple basis. Commonly, the enterprise value of the early stage business is derived by applying a prospective revenue multiple to the business' annualised recurring revenue.

Unfortunately, such an approach is not overly meaningful in this instance given the very short period of time that the Me Today Group has been operating. Furthermore, we are not aware of any transactions involving businesses that are truly comparable with the Me Today Group in terms of business operations and length of operating history.

Nevertheless, for illustrative purposes only, we assess the implied revenue multiple for the Me Today Group to be in the vicinity of 8.4x.

Indicative Implied Revenue Multiple	
	$000
Acquisition purchase price	5,550
Minimum cash at bank at Completion Date	1,000
Implied enterprise value	4,500
Annualised revenue[1] – based on 9 months ended 31 December 2019	541
Implied revenue multiple	8.4x

1 Excluding interest received

We reiterate that given the Me Today Group's very short trading history and lack of revenue forecasts, limited conclusions can be drawn from this analysis.

Capital Invested

We have also assessed the reasonableness of the Acquisition purchase price by reference to the amount of equity capital invested in the Me Today Group.

The Me Today Shareholders expect to have invested $2,300,000 in the Me Today Group by the Completion Date.

Me Today Group Capital Invested	
	$000
Capital invested as at 31 Dec 2019	1,200
Additional capital to be invested	1,100
Expected capital invested as at Completion Date	2,300

The Acquisition purchase price is $3,250,000 higher than the expected level of capital invested at Completion Date.

In general terms, the excess of value over capital invested can be viewed as an indication of the value of the Me Today Group's intangible assets.

Alternatively, the implied value of the Me Today Group's intangible assets could be inferred as being $4,061,000 as set out below.

Implied Value of Me Today Group's Intangible Assets	
	$000
Acquisition purchase price	5,550
Forecast net tangible assets as at 31 March 2020	1,489
Implied value of intangible assets	4,061

In the absence of prospective financial information, it is difficult to draw definitive conclusions on the reasonableness of the implied value of the Me Today Group's intangible assets.

While an implied value for the intangible assets in excess of $3 million is significant, some comfort can be taken that the Me Today Group will have already created intangible assets of value since it commenced operations in the form of:

- the *Me Today*[tm] brand
- the Me Today NZ distribution networks and sales channels
- the Me Today NZ presence on e-commerce and social media platforms
- the Me Today NZ product formulations
- the Me Today NZ customer relationships
- the opportunity to develop new products and categories
- the Good Brand agency relationships
- the opportunity to extend Good Brand's agency brand portfolio
- the Me Today Group's assembled workforce
- the Founders' track record in investing in and developing early stage high growth businesses, as well as listing businesses on the NZX Main Board and creating value enhancing liquidity events for these businesses.

7.4 Conclusion

The absence of prospective financial information means that it is not possible to undertake an in-depth valuation of the Me Today Group and derive any definitive conclusions as to the value of the Me Today Group at this point in time.

Based on the implied revenue multiple for the Me Today Group, the amount of capital invested and the implied value of the Me Today Group's intangible assets, we consider the Acquisition purchase price to be not unreasonable.

8. Reasonableness of the Consideration Shares and the Placement Shares Issue Price

8.1 Basis of Setting the Issue Price

We are advised by the Board that the issue price of $0.005 per share for the 1,110,000,000 Consideration Shares and the 300,000,000 Placement Shares was established in November 2019 based on the Board's (then) estimate of the Company's cash position as at the Completion Date of approximately $1.6 million and an assessed value of CSM's NZX Main Board Listing of $0.5 million.

Board's Basis for $0.005 Per Share Issue Price		
	$000	**Per Share $**
Estimated cash as at Completion Date	1,600	0.004
Value of NZX Main Board listing	500	0.001
Value of CSM shares	2,100	0.005

8.2 Assessment of the Reasonableness of the Issue Price

We have assessed the reasonableness of the issue price of $0.005 per share by reference to:

- the prices at which the Company's shares have recently traded on the NZX Main Board and off-market prior to the announcement of the Restructure
- the asset backing of the shares.

We note that CSM has not raised any equity since the Fengli Placement in November 2009.

8.3 Share Price History

Fengli Share Sale

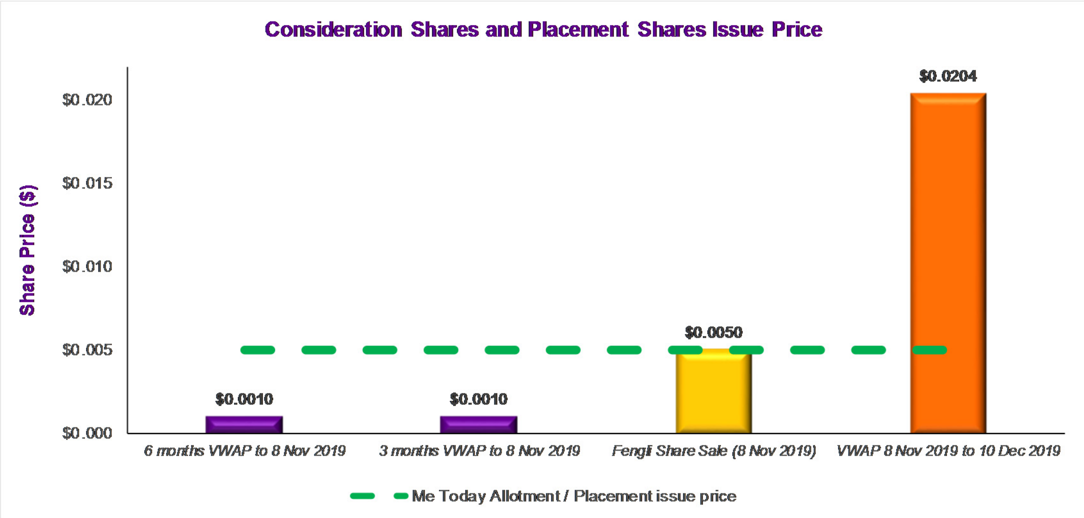
Fengli sold its 125,000,000 shares (30.15%) on 8 November 2019 to a number of investors via an off-market placement at $0.005 per share.

The Fengli Share Sale price equates to the Consideration Shares and the Placement Shares issue price.

NZX Main Board Trading Prices

A summary of CSM's daily closing share price and monthly volumes of shares traded since 4 January 2017 is set out in section 5.8.

The issue price of $0.005 per share is significantly higher than the observed trading prices for CSM's shares over the past 6 months up to 8 November 2019 (ie the date of the Fengli Share Sale) and significantly lower than the observed trading prices in the period between the Fengli Share Sale and the announcement of the Restructure.



The issue price of $0.005 per share represents:

- a premium of 400% to the 3 month and 6 month VWAP prior to the Fengli Share Sale of $0.001
- a discount of 75% to the VWAP between the Fengli Share Sale and the announcement of the Restructure of $0.0204.

In our view, little reliance can be placed on the observed share prices as an indication of the fair value of the CSM shares given the very thin trading in the shares.

Furthermore, we are of the view that the observed trading prices immediately prior to the announcement of the Restructure may have been based on speculation by the purchasers of the shares that following the Fengli Share Sale, CSM would undertake a backdoor listing that may be value enhancing.

Prior to the Fengli Share Sale, the shares last traded at $0.001 on 16 August 2019. The graph in section 5.8 shows that 595,000 shares traded on 29 November 2019 at $0.020, with trading at $0.020 on a further 4 days before 249,144 shares traded at $0.023 on 10 December 2019.

8.4 Net Assets per Share

CSM's total equity amounted to approximately $1.8 million as at 31 December 2019, equating to net assets of $0.0043 per share.

The nature of the Company's assets (predominantly cash) is such that their carrying values represent reasonable proxies of their market values.

As a listed shell company, CSM's only material intangible asset is likely to be its NZX Main Board listing. In general terms, the value ascribed to a NZX Main Board listing is a function of the costs saved by a company undertaking a backdoor listing or reverse listing rather than undergoing an initial public offering (**IPO**) or compliance listing.

The costs of an IPO (when a company seeks to raise capital at the time of its listing) can be significant due to brokerage fees as well as other expenses such as share registry expenses, legal fees, accounting fees, advertising costs, printing costs and postage costs associated with preparing a product disclosure statement. However, the costs associated with a compliance listing, where a company's shares are listed but no new capital is raised, are considerably lower.

Recent backdoor listings and reverse listings on the NZX Main Board have ascribed values in the range of $200,000 to $500,000 to the NZX Main Board listings.

We consider a reasonable value for CSM's NZX Main Board listing to be in the range of $200,000 to $500,000.

Based on the above, we are of view that the value of CSM shares prior to the Restructure, and in the absence of any alternative transaction, is currently in the range of $0.0048 to $0.0055 per share.

Value of CSM Shares Prior to the Acquisition				
	Total		Per Share	
	Low $000	High $000	Low $	High $
Net assets as at 31 December 2019	1,779	1,779	0.0043	0.0043
Value of NZX Main Board listing	200	500	0.0005	0.0012
Value of CSM shares	1,979	2,279	0.0048	0.0055

8.5 Conclusion

We consider the Consideration Shares and the Placement Shares issue price of $0.005 per share to be reasonable from the perspective of the Existing Shareholders / Non-associated Shareholders as it is within our assessed valuation range of $0.0048 to $0.0055 per share and is equivalent to the Fengli Share Sale price.

In our view, little reliance can be placed on the observed share prices as an indication of the fair value of the CSM shares given:

- the very thin trading in the shares
- the last share prices prior to the suspension of trading of the Company's shares likely reflected a speculative element.

9. Sources of Information, Reliance on Information, Disclaimer and Indemnity

9.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of special meeting
- the draft Profile
- the Term Sheet
- the Sale Agreement and the Variation Agreement
- the CSM annual reports for the years ended 30 June, 2017 to 2019
- the CSM interim financial statements for the 6 months ended 31 December 2019
- CSM's due diligence material in respect of the Me Today Group
- information in respect of the Me Today Group provided by the Me Today Group, including its management accounts up to 31 December 2019
- publicly available information on the health and wellness sector
- data in respect of CSM and companies operating in the health and wellness sector from NZX Company Research and S&P Capital IQ.

During the course of preparing this report, we have had discussions with and / or received information from the Board, CSM's legal advisers and the Me Today Shareholders.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report and Appraisal Report with all information relevant to the Restructure that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report and Appraisal Report.

In our opinion, the information to be provided by CSM to the Existing Shareholders and the Non-associated Shareholders is sufficient to enable the Board, the Existing Shareholders and the Non-associated Shareholders to understand all the relevant factors and to make an informed decision in respect of the Restructure (including the Me Today Allotment and the HHL Placement).

9.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by CSM and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of CSM or the Me Today Group. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

9.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of CSM or the Me Today Group will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of CSM and the Me Today Group and their respective directors and management teams. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the notice of special meeting or the Profile issued by CSM and have not verified or approved the contents of the notice of special meeting or the Profile. We do not accept any responsibility for the contents of the notice of special meeting except for this report.

9.4 Indemnity

CSM has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. CSM has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

10. Qualifications and Expertise, Independence, Declarations and Consents

10.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

10.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with CSM, the Me Today Group, the Me Today Shareholders or HHL or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Restructure.

Mr Simmons has an indirect interest in 4,500 shares in CSM which are held by a family trust.

Simmons Corporate Finance has not had any part in the formulation of the Restructure or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting in respect of the Restructure Resolutions. We will receive no other benefit from the preparation of this report.

10.3 Declarations

An advance draft of this report was provided to the Board for its comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

10.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of special meeting to be sent to the Existing Shareholders and the Non-associated Shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.

Peter Simmons
Director
Simmons Corporate Finance Limited
11 March 2020