Simmons Corporate Finance

CricHQ Limited

Independent Adviser's Report

In Respect of the Proposed Investment by Tembusu Growth GIP Fund III Limited

August 2015

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
- 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 Independent Adviser's Report.

Index

Section **Page**

1. Introduction

1.1 Background

CricHQ Limited (**CricHQ** or the **Company**) provides a cloud-based cricket administration, scoreboard and statistics digital platform. It also offers predictive scoring and social media sharing tools.

CricHQ currently has 2,112,150 fully paid ordinary shares on issue held by 161 shareholders (the **Existing Shareholders**).

The Company's shares are not currently listed on any equities security market.

A profile of CricHQ is set out in section 4.

1.2 Tembusu Investment

Overview

CricHQ, Tembusu Growth GIP Fund III Limited (**Tembusu**), Moneybaker Holdings Limited (**Moneybaker**) and Simon Baker entered into a Convertible Loan Note Subscription Agreement on 23 May 2015 (the **Convertible Note Agreement**) whereby Tembusu will invest up to US$10 million in CricHQ by subscribing for convertible notes (the **Convertible Notes**).

The Convertible Notes may be subsequently converted into CricHQ ordinary shares at Tembusu's election (the **Conversion Shares**).

The Company has also granted an option to Tembusu (the **Option**), which, in the event of CricHQ undertaking an initial public offering (**IPO**) or a sale of all or a substantial part of its business or assets (a **Trade Sale**), would allow Tembusu to require CricHQ to issue ordinary shares in the Company to Tembusu (the **Option Shares**).

We refer to the issue of the Convertible Notes and the grant of the Option as the **Tembusu Investment**.

Terms of the Convertible Notes Issue

Issue of Convertible Notes

The Convertible Notes are to be issued in the following tranches and amounts:

- the first tranche – US$1 million, which was issued on 26 May 2015 (the **First Tranche Issue Date**)
- the second tranche – US$2 million, which was issued on 1 July 2015
- the third tranche – US$3 million
- the fourth tranche – US$4 million.

The issue of the third tranche and fourth tranche is subject to Existing Shareholders' approval and the achievement of defined milestones by the Company.

The Convertible Notes are secured by a General Security Agreement between CricHQ and Tembusu dated 23 May 2015 (the **General Security Agreement**) and a Specific Security Deed (Shares) Relating to Shares in CricHQ Limited between Moneybaker and Tembusu dated 23 May 2015 (the **Specific Security Agreement**).

Interest

CricHQ will pay interest on each tranche of the Convertible Notes at the following rates:

- 12% per annum, for the first 3 years after the First Tranche Issue Date (ie up to 26 May 2018)
- 8% per annum thereafter.

Interest will be payable semi annually in arrears.

Default interest will be calculated on a daily basis at 24% per annum on all overdue moneys (including interest payable), compounded on a monthly basis.

Redemption

The Convertible Notes mature 3 years after the First Tranche Issue Date (ie on 26 May 2018), unless extended by Tembusu for one year (ie to 26 May 2019) (the **Maturity Date**).

Unless it has been converted, CricHQ will redeem each Convertible Note on the Maturity Date by payment to Tembusu of the principal amount of that Convertible Note.

If Tembusu extends the Maturity Date from 3 years (ie 26 May 2018) to 4 years (ie to 26 May 2019), it can require CricHQ to redeem all or some of the Convertible Notes during that extended period.

Conversion

Unless redemption has occurred, Tembusu will be entitled to convert all or some of the Convertible Notes into ordinary shares at any time from the date 2 years after the First Tranche Issue Date (ie from 26 May 2017).

In the event of CricHQ undertaking an IPO or Trade Sale, Tembusu will be entitled to convert all or some of the Convertible Notes into ordinary shares so as to participate in or take the benefit, as a shareholder, of that IPO or Trade Sale.

On conversion, CricHQ will convert those Convertible Notes by allotting to Tembusu the number of Conversion Shares in the Company calculated by dividing the aggregate principal amount of the Convertible Notes to be converted by the *Current Completion Pre-Money Price*.

The *Current Completion Pre-Money Price* means, on any conversion date, the *Current Completion Pre-Money Value* on that date, divided by the number of ordinary shares on that date.

The *Current Completion Pre-Money Value* will be between US$24 million and US$30 million. It is defined as being US$24 million, adjusted upwards in the following aggregate amounts:

- by US$2 million, in the event that CricHQ has acquired the national cricket governing body of India as a fully-paid customer
- by US$1 million, in the event that CricHQ has acquired the national cricket governing body of South Africa as a fully-paid customer
- by US$1 million, in the event that CricHQ has acquired the national cricket governing body of England as a fully-paid customer
- by US$1 million, in the event that CricHQ has acquired the national cricket governing body of Pakistan as a fully-paid customer
- by US$1 million, in the event that CricHQ has acquired the national cricket governing body of any other test-playing cricket nation as a fully-paid customer

and adjusted downwards in the following aggregate amounts:

- by US$1 million, in the event CricHQ has not achieved, by 31 December 2016, specified key performance indicators relating to the number of page views, advertising revenue per 1,000 pages, number of cricket competition draws and software as a service (**SaaS**) revenue per draw
- by US$1 million, in the event CricHQ's cash flow from operations remains less than its operating expenses by the date the last of the Convertible Notes to be converted are converted

provided that the *Current Completion Pre-Money Value* will not be less than US$24 million or more than US$30 million.

The basis of conversion will be adjusted by CricHQ as necessary to ensure that Tembusu is not prejudiced by any amendment to or restructuring of the capital of the Company or any of its subsidiaries.

If the Company proposes to make an offer of shares, warrants, convertible bonds or other securities, Tembusu shall be given the opportunity to participate in the issue on a pro rata basis, on the basis that it will be deemed to have converted all its Convertible Notes to Conversion Shares such that Tembusu will be treated as having received upon conversion at the *Current Completion Pre-Money Price* applicable at the time the offer of securities is made.

Terms of the Option

On the First Tranche Issue Date, in consideration of Tembusu entering into the Convertible Note Agreement, CricHQ grants to Tembusu the Option.

The Option can only be exercised in the event that CricHQ undertakes an IPO or Trade Sale within the period commencing on the date 2 years after the First Tranche Issue Date (ie 26 May 2017) and ending on the earlier of:

- the date on which the fourth tranche is issued and
- the date falling 4 years after the First Tranche Issue Date (ie 26 May 2019).

On receipt of the option purchase price of US$1, CricHQ will allot to Tembusu the number of Option Shares calculated as:

- 50% of the aggregate undrawn principal amount of the Convertible Notes on the option exercise date
- divided by the *Option Exercise Price* on the option exercise date.

The *Option Exercise Price* on any option exercise date will equate to the *Current Completion Pre-Money Value* on that date divided by the number of ordinary shares on that date.

The Option Shares issued to Tembusu will be fully paid and will rank equally in all respects with all other shares.

Tembusu Investment Key Dates

The key dates associated with the Tembusu Investment are set out below.

First Tranche Issue Date	**26 May 2015**	
Redemption Date	**26 May 2018**	**26 May 2019** *if extended by Tembusu*
Conversion Period	**26 May 2017 - 26 May 2018**	**26 May 2019** *if extended by Tembusu*

Tembusu Management Fee

In addition to the issue of the Convertible Notes and the grant of the Option, CricHQ will pay Tembusu a management fee of 5% of the gross amount (exclusive of GST) payable to CricHQ under any contract for service or other reward during the term of the Convertible Note Agreement where the contract would not have been entered into but for Tembusu's efforts.

Tembusu Approval of Important Matters

The Convertible Note Agreement provides that CricHQ may not enter into any Important Matters without the prior written approval of Tembusu.

Important Matters are matters that include (but are not limited to):

- an IPO or Trade Sale
- a material change in the nature, scope or strategy of the Company
- the entry into a material contract
- the approval of an annual budget
- any expenditure exceeding US$100,000
- any increase in the remuneration of any director, officer or manager
- the establishment or amendment of any employee share or option scheme.

General Security Agreement

Under the terms of the Convertible Note Agreement, CricHQ is required to enter into the General Security Agreement whereby the Company grants a security interest in all of its property to Tembusu to secure the amounts owed by the Company to Tembusu under the Convertible Note Agreement.

Specific Security Agreement

Moneybaker has granted a guarantee to Tembusu in respect of CricHQ's obligations under the Convertible Note Agreement. Moneybaker is required to enter into the Specific Security Agreement whereby it grants to Tembusu a security interest in its 1,002,635 ordinary shares in CricHQ (representing 47.47% of the total shares on issue) to secure its obligations under its guarantee.

Moneybaker is owned by interests associated with Simon Baker (45%), Stephen Fleming (30%) and Brendan McCullum (25%).

Pursuant to Tembusu's exercise of its enforcement rights under the Specific Security Agreement, Tembusu may acquire Moneybaker's shares in the Company (the **Tembusu Acquisition**). Tembusu can only exercise this enforcement right in the event that a specified event of default has occurred under the Convertible Note Agreement and is not remedied within 30 days of its occurrence (an **Event of Default**).

Events of Default include:

- CricHQ failing to pay any principal amount of a Convertible Note when it is redeemed
- CricHQ failing to perform or comply with any of its other obligations under the Convertible Note Agreement
- any material proceedings issued against or material judgement given against CricHQ or Moneybaker
- CricHQ or Moneybaker ceasing all or substantially all of its business or operations
- a liquidator, receiver or statutory manager is appointed in respect of CricHQ or Moneybaker
- CricHQ or Moneybaker is insolvent.

Upon an Event of Default, Tembusu may:

- demand immediate repayment of the Convertible Notes
- enforce its rights and remedies under the Convertible Note Agreement, General Security Agreement and Specific Security Agreement
- elect to immediately convert all or any of the Convertible Notes into Conversion Shares.

1.3 Tembusu Growth GIP Fund III Limited

Tembusu is a subsidiary of Tembusu Partners Pte Limited (**Tembusu Partners**), a private equity firm based in Singapore.

Tembusu was launched in September 2013 as a Pan-Asia private equity growth capital fund. It is a close-ended fund of S$150 million.

A profile of Tembusu and Tembusu Partners is set out in section 5.

1.4 Impact on Shareholding Levels

Convertible Note Agreement

The number of Conversion Shares and Option Shares issued to Tembusu under the Convertible Note Agreement will depend on:

- the number of tranches of the Convertible Notes issued to Tembusu
- the extent to which the Convertible Notes are redeemed or converted
- the *Current Completion Pre-Money Value* if the Convertible Notes are converted
- whether the Option is exercised
- the *Current Completion Pre-Money Value* if the Option is exercised.

If all 4 tranches of the Convertible Notes are issued to Tembusu, then the Option will have expired and therefore no Option Shares can be issued.

If all 4 tranches of the Convertible Notes are issued and then redeemed, then no Conversion Shares will be issued to Tembusu. Assuming Tembusu has not acquired any other shares in the Company, it will hold no shares in CricHQ under this scenario.

Alternatively, if all 4 tranches of the Convertible Notes are issued and Tembusu elects to convert all of the Convertible Notes into Conversion Shares, then Tembusu will hold between 25.00% and 29.41% of the shares in CricHQ, depending on the *Current Completion Pre-Money Value* at the date of the conversion (and assuming CricHQ has not issued any other shares).

The table below shows the maximum number of Conversion Shares that will be issued on the basis that US$10 million of Convertible Notes are issued and converted, depending upon the *Current Completion Pre-Money Value* at the date of the conversion.

Tembusu's Maximum Shareholding Levels – US$10 Million Convertibles Notes Converted

	Existing Shareholders		Tembusu		Total
	Shares	%	Shares	%	Shares
Current Completion Pre-Money Value = US$30 million					
Current	2,112,150	100%	-	0%	2,112,150
Conversion Shares	-		704,050[1]	100%	704,050
Option Shares	-		-		-
Post the Tembusu Investment	2,112,150	75.00%	704,050	25.00%	2,816,200
Current Completion Pre-Money Value = US$24 million					
Current	2,112,150	100%	-	0%	2,112,150
Conversion Shares	-		880,063[1]	100%	880,063
Option Shares	-		-		-
Post the Tembusu Investment	2,112,150	70.59%	880,063	29.41%	2,992,213

1 Based on US$10 million of Convertible Notes being issued and converted

As noted above, if all 4 tranches of the Convertible Notes are issued to Tembusu, then the Option will have expired and therefore no Option Shares can be issued. However, if the third and fourth tranches are not issued and the Option is able to be exercised, then Tembusu will hold between 17.81% and 21.31% of the shares in CricHQ.

Tembusu's Maximum Shareholding Levels – Option Exercised

	Existing Shareholders Shares	Existing Shareholders %	Tembusu Shares	Tembusu %	Total Shares
Current Completion Pre-Money Value = US$30 million					
Current	2,112,150	100%	-	0%	2,112,150
Conversion Shares	-		211,215[1]	100%	211,215
Option Shares	-		246,418[2]	100%	246,418
Post the Tembusu Investment	2,112,150	82.19%	457,633	17.81%	2,569,783
Current Completion Pre-Money Value = US$24 million					
Current	2,112,150	100%	-	0%	2,112,150
Conversion Shares	-		264,019[1]	100%	264,019
Option Shares	-		308,022[2]	100%	308,022
Post the Tembusu Investment	2,112,150	78.69%	572,041	21.31%	2,684,191

1 Based on US$3 million of Convertible Notes being issued (the first and second tranche) and converted
2 Assuming the Option is exercised before the third and fourth tranche of Convertible Notes are issued

Specific Security Agreement

If an Event of Default occurred and Tembusu enforced its rights and remedies under the Specific Security Agreement, it could acquire up to 1,002,635 shares in the Company that are currently held by Moneybaker under the Tembusu Acquisition.

Assuming no Conversion Shares or Option Shares have been issued and there are no other changes to the number of shares on issue, this would result in Tembusu holding up to 47.47% of the shares in the Company.

The theoretical maximum shareholding level the Tembusu could hold in CricHQ following the Tembusu Allotments and the Tembusu Acquisition is between 60.60% and 62.92%. This assumes that:

- US$10 million of Convertible Notes are issued and converted and
- Tembusu acquires all 1,002,635 shares currently held by Moneybaker under the Tembusu Acquisition.

Tembusu's Theoretical Maximum Shareholding Levels Under the Tembusu Investment					
	Existing Shareholders		**Tembusu**		**Total**
	Shares	**%**	**Shares**	**%**	**Shares**
Current Completion Pre-Money Value = US$30 million					
Current	2,112,150	100%	-	0%	2,112,150
Conversion Shares	-		704,050[1]	100%	704,050
Tembusu Acquisition	(1,002,635)		1,002,635		-
Post the Tembusu Investment	1,109,515	39.40%	1,706,685	60.60%	2,816,200
Current Completion Pre-Money Value = US$24 million					
Current	2,112,150	100%	-	0%	2,112,150
Conversion Shares	-		880,063[1]	100%	880,063
Tembusu Acquisition	(1,002,635)		1,002,635		-
Post the Tembusu Investment	1,109,515	37.08%	1,882,698	62.92%	2,992,213

1 Based on US$10 million of Convertible Notes being issued and converted

We consider the likelihood of this outcome occurring to be highly improbable. If the maximum number of Convertible Notes are issued and converted under the Tembusu Allotments, then it is unlikely that there will be any significant need for Tembusu to enforce its rights and remedies under the Specific Security Agreement. Therefore the possibility of both the Tembusu Allotments and the Tembusu Acquisition occurring to their maximum extent possible is extremely remote.

1.5 Annual Meeting

The Existing Shareholders will vote on a special resolution in respect of the Tembusu Investment at the Company's annual meeting of shareholders on 24 September 2015 (resolution 1 - the **Tembusu Investment Resolution**). The Tembusu Investment Resolution covers:

- the issue of the Convertible Notes
- the allotment of the Conversion Shares
- the grant of the Option
- the allotment of the Option Shares.

We refer to the allotment of the Conversion Shares and the Option Shares collectively as the **Tembusu Allotments**.

Any Existing Shareholder who is deemed to be an associate of Tembusu is not permitted to vote on the Tembusu Investment Resolution.

The Existing Shareholders will also vote on:

- a special resolution in respect of the Convertible Note Agreement and the General Security Agreement (resolution 2)
- a special resolution in respect of any acquisition of Company shares by Tembusu from Moneybaker under the Tembusu Acquisition pursuant to the Specific Security Agreement (resolution 3 – the **Specific Security Agreement Resolution**)
- a special resolution to alter the constitution of the Company (resolution 4)

- a special resolution to approve, confirm and ratify the appointment of Michael Loftus as a director of the company (resolution 5)
- a special resolution to approve, confirm and ratify the appointment of Andy Lim as a director of the company (resolution 6).

1.6 Regulatory Requirements

CricHQ is a code company as defined by the Takeovers Code (the **Code**) as it has 50 or more shareholders and 50 or more share parcels. Accordingly the Company is subject to the provisions of the Code.

Rule 6 of the Code prohibits:

- a person who holds or controls less than 20% of the voting rights in a code company from increasing its holding or control of voting rights beyond 20%
- a person holding or controlling 20% or more of the voting rights in a code company from increasing its holding or control of voting rights

unless the person and that person's associates comply with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(d) of the Code, enables a person and its associates to increase their holding or control of voting rights by an allotment of shares if the allotment is approved by an ordinary resolution of the code company.

The Tembusu Allotments may result in Tembusu increasing its control of the voting rights in CricHQ to between 25.00% and 29.41%.

Accordingly, the Existing Shareholders will vote at the Company's annual meeting on the Tembusu Investment Resolution in respect of the Tembusu Allotments in accordance with the Code. The resolution is a special resolution rather than an ordinary resolution due to the requirements of the Company's constitution.

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).

Another exception, set out in Rule 7(c) of the Code, enables a person and its associates to increase their holding or control of voting rights by an acquisition of shares if the acquisition is approved by an ordinary resolution of the code company.

The Tembusu Acquisition may result in Tembusu increasing its control of the voting rights in CricHQ to up to 47.47% and, in conjunction with the Tembusu Allotments, to up to 62.92%.

Accordingly, the Existing Shareholders will vote at the Company's annual meeting on the Specific Security Agreement Resolution in respect of the Tembusu Acquisition in accordance with the Code. The resolution is a special resolution rather than an ordinary resolution due to the requirements of the Company's constitution.

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

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 15(h).

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 Tembusu Allotments and the Tembusu Acquisition in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 8 June 2015 to prepare the Independent Adviser's Report.

Simmons Corporate Finance issues this Independent Adviser's Report to the Board for the benefit of the Existing Shareholders to assist them in forming their own opinion on whether to vote for or against the Tembusu Investment Resolution and the Specific Security Agreement Resolution.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the Tembusu Allotments and the Tembusu Acquisition in relation to each shareholder. This report on the merits of the Tembusu Allotments and the Tembusu Acquisition is therefore necessarily general in nature.

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

1.8 Currencies

All currency references are to New Zealand dollars (**NZ$**), United States dollars (**US$**) or Singapore dollars (**S$**).

Conversions of US$ to NZ$ are undertaken at an exchange rate of NZ$1.00 = US$0.66.

2. Evaluation of the Merits of the Tembusu Allotments

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the Tembusu Allotments 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 and the Takeovers Code* dated 3 March 2015
- 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*.

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

- the requirement for the Tembusu Investment
- the prospects for CricHQ without the Tembusu Investment
- the terms and conditions of the Tembusu Investment
- the impact of the Tembusu Investment on CricHQ's financial position
- the impact of the Tembusu Investment on the control of the Company
- the impact of the Tembusu Investment on CricHQ's share price
- the benefits and disadvantages for Tembusu of the Tembusu Investment
- the benefits and disadvantages for the Existing Shareholders of the Tembusu Investment
- the implications if the Tembusu Investment Resolution 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.

2.2 Summary of the Evaluation of the Merits of the Tembusu Allotments

Our evaluation of the merits of the Tembusu Allotments is set out in detail in sections 2.3 to 2.14.

The Tembusu Investment will result in:

- Tembusu providing up to US$10 million of capital to the Company in the form of Convertible Notes
- Tembusu potentially holding between 25.00% and 29.41% of the Company's ordinary shares 2 years after the First Tranche Issue Date through the Tembusu Allotments (ie after 26 May 2017).

In summary, the key positive aspects of the Tembusu Investment are:

- the Tembusu Investment will result in CricHQ receiving up to US$10 million of new capital:
  - US$3 million has already been received (tranches 1 and 2)
  - the remaining US$7 million (tranches 3 and 4) is subject to CricHQ achieving certain milestones
- the terms of the Tembusu Investment are reasonable:
  - the Conversion Shares will be issued to Tembusu at between US$11.36 to US$14.20 per share. This equates to NZ$17.22 to NZ$21.52 per share, which represents a premium of 43.5% to 79.3% over the most recent price of NZ$12.00 that the Company issued shares at in May 2015
  - the Convertible Notes carry interest at 12% per annum to 26 May 2018 and then 8% per annum thereafter. The interest rate of 12% per annum is the same interest rate as the Company incurred on the shareholders' advances up until they were converted into ordinary shares on 14 May 2015
- the Tembusu Investment will have a significant positive impact on the Company's financial position as it will receive up to US$10 million of new capital (before costs)
- the Tembusu Investment is unlikely to have any direct impact on the liquidity of the Company's shares. However, it may enhance the possibility of a liquidity event (such as an IPO or a Trade Sale) occurring sometime in the future
- the implications of the Tembusu Investment Resolution not being approved by the Existing Shareholders are significant in that the third and fourth tranches of the Tembusu Investment will not be able to be issued, thereby depriving CricHQ of up to US$7 million of capital. The Company will need to seek alternative sources of capital in a relatively short timeframe to continue its operations and fund its growth strategy. If CricHQ cannot raise sufficient capital in the required timeframe to meet its financial obligations, then, in a worst case scenario, it may need to cease operating.

In summary, the key negative aspects of the Tembusu Investment are:

- Tembusu will potentially control between 25.00% and 29.41% of the Company's voting rights following the Tembusu Allotments, giving it significant influence over the outcome of shareholding voting and enabling it to exert a high level of influence over the Board and the Company's operations
- the dilutionary impact of the Tembusu Investment on the Existing Shareholders will result in their shareholdings in the Company reducing by up to between 25.00% and 29.41% following the Tembusu Investment
- CricHQ will grant Tembusu the Option, which may be exercised if the Company undertakes an IPO or Trade Sale prior to all 4 tranches of Convertible Notes being issued to Tembusu. If the Option is exercised, Option Shares will be allotted to Tembusu for a total purchase price of US$1 without Tembusu subscribing for the unissued Convertible Notes
- the attraction of CricHQ as a takeover target may diminish.

There are a number of positive and negative features associated with the Tembusu Investment. In our view, when the Existing Shareholders are evaluating the merits of the Tembusu Investment, they need to carefully consider whether the negative aspects of the Tembusu Investment, including the level of control that Tembusu will hold over the Company and the dilutionary impact could justify voting against the Tembusu Investment Resolution with the outcome that the Company will be undercapitalised and will need to seek alternative sources of capital in order to execute its growth strategy.

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

2.3 Rationale for the Tembusu Investment

Requirement for the Tembusu Investment

Since its incorporation, CricHQ has raised NZ$10.7 million of share capital from its shareholders.

As at 31 March 2015, the Company had NZ$7.6 million of accumulated losses. It had NZ$0.1 million of cash in hand and NZ$2.0 million of interest bearing debt (**IBD**):

- NZ$1.6 million of advances from its shareholders
- NZ$0.4 million of loans from Adroy Capital Limited (**Adroy**).

CricHQ requires significant additional capital in order to fund the continued development of its digital platform and to grow its global operations.

Discussions with Tembusu

We are advised that the Company first entered into discussions with Tembusu in September 2014 when Tembusu was introduced to CricHQ by New Zealand Trade and Enterprise.

Negotiations with Tembusu gained momentum in February 2015 during the Cricket World Cup, culminating in the signing of the Convertible Note Agreement on 23 May 2015.

Use of Funds

The funds from the Tembusu Investment will be used to strengthen the Company's financial position and grow CricHQ's global operations.

Approximately half of the funds will be invested in the development of the Company's digital platform and the other half will be invested in marketing and sales and operations activities.

CricHQ plans to grow its global operations through senior appointments in India, United Kingdom, South Africa and Pakistan. A key focus will be on expanding the Company's operations in the Indian market, which is the world's largest cricketing nation. CricHQ plans to double its staff in India over the next 18 months, from 40 to 80 personnel.

2.4 The Prospects for CricHQ Without the Tembusu Investment

CricHQ's financial position as at 31 March 2015 was not strong. While total equity amounted to NZ$1.3 million, it had negligible cash in hand, its IBD totalled NZ$2.0 million and its trade and other payables exceeded its accounts receivable by NZ$0.6 million at that date.

CricHQ's loss for the 2015 financial year was NZ$5.0 million and its cash outflows from operations and investing activities totalled NZ$3.9 million.

The Tembusu Investment will raise up to US$10 million (before costs of US$0.5 million). US$3 million of this amount has already been received. However, if the Tembusu Investment is not approved, then the Company will need to seek capital from alternative sources in a relatively short timeframe. This may prove to be difficult for the Company.

The Company may be able to slow down its cash burn in the short term by reducing the level of development of the digital platform and / or its marketing and sales activities. However, this is likely to require a reduction in personnel with the resultant loss of capabilities. This is not an ideal scenario for the Company.

In the event that sufficient capital cannot be raised in the required timeframe to meet the Company's financial obligations, then, in a worst case scenario, it may need to cease operating.

2.5 Structure of the Tembusu Investment

Size of the Tembusu Investment

The Tembusu Investment will raise up to US$10 million (before US$0.5 million of costs). The Convertible Notes are to be issued in the following tranches and amounts:

- the first tranche – US$1 million, which was issued on 26 May 2015
- the second tranche – US$2 million, which was issued on 1 July 2015
- the third tranche – US$3 million
- the fourth tranche – US$4 million.

The issue of the third tranche and fourth tranche are subject to Existing Shareholders approval and the achievement of certain milestones by CricHQ, including:

- the number of page views
- the level of advertising revenue
- the number of cricket competition draws
- the level of SaaS revenue per draw.

Issue Price of the Conversion Shares

The Conversion Shares will be issued at between US$11.36 to US$14.20 per share. This equates to NZ$17.22 to NZ$21.52 per share.

Since 31 March 2015, the Company has issued 147,483 ordinary shares at NZ$12.00 per share.

The US$11.36 to US$14.20 issue price represents a premium of 43.5% to 79.3% over the NZ$12.00 issue price.

Convertible Notes

The Convertible Notes carry an interest rate of 12% per annum for the first 3 years after the First Tranche Issue Date (ie up to 26 May 2018) and then 8% per annum thereafter.

The initial interest rate of 12% per annum is the same as the interest rate that CricHQ paid on the shareholders' advances up until they were converted into ordinary shares on 14 May 2015.

2.6 Option

In consideration of Tembusu entering into the Convertible Note Agreement, CricHQ has granted to Tembusu the Option on the First Tranche Issue Date (ie 26 May 2015).

The objective of the Option is to issue Option Shares to Tembusu in the event that CricHQ undertakes an IPO or Trade Sale prior to all 4 tranches of Convertible Notes being issued to Tembusu.

The Option can only be exercised in the event that CricHQ undertakes an IPO or Trade Sale within the period commencing on the date 2 years after the First Tranche Issue Date (ie after 26 May 2017) and ending on the earlier of:

- the date on which the fourth tranche is issued and
- the date falling 4 years after the First Tranche Issue Date (ie 26 May 2019).

Accordingly, the Option cannot be exercised once the Convertible Notes have been issued in full.

On receipt of the option purchase price of US$1, CricHQ will allot to Tembusu the number of Option Shares calculated as:

- 50% of the aggregate undrawn principal amount of the Convertible Notes on the option exercise date
- divided by the *Option Exercise Price* on the option exercise date.

The *Option Exercise Price* on any option exercise date will equate to the *Current Completion Pre-Money Value* on that date divided by the number of ordinary shares on that date.

The Option Shares issued to Tembusu will be fully paid and will rank equally in all respects with all other shares.

The maximum number of Option Shares that can be issued is between 352,025 and 440,032 shares on the basis that no Convertibles Notes are issued prior to the Option being exercised, depending upon the *Current Completion Pre-Money Value* at the option exercise date.

Maximum Option Shares

	Existing Shareholders		Tembusu		Total
	Shares	%	Shares	%	Shares
Current Completion Pre-Money Value = US$30 million					
Current	2,112,150	100%	-	0%	2,112,150
Option Shares	-		352,025	100%	352,025
Post the Tembusu Investment	2,112,150	85.71%	352,025	14.29%	2,464,175
Current Completion Pre-Money Value = US$24 million					
Current	2,112,150	100%	-	0%	2,112,150
Option Shares	-		440,032	100%	440,032
Post the Tembusu Investment	2,112,150	82.76%	440,032	17.24%	2,552,182

We are advised by the Board that at this point in time, there are no plans in place for CricHQ to undertake an IPO or a Trade Sale. Accordingly, the probability of the Option being exercised is not high at this point in time.

2.7 Impact on Financial Position

A summary of CricHQ's recent financial position is set out in section 4.7.

CricHQ's total equity as at 31 March 2015 was NZ$1.3 million (NZ$0.68 per share). Subsequent to 31 March 2015, NZ$1.8 million of shares have been issued.

The Tembusu Investment will raise cash of US$10 million. This equates to NZ$15.2 million.

For illustrative purposes, if the full cash proceeds from the Tembusu Investment were to have been received at the current date and the Conversion Shares were also issued on that date, CricHQ's total equity would increase to NZ$18.3 million and equity per share would increase to NZ$6.10 per share.

Illustrative Effect of the Tembusu Investment on CricHQ's Financial Position

	Equity (NZ$000)	No. of Shares (000)	Equity / Share (NZ$)
Total equity as at 31 March 2015	1,337	1,965	0.68
Shares issues since 31 March 2015	1,770	147	12.00
Current notional position	3,107	2,112	1.47
Conversion Shares [1]	15,152	880	17.22
Post the Tembusu Investment	18,259	2,992	6.10

1 US$10 million and a Current Completion Pre-Money Value of US$24 million, converted at NZ$1 = US$0.66

2.8 Impact on Control

Share Capital and Shareholders

CricHQ currently has 2,112,150 fully paid ordinary shares on issue held by 161 Existing Shareholders. The names, number of shares and percentage holding of the Company's 10 largest Existing Shareholders are set out in section 4.4.

CricHQ has 2 Existing Shareholders holding more than 5% of the Company shares:

- Moneybaker – 47.47%
- One Foot Forward Limited (**OFF**) – 5.44%.

Moneybaker and OFF collectively hold 52.91% of the Company's shares.

Moneybaker is owned by interests associated with Simon Baker (50%), Stephen Fleming (25%) and Brendon McCullum (25%).

OFF is owned by interests associated with Stephen Fleming.

Mr Baker and Mr Fleming are directors of the Company.

The 10 largest Existing Shareholders collectively hold 64.78% of the Company's shares.

Tembusu's Potential Shareholding Level

Tembusu's maximum shareholding under the Tembusu Allotments will be between 25.00% and 29.41%. This assumes:

- all US$10 million of the Convertible Notes are issued
- all of the Convertible Notes are converted to Conversion Shares
- a *Current Completion Pre-Money Value* at the conversion date of:
  - US$30 million (25.00%)
  - US$24 million (29.41%).

Shareholding Voting

Tembusu's ability to influence the outcome of shareholder voting will be significant. While Tembusu's potential control of between 25.00% and 29.41% of the Company's voting rights will not enable it to pass or block ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders), it will be able to block special resolutions (which require the approval of 75% of the votes cast by shareholders). However, Tembusu will not be able to singlehandedly pass a special resolution.

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 and the Companies Act 1993.

Board Control

As set out in section 4.3, the Company currently has 3 directors – Simon Baker, Andy Lim and Michael Loftus. Neither Mr Baker nor Mr Loftus is deemed to be an associate of Tembusu.

Previous Company directors Stephen Fleming, Phil Norman, Richard Suhr, Heath Mills, Arnold van Os, Tarun Kanji and Brendon McCullum resigned as directors of the Company on 2 August 2015, 31 May 2015, 1 December 2014, 3 October 3014, 21 October 2013, 14 September 2013 and 24 October 2012 respectively.

The Convertible Note Agreement stipulates that Tembusu will have the right to nominate one third of the total number of directors on the Board.

Tembusu has nominated Andy Lim to join the Board. Mr Lim is the founder and chair of Tembusu Partners. Mr Lim was appointed to the Board on 3 August 2015. Resolution 6 seeks to approve, confirm and ratify his appointment.

Under resolution 4, it is proposed that the Company's constitution be amended to provide that:

- Tembusu may appoint up to one third of the total number of directors on the Board
- Moneybaker may appoint up to one third of the total number of directors on the Board.

Operations

The Tembusu Investment will result in Tembusu having a high degree of influence over the operations of the Company.

In addition to Tembusu's influence through its Board representation and its shareholder voting control, Tembusu will have influence over the Company's operations through the requirement under the Convertible Note Agreement for Tembusu to provide written approval prior to CricHQ entering into any Important Matters. The main Important Matters are set out in section 1.2.

2.9 Dilutionary Impact

The Tembusu Investment will result in the Existing Shareholders' shareholdings in the Company being significantly diluted.

If Tembusu's shareholding increases to between 25.00% and 29.41%, then each Existing Shareholder's shareholding interest in the Company will be diluted by between 25.00% and 29.41%.

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 shareholding rather than on their level of voting rights. In our view, the Tembusu Investment enhances the value of their shareholding rather than diluting it.

2.10 Impact on Share Price and Liquidity

Share Price

A summary of CricHQ's recent issues of ordinary shares is set out in section 4.9. The analysis shows that since 31 March 2012, the Company has issued a total of 1,059,518 ordinary shares. The shares have been issued at prices ranging from NZ$7.60 to NZ$12.00 per share at a weighted average price of NZ$9.94 per share. The most recent share issue in May 2015 was at NZ$12.00 per share.

The Conversion Shares will be issued at between US$11.36 to US$14.20 per share (depending upon the *Current Completion Pre-Money Value* at the date that the Convertible Notes are converted). This currently equates to NZ$17.22 to NZ$21.52 per share and represents premia of 43.5% to 79.3% over the most recent share issue price of NZ$12.00.

Liquidity

As the Company's shares are not currently listed on any equities security market, there is very limited liquidity in the shares. Until such time that the Company undertakes an IPO, leading to the Company's shares being quoted on an equities security market such as the NZX or ASX, the liquidity of the Company's shares will be limited.

The Tembusu Investment in itself will not improve the liquidity of the Company's shares but it may enhance the possibility of a liquidity event (such as an IPO or a Trade Sale) occurring sometime in the future.

2.11 Key Benefits to Tembusu

The Tembusu Investment provides Tembusu with the opportunity to acquire a cornerstone shareholding in CricHQ.

We understand that CricHQ will be one of the first investments for Tembusu.

2.12 Disadvantages to Tembusu

Significant Financial Commitment

The Tembusu Investment represents a significant financial commitment on the part of Tembusu. The US$10 million of capital that Tembusu will potentially provide under the Tembusu Investment is approximately two thirds more than the NZ$8.9 million of capital that the Existing Shareholders have collectively invested in the Company since its incorporation in 2009.

Significant Exposure to the Risks of CricHQ

The Company is still at an early stage and faces numerous risks commonly associated with early stage emerging businesses. As Tembusu's ownership in CricHQ increases to up to between 25.00% and 29.41%, so does its exposure to these risks.

2.13 Other Issues

Benefits to CricHQ of Tembusu as a Cornerstone Shareholder

The major benefits to CricHQ of the Tembusu Investment are:

- the Company will obtain up to US$10 million of capital (before costs). This will enable the Company to strengthen its financial position and grow its global operations
- the Tembusu Investment will position Tembusu as an important cornerstone strategic investor in the Company, signalling its confidence in the future prospects of CricHQ.

Existing Shareholders' Approval is Required

Pursuant to Rule 7(d) of the Code, the Existing Shareholders must approve by special resolution the Tembusu Investment.

The Tembusu Investment will not proceed unless the Existing Shareholders approve the Tembusu Investment Resolution.

May Reduce the Likelihood of a Takeover Offer

Following the Tembusu Investment, Tembusu will not be able to increase the level of its shareholding unless it complies with the provisions of the Code. Tembusu will only be able to acquire more shares in the Company if:

- it makes a full or partial takeover offer
- the acquisition is approved by way of an ordinary resolution of the Company's shareholders excluding Tembusu
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of the Company's shareholders excluding Tembusu
- the Company undertakes a share buyback that is approved by the Company's shareholders and Tembusu do not accept the offer of the buyback.

Tembusu will not 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 buy up to a further 5% of the code company's shares per annum without the need for shareholder approval.

If Tembusu holds between 25.00% and 29.41% of the Company's shares, this may reduce the likelihood of a takeover offer for the Company from Tembusu as it may consider that it has sufficient control over the Company.

It is possible that if Tembusu did make a takeover offer for further shares in the Company, it may offer a control premium that is lower than would otherwise be expected as it may value its offer on the basis that it already has significant control of the Company and hence does not need to pay a control premium of any significance.

Tembusu's potential shareholding of between 25.00% and 29.41% may reduce the attraction of CricHQ as a takeover target to other parties, as any bidder looking to fully or partially take over the Company would need to ensure that Tembusu would accept its offer.

2.14 Implications of the Tembusu Investment Resolution not Being Approved

If the Tembusu Investment Resolution is not approved, then the issue of the third and fourth tranches of the Tembusu Investment cannot proceed.

Without the US$7 million of capital from the third and fourth tranches of the Tembusu Investment, CricHQ's ability to fund the continued development of its digital platform and the growth of its global operations will be seriously impacted. As stated in section 2.4, the prospects of the Company continuing as a going concern without the proceeds from the Tembusu Investment will be limited unless alternative sources of capital could be accessed within a very short timeframe.

2.15 Voting For or Against the Tembusu Investment Resolution

Voting for or against the Tembusu Investment Resolution 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 Merits of the Tembusu Acquisition

3.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the Tembusu Acquisition having regard to the interests of the Existing Shareholders.

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

- the rationale for the Tembusu Acquisition
- the terms and conditions of the Tembusu Acquisition
- the impact of the Tembusu Acquisition on the control of the Company
- the benefits and disadvantages for Tembusu and the Existing Shareholders of the Tembusu Acquisition
- the implications if the Specific Security Agreement Resolution 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.

3.2 Summary of the Evaluation of the Merits of the Tembusu Acquisition

Our evaluation of the merits of the Tembusu Acquisition is set out in detail in sections 3.3 to 3.7.

The purpose of the Specific Security Agreement Resolution is to ensure that Tembusu will comply with the provisions of the Code if Tembusu enforces its rights and remedies under the Specific Security Agreement.

There is no certainty that the Tembusu Acquisition will actually occur. Tembusu will only acquire some or all of Moneybaker's shares in the Company if an Event of Default occurs and Tembusu enforces its rights and remedies under the Specific Security Agreement.

It should be noted that Tembusu also holds a security interest in all of CricHQ's property under the General Security Agreement. If an Event of Default occurred and Tembusu deemed that the security offered by the General Security Agreement had limited value, then it is probable that the security offered by the Specific Security Agreement would also have limited value to Tembusu.

Given the above, we are of the view that Existing Shareholders should consider first and foremost the implications if the Specific Security Agreement Resolution is not approved rather than focusing on the key positive and negative aspects of the Tembusu Acquisition.

If the resolution is not approved, then the Tembusu Investment will not proceed as contemplated as CricHQ will not receive the full US$10 million of capital from Tembusu. The third and fourth tranches of the Tembusu Investment will not be able to be issued thereby depriving CricHQ of up to US$7 million of capital. The Company will need to seek alternative sources of capital in a relatively short timeframe to continue its operations and fund its growth strategy. If CricHQ cannot raise sufficient capital in the required timeframe to meet its financial obligations, then, in a worst case scenario, it may need to cease operating.

In the event that the Tembusu Acquisition did occur:

- Tembusu will potentially control up to 47.47% of the Company's voting rights following the Tembusu Acquisition, putting it in the position that Moneybaker currently holds. Tembusu will have significant influence over the outcome of shareholding voting and it will be able to exert a high level of influence over the Board and the Company's operations
- the Tembusu Acquisition is unlikely to have any impact on the liquidity of the Company's shares
- the Tembusu Acquisition will not have any dilutionary impact on the Existing Shareholders as no new shares will be issued
- the attraction of CricHQ as a takeover target may diminish.

As stated in section 1.4, if both the Tembusu Allotments and the Tembusu Acquisition occurred to their maximum extent possible, Tembusu's maximum shareholding level would be between 60.60% and 62.92%. However, we consider the likelihood of this outcome to be highly improbable.

In our opinion, after having regard to all relevant factors, the positive aspects of the Specific Security Agreement (which gives rise to the possibility of the Tembusu Acquisition occurring) significantly outweigh the negative aspects from the perspective of the Existing Shareholders.

3.3 Rationale for the Tembusu Acquisition

The possibility of the Tembusu Acquisition occurring arises under the Specific Security Agreement. Moneybaker has granted a guarantee to Tembusu in respect of CricHQ's obligations under the Convertible Note Agreement and is required to enter into the Specific Security Agreement whereby it grants to Tembusu a security interest in its shares in the Company to secure its obligations under its guarantee.

Pursuant to Tembusu's exercise of its enforcement rights under the Specific Security Agreement, Tembusu may acquire some or all of Moneybaker's 1,002,635 ordinary shares in the Company.

3.4 Terms of the Tembusu Acquisition

The Tembusu Acquisition will only occur in circumstances where Tembusu may exercise its enforcement right under the Specific Security Agreement in the event that an Event of Default has occurred and is not remedied within 30 days of its occurrence.

Events of Default include:

- the Company failing to pay any principal amount of a Convertible Note when it is redeemed
- the Company failing to perform or comply with any of its other obligations under the Convertible Note Agreement
- any material proceedings issued against or material judgment given against the Company or Moneybaker
- the Company or Moneybaker ceasing all or substantially all of its business or operations
- a liquidator, receiver or statutory manager is appointed in respect of CricHQ or Moneybaker
- CricHQ or Moneybaker is insolvent.

However, even if an Event of Default occurred, there is no certainty that the Tembusu Acquisition would occur as Tembusu has a range of remedies available to it:

- it can demand immediate repayment of the Convertible Notes
- it can enforce its rights and remedies under the Convertible Note Agreement, General Security Agreement and Specific Security Agreement
- it can elect to immediately convert all or any of the Convertible Notes into Conversion Shares.

3.5 Impact on Control

Tembusu's maximum shareholding under the Tembusu Acquisition will be 47.47%, assuming:

- Tembusu acquires all 1,002,635 shares in the Company held by Moneybaker
- no Conversion Shares or Option Shares have been issued
- there are no other changes to the number of shares on issue.

While Tembusu's ability to influence the outcome of shareholder voting will be significant, from the perspective of each Existing Shareholder, there will be negligible change. This is because Tembusu will be assuming the level of shareholder voting that Moneybaker currently holds. One significant shareholder will simply be substituted for another.

Tembusu's potential control of up to 47.47% of the Company's voting rights will in theory not enable it to pass or block ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders). However, in reality, it most likely will be able to do so as a number of shareholders in widely-held companies tend not to vote on resolutions and hence the relative weight of the 47.47% interest increases.

Tembusu will be able to block special resolutions (which require the approval of 75% of the votes cast by shareholders). However, it will not be able to singlehandedly pass a special resolution.

As stated in section 1.4, if both the Tembusu Allotments and the Tembusu Acquisition occurred to their maximum extent possible, Tembusu's maximum shareholding level would be between 60.60% and 62.92%. However, we consider the likelihood of this outcome to be highly improbable.

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 and the Companies Act 1993.

3.6 Other Issues

Dilutionary Impact

The Tembusu Acquisition is in respect of existing shares and therefore will have no dilutionary impact on the Existing Shareholders' shareholdings in the Company.

Impact on Share Price and Liquidity

The Tembusu Acquisition is unlikely to have any impact on the Company's share price or the liquidity of the Company's shares.

Existing Shareholders' Approval is Required

Pursuant to Rule 7(c) of the Code, the Existing Shareholders must approve by special resolution the Tembusu Acquisition.

The Tembusu Acquisition – and the Tembusu Investment - will not proceed unless the Existing Shareholders approve the Specific Security Agreement Resolution.

May Reduce the Likelihood of a Takeover Offer

Following the Tembusu Acquisition, Tembusu will not be able to increase the level of its shareholding unless it complies with the provisions of the Code as discussed in section 2.13.

If Tembusu holds up to 47.47% of the Company's shares, this may reduce the likelihood of a takeover offer for the Company from Tembusu as it may consider that it has sufficient control over the Company.

It is possible that if Tembusu did make a takeover offer for further shares in the Company, it may offer a control premium that is lower than would otherwise be expected as it may value its offer on the basis that it already has significant control of the Company and hence does not need to pay a control premium of any significance.

Tembusu's potential shareholding of up to 47.47% may reduce the attraction of CricHQ as a takeover target to other parties, as any bidder looking to fully or partially take over the Company would need to ensure that Tembusu would accept its offer.

3.7 Implications of the Specific Security Agreement Resolution not Being Approved

If the Specific Security Agreement Resolution is not approved, then the issue of the third and fourth tranches of the Tembusu Investment cannot proceed as the Specific Security Agreement is a condition of the Tembusu Investment proceeding.

As stated in section 2.14, without the US$7 million of capital from the third and fourth tranches of the Tembusu Investment, CricHQ's ability to fund the continued development of its digital platform and the growth of its global operations will be seriously impacted. The prospects of the Company continuing as a going concern without the proceeds from the Tembusu Investment will be limited unless alternative sources of capital could be accessed within a very short timeframe.

3.8 Voting For or Against the Specific Security Agreement Resolution

Voting for or against the Specific Security Agreement Resolution 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. Profile of CricHQ

4.1 Background

CricHQ was founded by Simon Baker, Stephen Fleming and Brendon McCullum in 2009.

The Company was incorporated on 5 August 2009 as Silo Group Limited. It changed its name to CricHQ Limited on 26 January 2012. The Company amalgamated with Nuffie Limited (**Nuffie**) and Old CricHQ Limited (**Old CricHQ**) on 31 March 2012.

4.2 Nature of Operations

CricHQ provides a cloud-based digital platform that cricket administrators and governing bodies utilise to administer the sport. The platform includes a cricket administration module that integrates with its real time scoring app.

The administration of the sport has traditionally been a very manual, time consuming and paper based process that CricHQ has not only made simple but has also brought into the digital world. Cricketing bodies can now manage player registrations, competitions, draws, fixtures, results, points tables and statistics online and in real time.

The administration platform provides the following functionality:

- player and stakeholder management
- create, manage and publish competitions, draws and fixtures
- automated statistical collation, results editing and approvals
- data management and analytical tools
- enables crowd sourcing and curation of large scale complex data.

In addition to the direct benefits to administrators, CricHQ also provides benefits to coaches, high performance analysts, captains, scorers, players and fans who utilise the platform to benefit from the availability of data, content and mobile functionality.

CricHQ currently manages the administration of 2 test countries – New Zealand and Sri Lanka – and is negotiating with others. The Company has 41 of 106 national governing bodies using its services from club level upwards.

CricHQ contracted Nuffie Productions Limited (**Nuffie Productions**) to provide IT development and support services up to 31 March 2014. Nuffie Productions is a software development company that is 42.5% owned by Moneybaker. Simon Baker is Nuffie Productions' sole director. Nuffie Productions charged CricHQ for the IT development and support services that it provided and CricHQ charged Nuffie Productions a management fee for the management services that it provided (such as strategy, finance and human resources administration). IT development is now undertaken inhouse.

CricHQ's headquarters are based in Wellington. It currently has 70 staff, 15 of whom are in New Zealand.

The Company operates in a number of overseas markets, including India and the United Kingdom.

4.3 Directors and Senior Management

The directors of CricHQ are Simon Baker, Andy Lim and Michael Loftus.

CricHQ's senior management team includes:

- Simon Baker – chief executive officer
- Karina Kielland – finance & corporate services manager
- Jarred Sewell – chief marketing officer
- Ben Greville – chief technology officer
- Neil Martin – chief operations officer
- Jayadeep B – chief operations officer, India
- Gus Mackay – managing director, United Kingdom
- Nathan Pilalis – key account manager
- Tim Royall, key account manager
- Weber Van Wyk, key account manager.

4.4 Capital Structure and Shareholders

CricHQ currently has 2,112,150 fully paid ordinary shares on issue held by 161 Existing Shareholders.

The names, number of shares and percentage holding of the Company's 10 largest shareholders are set out below.

CricHQ 10 Largest Shareholders

Shareholder	No. of Shares Held	%
Moneybaker	1,002,635	47.47%
OFF	114,927	5.44%
Arnold van Os	53,945	2.55%
Benjamin Tilly	52,632	2.49%
Hussa Enterprises Limited	29,532	1.40%
Runway Tech Limited	29,515	1.40%
349 Frederick Investments	22,172	1.05%
Alexander Von Sinner	21,250	1.01%
Brendon McCullum	20,856	0.99%
Dobble Limited	20,849	0.99%
Subtotal	1,368,313	64.78%
Others (151 shareholders)	743,837	35.22%
Total	2,112,150	100.00%

Source: CricHQ

4.5 Strategic Direction

The Company's mission is *making cricket even better*.

CricHQ's strategy revolves around:

- content
- audience
- engagement
- revenue.

Content is the first component of the Company's strategy in as far as its digital platform provides benefits to cricketing organisations (such as Cricket New Zealand) through to individual leagues and tournaments. This enables CricHQ to gain usage for unique cricket content such as statistics and scorecards. The more clients the Company secures the more unique content it gains and the closer it gets to critical mass.

An *audience* is organically grown by way of a community of "first degree" connections of fans (eg parents, friends) wanting to consume CricHQ's content. The Company will be looking to grow its more "traditional fan" base in the next 2 years through the promotion of professional content.

CricHQ's digital platform enables the audience to *engage* on CricHQ to consume cricket content. The more engaging the features on CricHQ, the more page views and activity there is. The Company will continue to build more engagement tools such as statistical analysis, community commentary and discussion, match outcome predictions and leader boards as well as continuing to move into more social networking features such as sharing and commenting.

The more CricHQ sells the digital platform to cricketing bodies, the more SaaS *revenue* it collects and the more content it secures. Multiplying the content by the size of the audience, multiplying again by their engagement (consumption / usage by the fans) creates an exponential positive effect on the ultimate amount of page views generated on the technology platform. The higher the page views, the larger the resulting quantity and value of online advertisements and sponsorship available to sell.

In the past, CricHQ has focussed mainly on content alone due to funding restrictions. It now intends to accelerate its efforts in this area and invest more in developing a larger audience of "traditional fans" through marketing and its product team will be releasing features and functionality intended to increase engagement. To capitalise on this commercially, the Company is putting in place business development resource and strategic partnerships to deliver increased revenues.

4.6 Financial Performance

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

Summary of CricHQ Financial Performance				
	Year to 31 Mar 12 (Unaudited) NZ$000	Year to 31 Mar 13 (Audited) NZ$000	Year to 31 Mar 14 (Audited) NZ$000	Year to 31 Mar 15 (Draft) NZ$000
Revenue	477	1,832	2,869	273
EBITDA	22	364	(1,631)	(3,611)
EBIT	(95)	163	(2,646)	(4,895)
NPBT	(98)	157	(2,656)	(4,975)
NPAT	(98)	157	(2,656)	(4,975)

EBITA: Earnings before interest, tax, depreciation and amortisation
EBIT: Earnings before interest and tax
NPBT: Net profit before tax
NPAT: Net profit after tax

Source: *CricHQ annual financial statements and draft 2015 financial statements*

The Company's revenue is derived from:

- advertising in the form of corporate sponsorship and banner advertising on the platform
- SaaS revenue arising from the use of the Company's cricket digital platform
- government grants through Callaghan Innovation where the Company claimed 50% of certain project costs and expenses. The grant finished in September 2013 and the contract with the New Zealand government has now been completed
- management fees charged to Nuffie.

Expenses consist mainly of:

- administration costs (such as accounting fees, directors' remuneration, rental, communications and travel)
- employment costs
- marketing and advertising costs.

Revenue in the 2012 financial year consisted mainly of advertising revenue (NZ$0.2 million) and government grants (NZ$0.2 million).

Revenue in the 2013 financial year increased by NZ$1.4 million to NZ$1.8 million and consisted mainly of government grants (NZ$1.0 million) and management fee income from Nuffie Productions (NZ$0.8 million). Expenses increased by NZ$1.0 million, with administration costs increasing by NZ$0.5 million and employment costs increasing by NZ$0.5 million.

Revenue in the 2014 financial year increased by NZ$1.0 million to NZ$2.9 million and consisted mainly of government grants (NZ$0.9 million), management fee income (NZ$1.5 million) and advertising and SaaS revenue (NZ$0.5 million). Net loss for the year increased to NZ$2.7 million due to a threefold increase in expenses from NZ$1.5 million to NZ$4.5 million. The main increase was in employment costs, which increased by NZ$1.9 million to NZ$2.6 million.

Revenue in the 2015 financial year decreased by NZ$2.6 million to NZ$0.3 million and consisted predominantly of advertising and SaaS revenue. Operating costs decreased by NZ$0.7 million to NZ$3.8 million.

4.7 Financial Position

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

Summary of CricHQ Financial Position

	As at 31 Mar 12 (Unaudited) NZ$000	As at 31 Mar 13 (Audited) NZ$000	As at 31 Mar 14 (Audited) NZ$000	As at 31 Mar 15 (Draft) NZ$000
Current assets	285	1,867	906	184
Non current assets	399	3,080	4,701	3,970
Total assets	684	4,947	5,607	4,154
Current liabilities	(269)	(1,482)	(2,717)	(2,597)
Non current liabilities	(551)	(140)	(614)	(220)
Total liabilities	(820)	(1,622)	(3,331)	(2,817)
Total equity	(136)	3,325	2,276	1,337

Source: CricHQ annual financial statements and draft 2015 financial statements

CricHQ's current assets as at 31 March 2015 consisted of cash on hand and accounts receivable. The larger balances as at the earlier balance dates related to receivables owing by Nuffie Productions in respect of management fees.

The Company's main non current assets are intangible assets in the form of the cricket digital platform (NZ$3.8 million as at 31 March 2015). The cricket technology platform is carried at cost less amortisation over a 5 year period.

Current liabilities as at 31 March 2015 consisted mainly of trade and other payables (NZ$0.7 million), shareholders' advances (NZ$1.6 million) and the current portion of the loan from Adroy.

Term liabilities as at 31 March 2015 consisted of the term portion of the loan from Adroy.

The shareholders' advances were provided at an interest rate of 12% per annum. They were capitalised on 14 May 2015.

The Adroy loan carries interest at 12% per annum. It is in 2 tranches, with half due for repayment in November 2015 and the other half due in August 2016.

Total equity of NZ$1.3 million as at 31 March 2015 consisted of NZ$8.9 million of share capital and NZ$7.6 million of accumulated losses.

4.8 Cash Flows

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

Summary of CricHQ Cash Flows

	Year to 31 Mar 12 (Unaudited) NZ$000	Year to 31 Mar 13 (Audited) NZ$000	Year to 31 Mar 14 (Audited) NZ$000	Year to 31 Mar 15 (Draft) NZ$000
Net cash outflow from operating activities	114	28	(338)	(2,165)
Net cash used in investing activities	(437)	(2,874)	(2,621)	(1,775)
Net cash from financing activities	447	2,954	2,588	4,177
Net increase / (decrease) in cash held	124	93[1]	(371)	237
Opening cash balance	3	127	220	(151)
Closing cash balance	127	220	(151)	86

1 Financial statements do not reconcile by NZ$15,618

Source: CricHQ annual financial statements and draft 2015 financial statements

Net cash outflow from operating activities increased significantly in the 2015 financial year due to the cessation of government grants income.

Net cash used in investing activities mainly represents expenditure on the technology platform.

Net cash from financing mainly represents capital raised from the issue of ordinary shares as well as shareholders' advances received.

4.9 Recent Share Issues

The Company has issued 2,112,150 shares since its incorporation for a total consideration of NZ$10.7 million.

The Company's recent issues of ordinary shares are set out below.

Recent Ordinary Share Issues

Financial Year	No. Issued	Issue Price (NZ$) Low	Issue Price (NZ$) High	Issue Price (NZ$) Average	Capital Raised (NZ$000)
2013	398,428	$7.60	$10.00	$7.83	3,121
2014	166,535	$8.30	$10.00	$9.65	1,607
2015	347,069	$10.00	$12.00	$11.63	4,036
2016	147,483	$12.00	$12.00	$12.00	1,770

Source: CricHQ

The vast majority of shares have been issued for cash. In addition, some shares have been issued for non-cash consideration in the form of:

- sweat equity
- employee salary sacrifice
- in lieu of director's fees.

Since 31 March 2012, the Company has issued a total of 1,059,105 ordinary shares. The shares have been issued at prices ranging from NZ$7.60 to NZ$12.00 per share, at an average of NZ$9.94 per share and totalling NZ$10.5 million:

- 914,086 shares were issued for cash, raising NZ$9.2 million of cash
- 145,019 shares were issued for non-cash consideration, totalling NZ$1.3 million.

The most recent share issue was on 14 May 2015 where the total shareholders' advances were capitalised. 147,483 shares were issued at NZ$12.00 per share for a total of NZ$1.8 million.

5. Profile of Tembusu / Tembusu Partners

5.1 Background

Tembusu is a limited liability company incorporated in Singapore. It is wholly owned by Tembusu Partners.

5.2 Tembusu Partners

Tembusu Partners is a private equity firm based in Singapore. It was established in 2006 by Andy Lim and is owned by Singaporean entrepreneurs Andy Lim, Tan Kim Seng, Tan Boy Tee and Thomas Tan Soon Seng.

Tembusu Partners has grown to become a leading private equity fund manager in Singapore investing in companies based in Singapore and the Pan-Asia region. It has additional offices in Beijing, Shanghai and Nanjing in China.

Tembusu Partners finances early-stage and growth-stage businesses with the goals of well aligned interests and creating returns for all shareholders and also building long term corporate value through strategic involvement. Its portfolio holdings consist of innovative, high-growth companies with a global ambition and who provide solutions or products that are industry game changers.

Tembusu Partners manages the following funds:

- Tembusu Growth Fund I
- Tembusu Growth Fund II
- Tembusu Growth GIP Fund
- Tembusu Growth GIP Fund III
- China Growth Fund.

5.3 Tembusu Growth Fund I

This fund was launched in January 2007. Over a 7 year period, the S$100 million fund aims to generate superior post-transaction value in excess of 25% per annum through a conservative investment philosophy. The fund focuses on investing into selected Singapore or Singapore-related companies in industry sectors including oil and gas, metals processing and reprocessing, education and technology.

5.4 Tembusu Growth Fund II

This fund was launched in December 2010. It has a similar strategy and approach to that of Tembusu Growth Fund I and has a target fund size of S$300 million. It invests in growth companies in sectors such as education, clean technology, oil and gas, resources and healthcare in the markets of Emerging Asia (comprising China, India and Southeast Asia) with Singapore as the hub.

5.5 Tembusu Growth GIP Fund

This fund was launched in December 2010 and is a parallel fund to Tembusu Growth Fund II. The fund has been conceptualised to generate superior returns of an internal rate of return in the range of 20% to 25% per annum over 5 years for foreign investors seeking permanent residency in Singapore under the Singapore Global Investor Programme (**GIP**) with a minimum of S$2.5 million investment into the fund. The fund is a Pan-Asia private equity growth capital fund with a target fund size of S$150 million. It focuses on investment in the education, healthcare, technology, oil and gas, engineering services, resources and manufacturing sectors.

5.6 Tembusu Growth GIP Fund III

This fund was launched in September 2013. It is the fund investing in CricHQ, who will be the fund's second investment. The fund has been conceptualised to generate superior returns for an internal rate of return in the range of 15% to 20% per annum over 5 years, targeting a total fund size of S$150 million. The fund focuses on identifying and supporting Pan-Asia growth companies in its preferred industry sectors – education, healthcare, technology and resources.

5.7 China Growth Fund

Tembusu Partners and Nanjing Venture Capital launched a joint venture management company He Ding Investment in August 2009 to manage the Nanjing Growth Fund. The fund's target size is US$80 million and targets investments in raw materials, solar energy, telecommunications, life-science, eco-environmental and other high-end technological businesses.

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

6.1 Sources of Information

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

- the draft notice of annual meeting
- the Convertible Note Agreement
- the General Security Agreement
- the Specific Security Agreement
- the CricHQ annual reports for the years ended 31 March, 2012 to 2014
- the CricHQ draft financial statements for the year ended 31 March 2015
- data in respect of CricHQ from the Company and publicly available sources
- data in respect of Tembusu from Capital IQ and publicly available sources.

During the course of preparing this report, we have had discussions with and / or received information from the Board and executive management of CricHQ and CricHQ's legal advisers.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the Tembusu Investment 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.

In our opinion, the information to be provided by CricHQ to the Existing Shareholders is sufficient to enable the Board and the Existing Shareholders to understand all the relevant factors and to make an informed decision in respect of the Tembusu Investment.

6.2 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 CricHQ 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 CricHQ. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

6.3 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 CricHQ 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 CricHQ and its directors and management. 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 our report.

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

6.4 Indemnity

CricHQ 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. CricHQ 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.

7. Qualifications and Expertise, Independence, Declarations and Consents

7.1 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.

7.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with CricHQ or Tembusu or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Tembusu Investment.

Simmons Corporate Finance has not had any part in the formulation of the Tembusu Investment 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 Tembusu Investment Resolution or the Specific Security Agreement Resolution. We will receive no other benefit from the preparation of this report.

7.3 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.

7.4 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 annual meeting to be sent to the Existing 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
21 August *2015*