

**Neptune Marine Services Limited**  
**ACN 105 665 843**

**Notice of General Meeting**  
**Explanatory Memorandum**  
**and Proxy Form**

10 am (AWST)

21 October 2019

At 404 Orrong Road, Welshpool, Western Australia 6106

***This Notice of Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their independent professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9388 8290.***

**This page is left intentionally blank**

## **Time and place of Meeting and how to vote**

---

### **Time and place of Meeting**

Notice is given that a General Meeting of Shareholders of Neptune Marine Services Limited (**Neptune** or the **Company**) will be held at 10am AWST on 21 October 2019 at 404 Orrong Road, Welshpool, Western Australia.

### **Your vote is important**

The business of the General Meeting affects your shareholding and your vote is important.

The Explanatory Memorandum provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and Proxy Form each form part of this Notice of Meeting.

### **Defined terms and glossary**

Capitalised terms and certain abbreviations used in this Notice of Meeting, Explanatory Memorandum and Proxy Form have the defined meanings set out in the Glossary.

### **Voting eligibility**

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 5pm AWST on 19 October 2019.

### **Voting in person**

To vote in person, attend the General Meeting at the time, place and date set out above.

### **Voting by proxy**

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- a) each Shareholder has a right to appoint a proxy;
- b) the proxy need not be a Shareholder; and
- c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Shareholders and their proxies should be aware of these sections, as they will apply to this Meeting. Broadly, the sections mean that:

- a) if proxy holders vote, they must cast all directed proxies as directed; and
- b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these legislative requirements are set out below.

### ***Proxy vote if appointment specifies way to vote***

An appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

***Transfer of non-chair proxy to chair in certain circumstances***

If:

- a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's Shareholders; and
- b) the appointed proxy is not the chair of the meeting; and
- c) at the meeting, a poll is duly demanded on the resolution; and

either of the following applies:

- a) the proxy is not recorded as attending the meeting;
- b) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that meeting.

**Undirected votes**

Subject to the voting restrictions set out in the voting exclusion statements in respect of the Resolutions, the Chairperson will vote undirected proxies on, and in favour of, each of the Resolutions.

To be valid, your proxy form (and any power of attorney under which it is signed) must be completed and returned by the time and in accordance with the instructions set out in the Proxy Form. Any proxy form received after that time will not be valid for the scheduled meeting.

**Bodies corporate**

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's members. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

**Enquiries**

Shareholders are requested to contact the Company Secretary on +61 8 9388 8290 if they have any queries in respect of the matters set out in this Notice of Meeting or the accompanying Explanatory Memorandum.

**The ASX takes no responsibility for the contents of this Notice of Meeting.**

## Business of the General Meeting

---

### Resolution 1 – Disposal of main undertaking

---

To consider and, if thought fit, to pass with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the Company to dispose of its main undertaking (being substantially all of the business of the Neptune Group, as described in the Explanatory Memorandum) to MMA Offshore Limited or its nominated subsidiary or subsidiaries, on the terms and conditions contemplated by the Proposed Transaction and set out in the Explanatory Memorandum."*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities in the Company, or by an associate of that person.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

### Resolution 2 – Change of Company name

---

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

*"That, subject to the passing of Resolution 1 and Completion, and with effect from the date that ASIC alters the details of the Company's registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to Blossomvale Holdings Ltd."*

---

**Dated:** 17 September 2019

**By order of the Board**



**Ian Hobson**  
**Company Secretary**

# Explanatory Memorandum

---

## 1 Introduction

This Explanatory Memorandum has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the General Meeting. This Explanatory Memorandum is required pursuant to various regulatory and ASX requirements.

The Board recommends Shareholders read this Explanatory Memorandum carefully and in full before making any decision in relation to the Resolutions. If you do not understand this Explanatory Memorandum or are in any doubt about the action to be taken, you should consult your independent professional advisor immediately.

It is important that you either attend the Meeting personally or complete and lodge the Proxy Form attached to this Notice of Meeting.

The following information should be noted in respect of the matters contained in the accompanying Notice.

## 2 Background to Resolutions

As announced by Neptune on 24 July 2019, the Company entered into a binding share purchase agreement dated 23 July 2019 (**Agreement**) for the sale of its business to MMA Offshore Limited or its nominated subsidiary or subsidiaries (**Buyer or MMA**) (**Proposed Transaction**). The Proposed Transaction will involve the sale of the all of the Sale Shares (comprising all of the shares in the Company's key operating subsidiaries), and is subject to the satisfaction of certain conditions precedent set out in the Agreement. The Proposed Transaction represents a sale by the Company of the main assets and undertakings of its business (**Business**) to the Buyer.

## 3 Reasons for Resolutions 1 and 2

Resolution 1 seeks approval from Shareholders, pursuant to ASX Listing Rule 11.2, for the Company to complete the Proposed Transaction under which the Company will dispose of the Business to the Buyer.

Resolution 2 seeks Shareholder approval for the change of name of the Company that is required as a condition precedent to completion under the Agreement (**Completion**).

**If Shareholder approval for Resolutions 1 and 2 is not obtained at the General Meeting the Proposed Transaction will not proceed.**

### 4 Rationale for the Proposed Transaction

Although the outlook in the Australian subsea market has improved from a year ago, Neptune has experienced significant challenges over recent years. The Proposed Transaction represents a strategic move for Neptune to unlock the value of its business in a way which, through the scrip component of the deal structure, will enable Shareholders to gain an exposure to the combined business through the shareholding in the Buyer that Neptune would acquire if the Proposed Transaction is completed.

The injection of Neptune's subsea operations into the Buyer is considered a strong fit as Neptune and the Buyer's businesses are complementary with an overlapping regional presence in Australia and South East Asia, which will enable the cross selling of services and the enhancement of client relationships across multiple levels of the oil and gas development cycle.

The value of the purchase consideration payable to Neptune for the Proposed Transaction is expected to total between approximately \$18.5 million and approximately \$21.2 million, and will comprise a payment of \$5.0 million in cash (**Cash Consideration**) and the balance in the form of MMA fully paid ordinary shares (**Consideration Shares**). The Consideration Shares will have an implied value of between approximately \$13.5 million and approximately \$16.2 million (depending on the VWAP) and calculated in accordance with table 1 set out below.

The Buyer recorded an NTA per share of A\$0.36 and posted an EBITDA of A\$12.6 million<sup>1</sup> for its half-year ended 31 December 2018. The minimum issue price of A\$0.20 to be used in computing the Consideration Shares represents a discount of 44% to the NTA as at 31 December 2018.

### Neptune Background

Headquartered in Perth, Western Australia and with operations in Australia, South East Asia, the Middle East and the UK, Neptune is a leading provider of integrated inspection, maintenance and repair solutions to the international oil and gas, marine and renewable energy industries.

Neptune's service offerings fall into seven key areas:

- **(Diving Services):** Neptune provides commercial diving and subsea inspection, maintenance and repair services.
- **(Asset Integrity):** Neptune provides assistance with difficult and demanding inspections, NDT, maintenance and repair projects, using specialised access solutions and has the largest dedicated IRATA rope access training centre in Perth.
- **(Survey services):** Neptune provides a wide range of offshore survey, construction support, positioning, geophysical and geotechnical services, including deep water construction expertise and metrology.
- **(NEPSYS® Dry Underwater welding):** Neptune performs dry underwater wet welding using its proprietary NEPSYS® technology which produces a permanent workshop quality weld in an underwater wet environment. In addition to NEPSYS® Neptune also provides welding procedures to AWS D3.6 Class B for wet welding.
- **(Subsea, Subsea Hardware, Pipeline and topside engineering):** Neptune provides specialist subsea and subsea hardware engineering services from concept and detailed

---

<sup>1</sup> Based on MMA's publicly available half-yearly results.

design, through to project engineering, installation and ongoing inspection, maintenance and repair activities.

- **(Subsea protection and stabilisation):** Neptune designs, engineers, manufactures and installs a range of subsea protection and stabilisation systems, tested in some of the most demanding offshore and subsea conditions around the world.
- **(ROV Services):** Neptune specialises in the provision of Remotely Operated Vehicle (ROV) services, including tooling solutions and has a fleet of work and inspection class ROV systems, and a pool of experienced ROV crew and technical support.
- **(Manufacturing, Assembly and Test):** Neptune provides fabrication capability and manufacturing, assembly and testing facilities which allow the design and build or refurbishment of subsea hardware solutions.

## Overview of Key Current Operations

Neptune's key projects as at the date of this Explanatory Memorandum include contracts with the following:

- **Oil Search (PNG) Limited** for the provision of offshore diving and subsea inspection services in PNG.
- **Santos WA Energy Limited** for inspection support services including rig position survey and facility inspections and bespoke engineering solutions on Varanus Island, Ningaloo Vision and John Brookes.
- **Chevron** for a maintenance diving scope and additional "call offs" for other services and for long term rig positioning for the Gorgon project in Australia.
- **BP Exploration Operating Company Limited** for engineering and manufacturing services in the UK.
- **Woodside Petroleum** for survey scopes for Woodside's Browse and Scarborough projects in Australia.
- **ENI** for a master services agreement covering all of Neptune's service line offerings including survey work, inspections and asset integrity in Australia.
- **INPEX** for Australian survey works including rig positioning surveys.
- **GE Oil and Gas UK Ltd** to manufacture various items of subsea hardware equipment in the UK.

## Key Terms of the Share Purchase Agreement

As announced by the Company on 24 July 2019, the Company has entered into the (binding) Agreement for the sale of the Business to MMA. The Proposed Transaction will be effected by the sale of the Sale Shares (comprising all of the shares in Neptune's key operating subsidiaries) to the Buyer. At this stage, subject to the conditions precedent to Completion (described below) being satisfied or waived, Completion is expected to occur in late October or November 2019.

### Consideration

The Consideration, which is expected to total between approximately \$18.5 million and approximately \$21.2 million, will comprise a payment of \$5.0 million in Cash Consideration and the balance in the form of newly issued Consideration Shares, with an implied value of between \$13.5 million and \$16.2 million (depending on the VWAP).

The number of Consideration Shares to be issued on Completion will be calculated by reference to the VWAP in accordance with table 1 below. As shown in table 1, the implied value of the Consideration Shares will only be \$13.5 million if the VWAP is less than or equal to \$0.25. If the VWAP is equal to or greater than \$0.25, then the implied value of the Consideration Shares will be greater than \$13.5 million, but can be no higher than \$16.2 million.



**Table 1: Calculation of number of Consideration Shares**

<b>VWAP</b>	<b>Number of MMA Shares to be issued to the Company</b>	<b>Issue Price</b>
<b>Less than or equal to \$0.25</b>	13,531,000 / the Issue Price	The higher of \$0.20 and the VWAP
<b>Greater than \$0.25 but less than \$0.30</b>	54,124,000	\$0.25
<b>\$0.30 or greater</b>	16,237,000 / the VWAP	The VWAP

All consideration is payable upon Completion. The Agreement provides for an adjustment to the Consideration to the extent that the net asset value of the Business at Completion is not approximately \$18.5 million (subject to an adjustment in respect of fixed assets and/or working capital).

The Company will bear any duty payable on the Proposed Transaction and the Buyer will pay any duty payable on the Restructure (save in circumstances where the Buyer is entitled to be indemnified for any duty payable pursuant to the "Excluded Liabilities Indemnity", as defined in the Agreement and summarised below).

#### ***Escrow***

The Cash Consideration has been deposited in an escrow account with Rajah & Tann Singapore LLP (as **Escrow Agent**) in accordance with an escrow agreement entered into between the Company, MMA and the Escrow Agent (**Escrow Agreement**) as an upfront refundable deposit. If Completion occurs, the Cash Consideration will be released to the Company by the Escrow Agent subject to its receipt of a release notice in accordance with the terms of the Agreement and the Escrow Agreement.

#### ***Restrictions on the Consideration post-Completion***

Pursuant to the Agreement:

- Neptune must maintain a \$5 million cash balance (that is, an amount equal to the Cash Consideration) for a period of 6 months after Completion; and
- Neptune must not dispose of any Consideration Shares for a period of 12 months following Completion except by way of an in-specie distribution of the Consideration Shares to all Shareholders (that is conducted in accordance with the Corporations Act, the ASX Listing Rules and all other applicable laws).

Further information about Neptune's intentions in respect of the Consideration is set out in paragraph 8 below.

#### ***Conditions Precedent***

Completion of the Proposed Transaction is subject to a number of conditions precedent including all necessary approvals and consents being obtained (including both Neptune shareholder approval (i.e. for Resolution 1) and MTQ shareholder approval for the Proposed Transaction), no material adverse change occurring in respect of either Neptune or the Buyer, Neptune obtaining consent (or waiver) from the counterparties to its material contracts (as

defined in the Agreement) to the change of control (triggered by the Proposed Transaction), and completion of the required internal Restructure of Neptune.

Conditions precedent for which Neptune is responsible for satisfying include:

- Neptune Shareholders passing at the General Meeting:
  - **Resolution 1:** approving the Proposed Transaction for the purposes of ASX Listing Rule 11.2 and for all other purposes; and
  - **Resolution 2:** approving the change of name of the Company (subject to Shareholder approval of Resolution 1 and Completion occurring), to a name that does not include the word “Neptune” or anything that looks or sounds like “Neptune” or is capable of being confused with “Neptune”.
- No material adverse change occurring between the Execution Date and 8.00am (AWST) on the date of Completion.
- The Restructure (defined and described below) being undertaken and completed in accordance with the terms of the Agreement and to the satisfaction of the Buyer (acting reasonably).
- Each director of Neptune having given (in this Notice of Meeting, and any other public announcement made by Neptune that relates or refers to the Proposed Transaction) a positive voting recommendation.
- No key employee(s) giving a notice of resignation, or being terminated (other than for cause or due to the Restructure) between the Execution Date and 8.00 am (AWST) on the date of Completion and where the departure of such Key Employee(s) from the Business would in the Buyer's opinion (acting reasonably) have a material adverse effect on, or result in a material disruption to, the Business.
- MTQ shareholders approving the Proposed Transaction at a general meeting of MTQ's shareholders, which has been convened for 1 October 2019 (**MTQ Shareholder Approval**) and the approval of the Singapore Exchange Securities Trading Limited (SGX-ST) pursuant to Chapter 10 of SGX-ST Listing Manual; and MTQ shareholders approving the guarantee contained in clause 2 of the MTQ Deed of Guarantee at the same meeting, so that it becomes effective. Blossomvale Investments Pte Ltd, the Company's ~87% (and therefore largest) Shareholder is a wholly owned subsidiary of MTQ Corporation which is listed on the SGX. MTQ shareholder approval is a requirement under the listing rules of SGX.

Conditions precedent for which the Buyer is responsible for satisfying include:

- Obtaining on an unconditional basis, all consents and/or approvals required under or in connection with the Buyer's existing syndicated facility agreement; and
- No Buyer material adverse change occurring between the Execution Date and 8.00 am (AWST) on the date of Completion.

Conditions precedent for which both Neptune and the Buyer are responsible for satisfying include:

- Obtaining the consent of or waiver from each counterparty to a material contract that contains a provision (e.g. change of control) which would be triggered by the transfer of the Sale Shares, on terms and conditions acceptable to the Buyer (acting reasonably).
- Obtaining the consent of or waiver from each counterparty to a property lease (to be transferred under the Agreement) that contains a provision (e.g. change of control) which would be triggered by the transfer of the Sale Shares, on terms and conditions acceptable to the Buyer (acting reasonably).
- All specified authorisations (as defined under the Agreement) being obtained, on terms and conditions that are acceptable to the Buyer (acting reasonably).

- The Buyer and its environmental consultants carrying out environmental assessments (including site investigations and testing of soil and groundwater), and obtaining an environmental assessment report, for each relevant leased property and the Buyer being satisfied (acting reasonably) that there is no material contamination on, under or emanating from a relevant leased property, and no evidence of pollution or environmental harm having occurred on or in relation to a relevant leased property.

### ***Period between signing and Completion***

The Company is subject to customary conduct of business restrictions in the period before Completion which also contemplate certain consultation and consent rights for the Buyer in respect of certain prescribed matters.

### ***Restructure***

Under the Proposed Transaction, the Buyer will acquire the Sale Shares, comprising all of the shares of the key operating subsidiaries of Neptune. To ensure that such operating subsidiaries effectively comprise the entire operating business (and property, rights and assets) of Neptune, the Company has undertaken to carry out a Restructure prior to Completion of the Proposed Transaction, in accordance with the terms of the Agreement.

### ***Exclusivity and break fee***

The Agreement contains deal protection mechanisms in favour of the Buyer which include “no shop” and “no talk” provisions and notification and matching rights in relation to competing offers.

In addition, each party has agreed to pay a prescribed, liquidated amount (of \$200,000) in certain limited circumstances.

In the case of Neptune, the circumstances in which it would be obliged to pay the liquidated amount are where:

- any of the conditions precedent Neptune is responsible for satisfying are not satisfied prior to the end date of 30 November 2019 (**End Date**) where Neptune has failed to use reasonable endeavours to satisfy any such condition;
- the MTQ Shareholder Approval is not obtained by MTQ;
- prior to the End Date, any Neptune director publicly withdraws or changes their voting recommendation for the Proposed Transaction (other than where there has been a material adverse change in respect of the Buyer);
- before termination of the Agreement, Neptune enters into any agreement with a party other than the Buyer in respect of a competing proposal; or
- Neptune is in material breach under the Agreement and the Buyer terminates the Agreement.

In the case of the Buyer's obligation to pay the liquidated amount, this would arise where the Agreement is terminated because the Buyer:

- is in material breach under the Agreement; or
- in circumstances where the Buyer failed to use reasonable endeavours and
  - has failed to obtain any required consent or approval from its financiers in respect of the Proposed Transaction; or
  - a material adverse change in respect of the Buyer has occurred.

### ***Warranties***

The Company has also given a series of warranties as to (among other things) the Business being sold to the Buyer as part of the Proposed Transaction.

### ***Liability cap***

The Company's liability is subject to:

- an overall cap, equal to the value of the Consideration paid (by the Buyer) to Neptune (this includes the value of the Cash Consideration and the implied value of the Consideration Shares) for all claims under the Excluded Liabilities Indemnity (detailed below), under a specific indemnity in respect of any statutory disclosure required for the in-specie distribution of the Consideration Shares, under the Tax Indemnity, or for breach of the tax-related warranties or certain fundamental warranties; and
- a sub cap, equal to the amount of the Cash Consideration in respect of any other claims under the Agreement.

### ***Excluded Liabilities Indemnity***

Neptune has also agreed to indemnify the Buyer (and its related bodies corporate which will include Neptune's subsidiaries purchased under the Proposed Transaction) (**Buyer Group**) for any loss which they incur arising directly or indirectly from (among other things):

- **(business contract)**: any breach by Neptune of its obligations under a business contract for the period up to Completion;
- **(warranty claims)**: any claim in relation to a warranty or defect liability period in connection with any business contract, where the applicable fact, matter or circumstance giving rise to the claim occurs, relates to or otherwise arises out of the period up to Completion;
- **(restructure)**: any tax or duty incurred as a result of, Neptune (or its subsidiaries) deviating from or failing to complete the settlement of the intra-group balances in accordance with the agreed plan unless with the prior written consent of the Buyer, or Neptune (or its subsidiaries) taking or failing to take any action or step contemplated by the Restructure without the Buyer's prior approval; or
- **(employees)**: the entitlements or benefits or other rights to which any business employee may have been or is entitled to, relating to or arising out of any period before Completion and which was not specifically contemplated in the accrued business employee entitlements included in the Completion Statement.

### ***Pre Completion tax indemnity***

Subject to Completion occurring, Neptune will indemnify the Buyer against certain amounts in respect of tax payable or a reduction in an entitlement to a tax refund for the period up to Completion, as further set out in the Agreement.

### ***Restraint***

Following Completion, restraint provisions will apply to Neptune, its remaining subsidiaries and certain of its directors and employees post Completion (**Neptune Affiliates**), these will preclude Neptune from operating a similar business or activity, within an agreed set of locations (including but not limited to Australia, Singapore, SE Asia and the United Kingdom) for an agreed period of up to a maximum of three years post Completion. In addition, the Neptune Affiliates may not solicit its (former) customers or employees during the period of restraint.

## 5 REGULATORY REQUIREMENTS

### *ASX Listing Rule 11.2*

As the Proposed Transaction comprises the disposal of Neptune's main undertaking for the purposes of ASX Listing Rule 11.2, the Proposed Transaction requires the approval by a simple majority of Shareholders at a general meeting.

## 6 EFFECT OF THE PROPOSED TRANSACTION ON THE COMPANY

Neptune's CEO, Robin King, will continue to manage Neptune until Completion occurs, following which he will provide support to MMA during the transition period. As part of the Proposed Transaction, the remaining Neptune management, including Acting CFO David Binns, and all other employees will transfer to MMA when Completion occurs. It is the current intention of each NMS director that they will remain on the Board throughout the process of distribution of the Consideration Shares to Shareholders, it is contemplated that following this distribution that the composition of the Board may change.

## 7 FINANCIAL EFFECT OF THE PROPOSED TRANSACTION AND PRO FORMA BALANCE SHEET

The effect of the Proposed Transaction on the key metrics from the Company's Consolidated Statement of Financial Position and Consolidated Income Statement are shown below<sup>2</sup>:

Category	Before Proposed Transaction <sup>3</sup>	After Proposed Transaction <sup>4</sup> (Min Consideration)	After Proposed Transaction <sup>5</sup> (Max Consideration)
	\$000	\$000	\$000
Total Assets	51,659	28,095	30,802
Total Liabilities	25,627	2,063	2,063
Total Equity	26,032	26,032	28,739
Revenue	25,295	25,295	25,295
EBITDA	683	683	683
Net profit / (loss) Before Tax	(38)	(38)	2,669

<sup>2</sup> The financial effects set out in the table above are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position after Completion of the Transaction. The amounts in this table are based on the Company's 30 June 2019 financial statements and show the effect of the Transaction as if Completion had occurred on that date and ignoring the effect of any post Completion adjustments and any foreign currency translation reserve amounts required to be reclassified to the Consolidated Income Statement upon disposal.

<sup>3</sup> Based on the Company's Consolidated Statement of Financial Position and Consolidated Income Statement at 30 June 2019 (unaudited).

<sup>4</sup> For the purposes of this illustration, the minimum consideration assumes an implied value of MMA shares based on a 30-day volume weighted average price of \$0.20 and a trading price of \$0.20.

<sup>5</sup> For the purpose of this illustration, the maximum consideration assumes an implied value of MMA shares based on a 30-day volume weighted average price of \$0.30 and a trading price of \$0.30.

Neptune will continue to trade as normal up to Completion of the Proposed Transaction. Post Completion, Neptune is not expected to derive any further operating revenue, other than interest and investment income.

### **Use of proceeds**

Pending the deployment of the Cash Consideration, and subject to the requirement to maintain the \$5 million cash balance during the Retention Period, this may be deposited with banks and/or financial institutions, invested in short term money markets and/or marketable securities, or used for any other purpose on a short term basis, as the Directors may deem appropriate in the interests of Neptune.

## **8 INTENTION IF PROPOSED TRANSACTION PROCEEDS**

It is the Board's current intention that, subject to receipt of necessary Shareholder approvals and subject to applicable law and regulatory requirements:

- the Consideration Shares will be distributed pro-rata to Shareholders by way of an in-specie distribution conducted by equal capital reduction (**Distribution**), as soon as practicable following Completion;
- following the end of the Retention Period, the Cash Consideration will be distributed pro-rata to Shareholders as soon as practicable; and
- any remaining cash (after amounts owing to creditors, working capital and/or regulatory costs) will be distributed pro-rata to Shareholders as soon as practicable.

The Distribution will require a further approval by Shareholders, at a meeting to be convened following Completion of the Proposed Transaction. Neptune is in the process of confirming applicable disclosure requirements in respect of the Distribution, and associated matters. Neptune will continue to update Shareholders as and when practicable.

Neptune understands that ASX's usual policy will allow trading in Neptune's securities to continue for a period of up to six months following Completion (in the absence of some other reason to suspend trading), to allow Neptune time to complete the formalities of such pro-rata distribution and subsequent winding-up and de-listing of the Company (or announcement of an intention to acquire a new business, should a suitable acquisition opportunity be identified). Following this, the ASX would usually be expected to suspend trading in Neptune's securities until Neptune makes an announcement acceptable to the ASX about its future activities.

## **9 INTENTION IF PROPOSED TRANSACTION DOES NOT PROCEED**

Should the Proposed Transaction not proceed, Neptune will continue to execute all its ongoing projects, pursue and negotiate its ongoing tenders and maintain its business development activity. Neptune will focus on its existing geographical regions and organic growth and will also continue its strategy to identify suitable partners to provide Neptune with development opportunities and access to assets, such as vessels, not currently available internally within Neptune.

## 10 ABOUT MMA

The information below has been obtained from publicly available information. Neither Neptune nor any of its directors has independently verified such information.

### Overview

MMA specialises in providing marine solutions and expertise to the offshore oil and gas industry. Established in 1989 and listed on the ASX in 1999, MMA is one of the largest marine services providers in the Asia Pacific Region.

MMA employs over 800 people including onshore personnel and a pool of qualified seafarers and offshore marine personnel. MMA owns and operates a fleet of approximately 30 offshore vessels capable of supporting a range of marine and subsea projects.

MMA's key regions of operation are Australia, South East Asia, India, Africa and the Middle East and MMA's head office is located in Fremantle, Western Australia. It's international headquarters is located in Singapore and it has a regional office in Dubai.

### MMA Board

The Board of MMA comprises:

#### **Mr Andrew Edwards (Chairman - appointed Director in December 2009 and Chairman in October 2017)**

- Andrew is a former Managing Partner of PriceWaterhouseCooper's Perth Office, a former National Vice President of the Securities Institute of Australia (now the Financial Services Institute of Australasia) and a former President of the WA division. He is a Fellow of the Australian Institute of Company Directors (AICD) and a Fellow of the Chartered Accountants Australia and New Zealand.
- Andrew currently serves as Non-Executive Chairman of MACA Ltd, a Non-Executive Director of Nido Petroleum (delisted 26 June 2017) and is President of Activ Foundation Inc.

#### **Ms Eve Howell (Non-Executive Director – appointed February 2012)**

- Eve has over 40 years of experience in the oil and gas industry in a number of technical and managerial roles.
- Eve is currently a Non-Executive Director of Buru Energy Ltd and is a senior adviser to African Geopolitics.
- Eve is a former Executive VP for Woodside Energy Ltd responsible for Health, Safety & Security and before that, the North West Shelf Project. Prior to that, Eve was Managing Director at Apache Energy Ltd. She has previously served on a number of Boards, including Downer EDI Ltd, Tangiers Petroleum Limited, EMR Resources Pty Ltd, the Fremantle Port Authority and APPEA.
- Eve holds a Bachelor of Science (with Honours in Geology and Mathematics) from the University of London and an MBA from Edinburgh Business School and is a graduate of the AICD.

#### **Mr Chiang Gnee Heng (Non-Executive Director - appointed July 2012)**

- Chiang Gnee graduated as a Marine Engineer from the University of Newcastle (UK) and spent almost 30 years working in Singapore government linked companies and in various industries including shipyards, ordnance equipment manufacturing, aircraft engine component manufacturing and environment management.
- Chiang Gnee obtained a Masters in Management from the Sloan School of Management at MIT (USA) in 1990 and was formerly the CEO of Sembawang Shipyard

for 10 years and of Sembcorp Environment Management Pte Ltd for two years. Chiang Gnee was also formerly an Executive Director of the Singapore Maritime Institute which focuses on the development of the Singapore maritime industry.

- Chiang Gnee is also a Director of MMA Offshore Asia Pte Ltd (Singapore) and all of its subsidiaries/related companies in Singapore, Malaysia and Indonesia.

#### **Mr Peter Kennan (Non-Executive Director - appointed September 2017)**

- Peter is currently Managing Partner and CIO of Black Crane Capital (**BCC**).
- The Black Crane Asia Opportunities Fund, managed by BCC, is a major shareholder of MMA. Peter established BCC in 2009. Prior to that, he was the Head of Asian Industrials Group for UBS Asia, a corporate finance sector team covering energy, infrastructure, resources, consumer/retail and general industrial companies.
- Peter was also the Head of Telecoms and Media sector team for UBS Australia specialising in M&A, and prior to UBS, Peter spent seven years with BP in a variety of engineering and commercial roles.

#### **Mr Jeffrey Weber (Managing Director - appointed December 2002)**

- Jeff began his career as a Marine Engineer with BHP Transport and he graduated with a Master's in Engineering and Technology Management from the University of Queensland. During his 19 years with BHP, Jeff gained comprehensive project management experience and helped develop new business for BHP Transport in Australia and South East Asia.
- In 1998, Jeff joined Riverside Marine in Queensland and helped expand its operations Australia wide. This included forming a joint venture company with Wijsmuller International Towage BV, RiverWijs and negotiating with Woodside Petroleum to take over that company's harbour towage operation in Dampier, Western Australia.
- Jeff is also a Non-Executive Director of Maritime Super Pty Ltd, a superannuation fund dedicated to employees in the maritime industry.
- As Managing Director of MMA, Jeff is responsible for the financial and operational performance of all of MMA's business lines.

#### **MMA CAPITAL STRUCTURE**

As at 13 September 2019, MMA had 858,077,084 fully paid ordinary shares on issue and 13,207,075 share rights on issue. Share trading volumes and prices over the past 6 months are set out in the below table for illustrative purposes only.



Source: asx.com.au Date: 13.09.2019



## **11 ADVANTAGES OF TRANSACTION**

The advantages for Shareholders in approving the Proposed Transaction include:

- The Transaction represents a strategic move for Neptune to unlock the value of the business in a way which, through the scrip component of the deal structure, will enable Shareholders to gain an exposure to the combined business through Neptune's shareholding in MMA.
- The injection of Neptune's subsea operations into MMA is considered a strong fit as the Neptune and MMA businesses are complementary with an overlapping regional presence in Australia and South East Asia, which will enable the cross selling of services and the enhancement of client relationships across multiple levels of the oil and gas development cycle.
- Provides in-house access to vessels for Neptune.
- MMA recorded an NTA per share of A\$0.36 and posted an EBITDA of A\$12.6 million<sup>6</sup> for its half-year ended 31 December 2018. The minimum issue price of A\$0.20 to be used in computing the Consideration Shares represents a discount of 44% to the NTA as at 31 December 2018.

## **12 DISADVANTAGES OF PROPOSED TRANSACTION**

The disadvantages for Shareholders in approving the Proposed Transaction include:

- Shareholders will go from being the 100% owners of Neptune to holding a 6% (minority) interest in MMA (via the Consideration Shares). In effect, Shareholders will be swapping their investment in Neptune's business for an investment that will include Neptune's business, but will largely (in economic terms) comprise MMA's existing business. The directors therefore recommend that Shareholders familiarise themselves with MMA and its business - paragraph 15 below explains where information about MMA can be found by Shareholders.
- Shareholders will be directly exposed to volatility in the MMA share price between the date upon which the Consideration Shares are issued to Neptune (on Completion, which is currently expected to occur in October or November 2019) and the date upon which the Distribution of the Consideration Shares to Shareholders is completed. Neptune intends to undertake the Distribution as soon as practicable after Completion, subject to seeking further Shareholder approval and in accordance with disclosure requirements in respect of the Distribution.
- Shareholders will be exposed to any disruption in Company performance during the integration of the two separate entities.

---

<sup>6</sup> Based on MMA's publicly available half-yearly results.

## 13 INDICATIVE TIMETABLE

The table below sets out an indicative timetable for the Proposed Transaction. Shareholders should note that the timetable is subject to change due to factors both within and beyond the control of Neptune (and MMA).

Event	Indicative timeframe
MTQ Shareholder Approval	1 October 2019
Neptune Shareholder approval	21 October 2019
Restructure	Ongoing until Completion
Completion under the Agreement	Late October or November 2019
End Date (please note this is the “long stop” date under the Agreement by when Completion must occur or the Agreement is terminated)	30 November 2019
Distribution of Consideration Shares to Shareholders* (To be distributed pro-rata to Shareholders as soon as practicable after appropriate disclosure materials have been prepared and approved by the ASX in respect of such distribution, and Shareholder approval obtained.)	As soon as practicable after Completion
Cash Consideration released at the end of the Retention Period* (To be distributed pro-rata to Shareholders as soon as practicable)	At the end of the 6 month post-Completion Retention Period
Any remaining cash (after amounts owing to creditors, working capital and/or regulatory costs) will be distributed pro-rata to Shareholders  Deregistration and delisting of the Company to occur as soon as practicable after distribution of the Consideration Shares to Shareholders	As soon as practicable

## 14 DIRECTORS' RECOMMENDATION

Neptune has been informed that Blossomvale Investments Pte Ltd, the Company's ~87% (and therefore largest) Shareholder, intends to vote in favour of the Proposed Transaction at the General Meeting, subject to receipt of the MTQ Shareholder Approval (MTQ being Blossomvale's parent company listed on the SGX) and in the absence of a superior proposal.

**The Directors of Neptune unanimously recommend that Shareholders vote in favour of Resolution 1, in the absence of a superior proposal.**

## **15 MMA NOT RESPONSIBLE FOR THIS NOTICE OF MEETING**

To avoid any doubt, Shareholders are advised that:

- none of MMA, its directors or any of MMA's related bodies corporate:
  - has authorised or caused the issue of this Notice of Meeting; or
  - makes or purports to make any statement in this Notice of Meeting or statement on which a statement in this Notice of Meeting is based; and
- MMA, its directors and MMA's related bodies corporate specifically disclaim all liability in respect of, make no representation regarding, and take no responsibility for any part of, this Notice of Meeting.

MMA has consented to the references to it in this Notice of Meeting, in the form and context in which they appear.

MMA is a listed disclosing entity for the purposes of the Corporations Act and is admitted to the official list of ASX. As such, MMA is subject to regular reporting and disclosure obligations. Specifically, as an ASX-listed company, MMA is subject to the ASX Listing Rules which require continuous disclosure of any information MMA becomes aware of concerning it that a reasonable person would expect to have a material effect on the price or value of its securities, as well as periodic disclosure in accordance with both the Corporations Act and ASX Listing Rules.

Announcements that MMA has released to ASX are available from ASX's website ([www.asx.com](http://www.asx.com), ASX Code: MMA) and on MMA's website ([www.mmaoffshore.com](http://www.mmaoffshore.com)). In addition, MMA is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by MMA may generally be obtained from a search of ASIC's records.

## **Resolution 2 – Change of Company name**

---

### **16 Background**

Under the terms of the Agreement, it is a condition precedent to Completion that the Company obtain Shareholder approval for the Company to change its name as soon as practicable following Completion, to a name that does not include the word “Neptune” or anything that looks or sounds like “Neptune” or is capable of being confused with “Neptune”.

The Directors have therefore determined (subject to Resolution 1 being passed and Completion occurring) to change the name of the Company to “Blossomvale Holdings Ltd”. Resolution 2 seeks approval for the change of name in accordance with section 157 of the Corporations Act.

**Resolution 2 is a special resolution.**

The change of name of the Company will take effect from the date on which ASIC alters the detail of the Company’s registration. It is expected that this will occur as soon as practicable following Completion.

It is also proposed that the Company’s ASX listing code will also be changed from “NMS” to “BLV”.

**The Directors of Neptune unanimously recommend Shareholders vote in favour of this Resolution 2.**

## Glossary

---

In this document the following definitions apply:

<b>\$</b>	means Australian dollars.
<b>Agreement</b>	means the Share Purchase Agreement entered into by Neptune Marine Services Limited and MMA Offshore Limited on 23 July 2019.
<b>AWST</b>	means Australian Western Standard Time.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) or, as the context requires, the Australian Securities Exchange operated by ASX Limited.
<b>ASX Listing Rules</b>	means the Listing Rules of ASX.
<b>Board</b>	means the board of directors of the Company.
<b>Business</b>	means the main assets and undertakings of the business of the Company.
<b>Business Day</b>	means a day other than a Saturday, Sunday or public holiday in Western Australia.
<b>Cash Consideration</b>	means \$5.0 million.
<b>Company or Neptune</b>	means Neptune Marine Services Limited ACN 105 665 843.
<b>Completion</b>	means completion of the Proposed Transaction in accordance with the Agreement.
<b>Consideration</b>	means the sum of the Cash Consideration and the Consideration Shares.
<b>Consideration Shares</b>	means the balance of the Consideration (after excluding the Cash Consideration) in the form of MMA fully paid ordinary shares, with an implied value of between \$13.5 million and \$16.2 million (depending on the VWAP).
<b>Constitution</b>	means the Company's constitution.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Directors</b>	means the current directors of the Company.
<b>EBITDA</b>	means earnings before interest, tax, depreciation and amortisation.
<b>End Date</b>	means 30 November 2019.
<b>Escrow Agent</b>	means Rajah & Tann Singapore LLP.
<b>Escrow Agreement</b>	means the escrow agreement entered into between the Company, MMA and the Escrow Agent.

<b>Execution Date</b>	means 23 July 2019.
<b>Explanatory Memorandum</b>	means the Explanatory Memorandum accompanying this Notice.
<b>General Meeting or Meeting</b>	means the meeting convened by this Notice.
<b>MMA or Buyer</b>	means MMA Offshore Limited (ACN 083 185 693).
<b>MTQ</b>	means MTQ Corporation Limited (UEN 196900057Z), a company incorporated in Singapore.
<b>MTQ Deed of Guarantee</b>	means the deed of guarantee entered into between MTQ and MMA on 23 July 2019 under which (subject to satisfaction of certain conditions precedent) MTQ will support the Company performance of its obligations under the Agreement.
<b>MTQ Shareholder Approval</b>	means the approval of MTQ's shareholders for the Proposed Transaction at a general meeting of MTQ shareholders to be convened on 1 October 2019.
<b>Notice or Notice of Meeting</b>	means this notice of general meeting including the Explanatory Memorandum and the Proxy Form.
<b>NTA</b>	means net tangible assets.
<b>Proxy Form</b>	means the proxy form accompanying this Notice.
<b>Proposed Transaction</b>	means the sale of the Business to MMA, effected by the sale of the Sale Shares to MMA under the Agreement.
<b>Resolutions</b>	means the resolutions to be considered by Shareholders at the General Meeting, as set out in this Notice of Meeting.
<b>Restructure</b>	means the restructure of the Business prior to Completion of the Proposed Transaction.
<b>Retention Period</b>	means the period commencing on the day of Completion and ending on the date which is 6 months later.

<b>Sale Shares</b>	means all the issued securities in each of the following Neptune subsidiaries: <ul style="list-style-type: none"> <li>a) Neptune Asset Integrity Services Pty Ltd;</li> <li>b) Neptune Subsea Engineering Pty Ltd;</li> <li>c) Neptune Geomatics Pty Ltd;</li> <li>d) Neptune Subsea Stabilisation Pty Ltd;</li> <li>e) Neptune Diving Services Pty Ltd;</li> <li>f) Neptune Offshore Services (PNG) Ltd;</li> <li>g) Neptune Subsea Stabilisation Pte Ltd;</li> <li>h) Neptune Marine Pacific Pte Ltd;</li> <li>i) Neptune Offshore Services Ltd; and</li> <li>j) Neptune Subsea Engineering Ltd.</li> </ul>
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a registered holder of one or more Shares.
<b>VWAP</b>	means the volume weighted average share price of MMA shares in the 30 day period ending on the date that is two business days before Completion.

**This page is left intentionally blank**