

CIRCULAR DATED 1 NOVEMBER 2012

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of MTQ Corporation Limited (the “**Company**”), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.



CIRCULAR TO SHAREHOLDERS

in relation to

THE CONDITIONAL OFFER BY BLOSSOMVALE INVESTMENTS PTE. LTD., WHOLLY OWNED SUBSIDIARY OF MTQ CORPORATION LIMITED, FOR ALL THE ISSUED ORDINARY SHARES IN THE SHARE CAPITAL OF NEPTUNE MARINE SERVICES LIMITED OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE COMPANY

Financial Adviser to the Company
in relation to the MTQ Shareholders' approval of the Offer



CIMB Bank Berhad (13491-P)
Singapore Branch
(Incorporated in Malaysia)

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form : 18 November 2012 at 3.00 p.m.
Date and time of Extraordinary General Meeting : 20 November 2012 at 3.00 p.m.
Place of Extraordinary General Meeting : Carlton Hotel, Empress Ballroom 2, Level 2
76 Bras Basah Road,
Singapore 189558

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DEFINITIONS

The following definitions apply throughout in this Circular except where the context otherwise requires:

- “A\$” and “Australian cents”** : Australian dollars and cents, respectively
- “ASIC”** : The Australian Securities and Investments Commission
- “ASX”** : ASX Limited or the securities exchange operated by it, as the context requires
- “ASX Listing Rules”** : The Official Listing Rules of ASX
- “Bidder’s Statement”** : The statement of Blossomvale under Part 6.5 Division 2 of the Corporations Act relating to the Offer
- “Blossomvale”** : Blossomvale Investments Pte. Ltd., a wholly owned subsidiary of the Company
- “CDP”** : The Central Depository (Pte) Limited
- “CIMB”** : CIMB Bank Berhad, Singapore Branch (13491-P)
- “Circular”** : This circular dated 1 November 2012
- “Company” or “MTQ”** : MTQ Corporation Limited
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore
- “Controlling Shareholder”** : A person who:
- (a) holds, directly or indirectly, 15% or more of the total number of issued shares excluding treasury shares in a company (provided that the SGX-ST may determine that a person who satisfies this definition is not a controlling shareholder); or
 - (b) in fact exercises control over such a company.
- “Corporations Act”** : The Corporations Act 2001 of Australia
- “Date of Offer”** : The date on which the Neptune Shareholders have been effectively served with the Bidder’s Statement in accordance with the Corporations Act
- “Directors” or “Board”** : The directors of the Company
- “EGM”** : The extraordinary general meeting of the Company to be held on 20 November 2012 at Carlton Hotel, Empress Ballroom 2, Level 2, 76 Bras Basah Road, Singapore 189558 at 3.00 p.m., notice of which is set out on page 27 of this Circular
- “Latest Practicable Date”** : 29 October 2012, being the latest practicable date prior to the printing of this Circular
- “Listing Manual”** : The Listing Manual of the SGX-ST
- “MTQ Group”** : The Company and its subsidiaries
- “MTQ Shares”** : Fully paid ordinary shares in the capital of MTQ
- “MTQ Shareholder”** : The persons who are registered as holders of MTQ Shares in the register of members of the Company
- “NAV”** : Net asset value

“Neptune”	: Neptune Marine Services Limited
“Neptune Board”	: The directors of Neptune
“Neptune Group”	: Neptune and its subsidiaries
“Neptune Options”	: Options to subscribe for new Neptune Shares granted by Neptune pursuant to the Neptune Employee Share Option Plan approved on 20 November 2008 by Neptune Shareholders at Neptune’s annual general meeting
“Neptune Shareholder”	: The persons who are registered as holders of Neptune Shares in the register of members of Neptune
“Neptune Shares”	: Fully paid ordinary shares in the capital of Neptune
“Notice of EGM”	: Has the meaning set out in Section 11 of this Circular
“NTA”	: Net tangible asset
“Offer”	: Has the meaning set out in Section 1.1 of this Circular
“Offer Announcement”	: Has the meaning set out in Section 1.1 of this Circular
“Offer Period”	: The period during which the Offer will remain open for acceptance in accordance with Section 2.3 of this Circular
“Offer Price”	: Has the meaning set out in Section 2.1(a) of this Circular
“Offer Shares”	: Neptune Shares to which the Offer relates, as described in Section 1.1 of this Circular
“Offer Terms”	: The terms and conditions of the Offer, as described in Section 2 of this Circular
“Performance Rights”	: Performance rights granted by Neptune under the Performance Rights Plan
“Public Authority”	: Any government or any governmental, semi governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange
“Register Date”	: The date set by Blossomvale under Section 633(2) of the Corporations Act, being 30 October 2012
“Retention Rights”	: Retention rights granted by Neptune to certain executives and key management personnel
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share Consolidation”	: The share consolidation of Neptune Shares by converting every 30 Neptune Shares into 1 Neptune Share, as described in Neptune’s notice of meeting and explanatory memorandum dated 26 October 2012
“Takeovers Panel”	: The Takeovers Panel established under Section 171 of the ASIC Act and given powers under Part 6.10 of the Corporations Act
“VWAP”	: Volume weighted average price
“S\$” and “cents”	: Singapore dollars and cents, respectively
“%” or “percent”	: Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted and, unless the context otherwise requires, any word defined under the Companies Act or the Listing Manual or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning set out under the Companies Act or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to date and time of day in this Circular shall be a reference to Singapore date and time, unless otherwise stated.

The total of figures listed in certain tables included in this Circular may not be the same as the arithmetic addition of the figures. Any such discrepancies are due to rounding.

MTQ CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 196900057Z)

Directors:

Kuah Kok Kim (Non-Executive Chairman)
Kuah Boon Wee (Chief Executive Officer)
Christopher Ho Han Siong (Non-Executive Director)
Huang Yuan Chiang (Independent Director)
Nicholas Campbell Cocks (Independent Director)
Ong Choo Eng (Non-Executive Director)
Chew Soo Lin (Independent Director)

Registered Office:

182 Pandan Loop
Singapore 128373

1 November 2012

To: The Shareholders of MTQ Corporation Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 Conditional Offer Announcement

On 30 October 2012, the Company announced that its wholly owned subsidiary, Blossomvale, intends to make a conditional offer (the “**Offer**”) for all the issued Neptune Shares other than those already owned, controlled or agreed to be acquired by the Company (the “**Offer Shares**”) (the “**Offer Announcement**”).

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

As announced by the Company, the Offer will constitute a major transaction under Chapter 10 of the Listing Manual and is therefore subject to and conditional upon the approval of the MTQ Shareholders at the EGM by way of ordinary resolution.

1.2 Background

Pursuant to a restructuring exercise by Neptune in March 2011, the Company subscribed for 200 million new ordinary shares in Neptune through Blossomvale. Since then, the Company has continued to increase its stake in Neptune as it seeks to participate in Neptune’s business as a significant investor. The Company expects oil and gas drilling activities to remain robust with an increasing focus on deep sea drilling which drives demand in subsea services and views Neptune’s offshore capabilities as a strategic extension of its predominantly workshop-based operations in Singapore and Bahrain. Neptune operates in subsea niches in diving, surveying and other related services which are complementary to the Company’s focus on subsea engineering. The Company anticipates that having control of Neptune will create opportunities for the cross-selling of services to each other’s customers and strengthen engagement with common customers.

As at the Latest Practicable Date, the number of Neptune Shares that will be the subject of the Offer will be such Neptune Shares not already owned, controlled or agreed to be acquired by the Company amounting to 1,467,678,119 Neptune Shares together with up to 39,687,822 new shares being issued due to the exercise of the Performance Rights and Retention Rights.

The maximum amount that Blossomvale could be required to pay under the Offer in respect of the Offer Shares is A\$48,235,710. Please see Sections 2 and 3 below for more details on the Offer.

1.3 Extraordinary General Meeting

The Directors are convening the EGM on 20 November 2012 at 3.00 p.m. at Carlton Hotel, Empress Ballroom 2, Level 2, 76 Bras Basah Road, Singapore 189558 to seek the approval of the MTQ Shareholders for the making of the Offer to be made on the terms set out in Section 2 below.

Notice of the EGM is set out on page 27 of this Circular.

1.4 Circular

The purpose of this Circular is to explain the reasons for, and to provide MTQ Shareholders with relevant information relating to the Offer and to seek MTQ Shareholders' approval at the EGM for the Offer.

2. THE OFFER

2.1 Offer Terms

Blossomvale will make the Offer in accordance with relevant Australian legislation and subject to the following principal terms and conditions set out in the Bidder's Statement issued by Blossomvale in connection with the Offer:

- (a) The Offer will be made on the following basis:

For each Neptune Share : A\$0.032 in cash (the "Offer Price")

- (b) The Offer will be made to each Neptune Shareholder at the open of business (Perth time) on the Register Date. The Offer also extends to:

- (i) holders of Neptune securities that come to be Neptune Shares from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date; and
- (ii) any person who becomes registered, or entitled to be registered, as the holder of Neptune Shares during the Offer Period.

- (c) If, at the time the Offer is made to a Neptune Shareholder or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of the Neptune Shares to which the Offer relates:

- (i) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to that other person in respect of those Neptune Shares;
- (ii) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to the Neptune Shareholder in respect of any other Neptune Shares the Neptune Shareholder holds to which the Offer relates; and
- (iii) the Offer will be deemed to have been withdrawn immediately at that time.

- (d) If at any time during the Offer Period, a Neptune Shareholder is registered or entitled to be registered as the holder of one or more parcels of Neptune Shares as trustee or nominee for, or otherwise on account of, another person, the Neptune Shareholder may accept as if a separate Offer on the same terms and conditions as this Offer had been made in relation to each of those parcels and any parcel that the Neptune Shareholder holds in his own right.

2.2 Share Consolidation

- (a) On 26 October 2012, Neptune announced plans to undertake a share consolidation by converting every 30 Neptune Shares into 1 Neptune Share, subject to the approval of Neptune Shareholders at its upcoming annual general meeting.

- (b) If Neptune Shareholders approve the Share Consolidation, then in accordance with the ASX Listing Rules that apply to options, the number of Neptune Options will be consolidated in the same ratio and the exercise price of each Neptune Option will be amended in inverse proportion to that ratio.
- (c) In addition, if Neptune Shareholders approve the Share Consolidation, then in accordance with the terms of the Performance Rights and Retention Rights, the number of Performance Rights and Retention Rights will be consolidated in the same ratio.
- (d) Where as a result of the Share Consolidation a person would be entitled to a fraction of a Neptune Share, Neptune Option, Performance Right or Retention Right, Neptune will round up to the nearest whole number.
- (e) If the Share Consolidation is approved by Neptune Shareholders and is implemented by Neptune, then if as at the date the Share Consolidation takes effect:
 - (i) a Neptune Shareholder accepted (and did not withdraw his or her acceptance of) the Offer in respect of his or her Neptune Shares but Blossomvale has not provided the consideration due to him or her for his or her Neptune Shares; or
 - (ii) a Neptune Shareholder has not accepted the Offer in respect of his or her Neptune Shares,

the consideration payable to that Neptune Shareholder under the Offer will be A\$0.96 per Neptune Share to reflect the effect of the Share Consolidation on that Neptune Shareholder's Neptune Shares.

2.3 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the Date of Offer and ending at 5:00pm (Perth time) on the later of:
 - (i) one month from the Date of Offer; or
 - (ii) any date to which the Offer Period is extended.
- (b) Blossomvale reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If either of the following events occur within the last 7 days of the Offer Period:
 - (i) the Offer is varied to improve the consideration offered; or
 - (ii) Blossomvale's voting power in Neptune increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with Section 624(2) of the Corporations Act.

2.4 Conditions of the Offer

The completion of the Offer and any contract resulting from an acceptance of the Offer are subject to the following conditions being fulfilled:

(a) Approval of MTQ Shareholders

MTQ Shareholders approve the acquisition of the Neptune Shares by Blossomvale under the Offer by the requisite majority.

(b) No Regulatory Action

Between the date of the Offer Announcement and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (iii) no application is made to any Public Authority (other than by Blossomvale or any associate of Blossomvale),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offer and the completion of any transaction contemplated by the Bidder's Statement (including, without limitation, full, lawful, timely and effectual implementation of the intentions set out in Section 6 of this Circular) or which requires the divestiture by Blossomvale of any Neptune Shares or any material assets of Neptune or any subsidiary of Neptune.

(c) No Material Adverse Change

- (i) Between the date of the Offer Announcement and the end of the Offer Period (each inclusive) none of the following occurs:
 - (1) an event, change, condition, matter or thing occurs;
 - (2) information is disclosed or announced by Neptune or any of its subsidiaries concerning any event, change, condition, matter or thing; or
 - (3) information concerning any event, change, condition, matter or thing becomes known to Blossomvale (whether or not becoming public),

which will have, could reasonably be expected to have or which evidences that there has been a material adverse effect on the business, assets, liabilities, financial position and performance, material contracts (taken as a whole), profitability or prospects of Neptune or any of its subsidiaries, since 30 June 2012.

- (ii) For the purposes of Section 2.4(c)(i), Blossomvale shall not be taken to know of information concerning any event, change, condition, matter or thing before the date of the Offer Announcement, unless Blossomvale knows or ought reasonably to have known (having regard to the information actually known by Blossomvale and the information disclosed by Neptune in its public filings with the ASX and ASIC before the date of the Offer Announcement), of the extent or magnitude of the event, change, condition, matter or thing.
- (iii) Section 2.4(c)(ii) does not apply in relation to particular information, if that information was previously disclosed by Neptune in a public filing with the ASX or ASIC provided that the disclosure was full and fair (including, without limitation, in relation to the extent and magnitude of the event, change, condition, matter or thing, as the case may be) and was not, and is not likely to be, incomplete, incorrect, untrue or misleading.

(d) Acquisitions and Disposals

Between the date of the Offer Announcement and the end of the Offer Period (each inclusive), neither Neptune nor any of its subsidiaries, acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in:

- (i) the manner in which Neptune conducts its business;
- (ii) the nature (including balance sheet classification), extent or value of the assets of Neptune; or
- (iii) the nature (including balance sheet classification), extent or value of the liabilities of Neptune,

including, without limitation, any transaction which would or (subject to one or more conditions) may involve

- (i) Neptune or any subsidiary of Neptune acquiring, or agreeing to acquire, one or more companies, businesses or assets for an amount in aggregate greater than A\$2.5 million; or
- (ii) Neptune or any subsidiary of Neptune disposing, or agreeing to dispose of, one or more companies, businesses or assets (or any interest therein) for an amount in aggregate greater than A\$2.5 million.

(e) No Litigation Pending or on Foot

Between the date of the Offer Announcement and the end of the Offer Period (each inclusive), no litigation against Neptune which may reasonably result in a judgement of A\$2.5 million or more is commenced, is threatened to be commenced, is announced, or is made known to Blossomvale (whether or not becoming public) or Neptune, other than that which is in the public domain as at the date of the Offer Announcement. The Company is not aware of any material litigation against Neptune as at the Latest Practicable Date.

(f) Equal Access

Between the date of the Offer Announcement and the end of the Offer Period, Neptune promptly, and in any event within 2 business days, provides to Blossomvale a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to Neptune or any of its subsidiaries, or their respective assets, liabilities or operations, that has been provided by Neptune or any of its directors, officers, agents or representatives to any person other than Blossomvale, other than in the ordinary course of ordinary business, including (without limitation) for the purposes of soliciting, encouraging or facilitating any proposal with respect to:

- (i) a takeover bid for, or scheme of arrangement proposed by, Neptune, under the Corporations Act;
- (ii) the acquisition by that person or an associate of substantially all the assets and operations of Neptune; or
- (iii) any transaction having a similar economic effect.

(g) No Distributions

Between the date of the Offer Announcement and the end of the Offer Period (each inclusive), Neptune does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

(h) No Break Fees

Between the date of the Offer Announcement and the end of the Offer Period, Neptune does not agree (whether conditionally or unconditionally) to make any payment by way of break fee, inducement fee, cost reimbursement or otherwise, to any person other than Blossomvale or an associate, or forgo any amount to which it would otherwise be entitled, in connection with that a proposal by that person for:

- (i) a takeover bid for, or scheme of arrangement proposed by, Neptune, under the Corporations Act;
- (ii) the acquisition by that person or an associate of substantially all the assets and operations of Neptune; or
- (iii) any transaction having a similar economic effect.

This Section does not apply to a payment by way of remuneration for professional services or to directors of Neptune for the discharge of their duties in connection with the Offer.

(i) No Prescribed Occurrences

Between the date of the Offer Announcement and the date falling 3 business days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in Section 652C of the Corporations Act) happen:

- (i) Neptune converting all or any of the Neptune Shares into a larger or smaller number of shares under Section 254H of the Corporations Act;
- (ii) Neptune or a subsidiary of Neptune resolving to reduce its share capital in any way;
- (iii) Neptune or a subsidiary of Neptune entering into a buyback agreement or resolving to approve the terms of a buyback agreement under sub-sections 257C(1) or 257D(1) of the Corporations Act;
- (iv) Neptune or a subsidiary of Neptune making an issue of Neptune Shares (other than Neptune Shares issued as a result of the exercise of Neptune Options into Neptune Shares) or granting an option over the Neptune Shares or agreeing to make such an issue or grant such an option;
- (v) Neptune or a subsidiary of Neptune issuing, or agreeing to issue, convertible notes;
- (vi) Neptune or a subsidiary of Neptune disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Neptune or a subsidiary of Neptune charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (viii) Neptune or a subsidiary of Neptune resolving that it be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of Neptune or of a subsidiary of Neptune;
- (x) the making of an order by a court for the winding up of Neptune or of a subsidiary of Neptune;
- (xi) an administrator of Neptune or of a subsidiary of Neptune being appointed under Sections 436A, 436B or 436C of the Corporations Act;
- (xii) Neptune or a subsidiary of Neptune executing a deed of company arrangement;
- (xiii) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Neptune or of a subsidiary of Neptune.

2.5 Freeing the Offer of Conditions

Except for the condition in Section 2.4(a) requiring MTQ Shareholder approval of the Offer from which Blossomvale cannot free the Offer, Blossomvale may free the Offer and any contract resulting from its acceptance from any of the conditions subsequent in Section 2.4, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Neptune and lodging the notice with ASIC declaring this Offer to be free from the relevant condition or conditions specified, in accordance with Section 650F of the Corporations Act.

This notice may be given:

- (i) in the case of the condition in Section 2.4(i) not later than 3 business days after the end of the Offer Period; and
- (ii) in the case of all the other conditions in Section 2.4, not less than 7 days before the end of the Offer Period.

If, at the end of the Offer Period (or in the case of the conditions in Section 2.4(i), at the end of the third business day after the end of the Offer Period), the conditions in Section 2.4 have not been fulfilled and Blossomvale has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

3. CONSIDERATION FOR THE OFFER

3.1 Offer Consideration

- (a) The consideration for the Offer Shares of A\$0.032 per share will be satisfied wholly in cash.
- (b) The aggregate cash consideration payable by Blossomvale under the Offer if acceptances are received in respect of Neptune Shares on issue (other than those Shares in which Blossomvale has a relevant interest), amounting to 1,467,678,119 Neptune Shares as at the Latest Practicable Date, would be A\$46,965,700.
- (c) As at the Latest Practicable Date, all Neptune Options were with exercise prices above the Offer Price. Accordingly, no additional consideration is expected to be payable in respect of the Neptune Options.
- (d) In addition, if the Neptune Board exercises its discretion to vest all Performance Rights and Retention Rights outstanding, amounting to 39,687,822 Performance Rights and Retention Rights as at the Latest Practicable Date, on a change of control resulting from the Offer, then an additional A\$1,270,010 will be payable by Blossomvale under the Offer.
- (e) Accordingly, the maximum aggregate cash consideration that could be payable by Blossomvale under the Offer in respect of the Offer Shares is A\$48,235,710. Although the Offer Price will be adjusted to reflect the Share Consolidation if approved and implemented, this maximum amount will not materially change.

3.2 Source of Funds

Blossomvale intends to finance the Offer through a combination of a funding commitment with United Overseas Bank Limited (“**UOB**”) for up to A\$37 million (the “**Facility**”) and an intra-group facility with the Company of A\$13 million (“**Intra-Group Facility**”). On the basis of the arrangements described in this Section 3.2, Blossomvale is of the opinion that it has a reasonable basis for forming and holding the view that it will be able to pay the total amount required to be paid under the Offer as and when it is due under the Offer Terms, in satisfaction of its obligations under the Offer.

(a) Facility Agreement

Blossomvale has accepted and executed the letter of offer extended by UOB for a facility of up to A\$37 million. Under the facility documentation, the provision of the facility by UOB will be subject to the satisfaction of conditions precedent typical for a facility of this nature, including:

- (i) providing duly executed copies of the security documentation (see further below), together with relevant title and other ancillary documents required under the security documentation and evidence that any necessary duty has or will be paid;
- (ii) standard acquisition funding conditions precedent, including providing a funds flow memorandum;
- (iii) standard legal conditions precedent, including provision of director's certificates, specimen signatures, legal opinions and copies of corporate authorisations and constitutions; and
- (iv) evidence that the fees, costs and expenses payable by Blossomvale have been paid or will be paid by the relevant date.

The Facility will be secured by:

- (i) a registered equitable charge over the Neptune Shares acquired by Blossomvale under the Offer; and
- (ii) a corporate guarantee for A\$37 million from the Company to UOB in favour of Blossomvale.

The facility documentation also contains undertakings by Blossomvale, representations and warranties from Blossomvale and events of default that are typical for a facility of this nature. Funds will only be made available by UOB on Blossomvale's request if no event of default is continuing as at the date of the request or would be triggered by advancing the funds requested, and if the representations and warranties given by Blossomvale remain true as at the date of the request.

The funds under the Facility will bear interest at commercial rates.

Neither Blossomvale nor the Company is aware of any reason which would result in the conditions precedent not being satisfied in time to allow for funds to be available to Blossomvale to pay the total amount that Blossomvale may be required to pay under the Offer as and when it is due under the Offer Terms.

(b) Intra-Group Facility

Under the terms of the Intra-Group Facility, the Company will ensure that funds are available to Blossomvale to pay for any additional amounts that Blossomvale may be required to pay under the Offer as and when it is due under the terms of the Offer. The Company will provide any such additional funds before Blossomvale is required to pay for any Neptune Shares acquired by it or to pay any fees, expenses and duties in relation to the Offer.

MTQ Group has internal cash reserves at the Latest Practicable Date of approximately S\$26 million (A\$21 million), of which it has committed S\$16 million (A\$13 million) to meet its obligations under the Intra-Group Facility. It also has an undrawn facility of approximately S\$6 million. The Company will ensure that these funds remain available while Blossomvale has any outstanding obligation to pay for Neptune Shares acquired by it under the Offer or in exercise of rights of compulsory acquisition of Neptune Shares under the Corporations Act ("**Commitment Period**") or to pay for any such fees, expenses and duties.

In the event that the Company provides funds to Blossomvale under the Intra-Group Facility:

- (i) Blossomvale must pay interest on the principal outstanding from time to time at the rate (if any) specified from time to time by the Company; and
- (ii) Blossomvale must repay the principal outstanding, together with all accrued but unpaid interest, upon demand by the Company. However, no demand for repayment may be made by the Company during the Commitment Period.

3.3 Offer Price

The Offer Price was determined after taking into account, *inter alia*, the rationale for the Offer as described in Section 7 of this Circular and the market price of the Neptune Shares. The Offer Price represents:

- (a) a premium of approximately 33.3% over the last transacted price of A\$0.0240 per Neptune Share on the ASX as at the Latest Practicable Date;
- (b) a premium of approximately 33.3% over the VWAP of A\$0.0240 per Neptune Share for trades done on 29 October 2012 (being the Latest Practicable Date and the last market day on which Neptune Shares were traded prior to the Offer Announcement);
- (c) a premium of approximately 19.7% over the VWAP of A\$0.0267 per Neptune Share for the period from 30 September 2012 to 29 October 2012 (being the one-month period prior and up to the Latest Practicable Date);
- (d) a premium of approximately 27.6% over the VWAP of A\$0.0251 per Neptune Share for the period from 30 July 2012 to 29 October 2012 (being the three-month period prior and up to the Latest Practicable Date);
- (e) a premium of approximately 32.0% over the VWAP of A\$0.0242 per Neptune Share for the period from 30 April 2012 to 29 October 2012 (being the six-month period prior and up to the Latest Practicable Date);
- (f) a discount of approximately 32.9% to the NAV of Neptune Group of A\$0.048 per share as at 30 June 2012; and
- (g) a premium of approximately 6.4% to the NTA value of Neptune Group of A\$0.030 per share as at 30 June 2012.

4. INFORMATION ON BLOSSOMVALE

4.1 Information on Blossomvale

Blossomvale is a wholly owned subsidiary of the Company and was registered in Singapore on 12 December 2007 as a private limited company.

4.2 Principal Activities of Blossomvale

The principal activity of Blossomvale is to acquire and hold investments on behalf of the Company, including the Neptune Shares it currently holds and those acquired under the Offer.

5. INFORMATION ON NEPTUNE

5.1 Information on Neptune

Neptune is the holding company of the Neptune Group. It is listed on the ASX (ASX:NMS) and has its headquarters in Perth, Australia. The Neptune Group provides engineering services to offshore oil and gas, marine and renewable energy industries.

Neptune has a market capitalisation of A\$43.30 million, as at the Latest Practicable Date.

5.2 Principal Activities of Neptune and Neptune Group

- (a) The principal activities of the consolidated Neptune Group comprise commercial diving, dry underwater welding using the Neptune Group's patented NEPSYS® technology, hydrographic surveying, positioning and geophysical services, NDT (Non-Destructive Testing) and inspection services, pipeline stabilisation and grouting, ROV (Remote Operated Vehicles) services, specialist fabrication, subsea and pipeline engineering, testing and assembly services and end to end project management.
- (b) These services are provided via the two divisions of Offshore Services and Engineering Services to the offshore oil and gas, marine and renewable energy industries which are regionally spread between Australia, New Zealand and Papua New Guinea; Europe, the Mediterranean and Africa; Asia and the Middle East; and North and South America.
- (c) The Neptune Group's primary focus is the offshore oil and gas sector, where its subsea and topside services can be tailored to provide solutions for both new "greenfield" construction projects and existing "brownfield" inspection, repair and maintenance (IRM) projects.

5.3 Summary of Historical Financial Information on the Neptune Group

The consolidated financial information of Neptune Group for the financial years ended 30 June 2011 and 30 June 2012 is set out in the tables below. The information is extracted from and should be read in conjunction with the full financial accounts in the announcement of audited financial results for the financial year ended 30 June 2012 and the related notes thereto.

(a) **Statement of Financial Position as at 30 June 2012 and 30 June 2011**

	Consolidated	
	2012	2011
	A\$'000	A\$'000
Assets		
Current Assets		
Cash and cash equivalents	7,786	10,965
Trade and other receivables	27,335	29,407
Inventories	2,937	2,727
Current tax receivable	306	1,003
Other current assets	8,643	4,185
	<u>47,007</u>	<u>48,287</u>
Non-current assets classified as held for sale	–	2,235
Assets of disposal group classified as held for sale	–	643
TOTAL CURRENT ASSETS	<u>47,007</u>	<u>51,165</u>
Non-Current Assets		
Trade and other receivables	395	2,616
Property, plant and equipment	25,199	25,079
Deferred tax assets	2,746	3,811
Intangible assets and goodwill	30,657	63,242
TOTAL NON-CURRENT ASSETS	<u>58,997</u>	<u>94,748</u>
TOTAL ASSETS	<u>106,004</u>	<u>145,913</u>
Current Liabilities		
Trade and other payables	14,775	21,524
Interest bearing loans and borrowings	1,461	3,803
Provisions	1,277	949
	<u>17,513</u>	<u>26,276</u>
Liabilities directly associated with the assets classified as held for sale	–	294
TOTAL CURRENT LIABILITIES	<u>17,513</u>	<u>26,570</u>
Non-Current Liabilities		
Interest bearing loans and borrowings	229	457
Deferred tax liabilities	1,380	1,580
Provisions	287	154
TOTAL NON-CURRENT LIABILITIES	<u>1,896</u>	<u>2,191</u>
TOTAL LIABILITIES	<u>19,409</u>	<u>28,761</u>
NET ASSETS	<u>86,595</u>	<u>117,152</u>
Equity		
Contributed equity	273,031	271,155
Reserves	(21,249)	(28,743)
Accumulated losses	(165,187)	(125,260)
TOTAL EQUITY	<u>86,595</u>	<u>117,152</u>

(b) **Income Statement for the Year Ended 30 June 2012 and 30 June 2011**

	Consolidated	
	2012	2011
	A\$'000	A\$'000
Continuing operations		
Revenue	116,306	117,863
Other revenue	140	297
Total revenue	116,446	118,160
Cost of sales and services rendered	(78,488)	(73,902)
Gross Profit	37,958	44,258
Other income	30	1,097
Marketing expenses	(224)	(380)
Occupancy expenses	(3,699)	(4,267)
Corporate, shared services and board expenses	(12,075)	(16,861)
Business operating expenses	(19,218)	(36,079)
Technical expenses	(254)	(306)
Finance costs	(107)	(3,657)
Property, plant and equipment impairment	–	(17,745)
Goodwill impairment	(34,959)	(85,497)
Other expenses	(544)	(6,933)
Loss from continuing operations before income tax	(33,092)	(126,370)
Income tax expense	(702)	(2,083)
Loss from continuing operations after income tax	(33,794)	(128,453)
Discontinued operations		
Loss from discontinued operations after income tax	(6,133)	(14,875)
Net loss for the period	(39,927)	(143,328)
Earnings per share		
Basic loss per share (Australian cents per share)	(0.05)	(0.17)
Diluted loss per share (Australian cents per share)	(0.05)	(0.17)
Earnings per share for profit from continuing operations		
Basic loss per share (Australian cents per share)	(0.04)	(0.15)
Diluted loss per share (Australian cents per share)	(0.04)	(0.15)

5.4 Publicly Available Information about Neptune Group

The information in this Section 5 about Neptune and the Neptune Group is based on public information and has not been independently verified. Accordingly, no member of the MTQ Group makes any representation or warranty (express or implied) as to the accuracy or completeness of this information.

A substantial amount of information about Neptune is available in electronic form from: www.neptunems.com. Information on this website does not constitute part of the Circular.

6. INTENTIONS OF THE COMPANY FOR NEPTUNE

6.1 Intentions for Neptune as a Wholly Owned Entity

(a) Corporate Matters

Blossomvale currently intends to:

- (i) proceed with compulsory acquisition of the outstanding Neptune Shares in accordance with the provisions of Part 6A.1 of the Corporations Act, including any Neptune Shares which are issued after the close of the Offer as a result of the exercise of Neptune Options;
- (ii) thereafter arrange for Neptune to be removed from the official list of the ASX; and
- (iii) replace the members of the Neptune Board with the nominees of Blossomvale. Replacement board members have not yet been identified by Blossomvale and their identity will depend on the circumstances at the relevant time. It is however presently expected that the majority of the replacement board members will be members of the MTQ management team.

(b) General Operational Review

Since the commencement of the restructuring exercise by Neptune in March 2011, the operations of Neptune have undergone significant changes. The number of operating units has been reduced through the disposal of loss making businesses with new strategic focuses to improve profit performance and achieve business growth. Corporate overheads have been reduced with more streamlined business processes.

Excluding the effects of goodwill impairment and net loss from discontinued operations, Neptune was profitable and cash positive for the year ended 30 June 2012. The pursuit of further operating and cost efficiencies across the businesses of Neptune should continue.

After the end of the Offer Period, Blossomvale's current intention is to conduct an immediate, broad-based review of Neptune's operations on a strategic and financial level after the end of the Offer Period to:

- (i) evaluate Neptune's performance, profitability and prospects;
- (ii) identify and consider any changes to improve Neptune's performance and profitability; and
- (iii) achieve a strategic fit with the MTQ Group.

(c) Employees

If the above intentions are implemented, it is possible that certain operational functions may become redundant and some job losses may occur as a result. However, the incidence, extent and timing of such job losses cannot be predicted in advance. Where possible, Blossomvale will seek to minimize job losses through redeployment of the relevant employees. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

6.2 Intentions for Neptune as a Part Owned Controlled Entity

In the event that Blossomvale owns more than 50% but less than 90% of Neptune Shares, its current intentions for Neptune are set out below.

(a) Corporate Matters

Currently, Blossomvale:

- (i) does not intend to replace the members of the Neptune Board; and
- (ii) intends to maintain Neptune's listing on the ASX (subject to continued compliance by Neptune with the Listing Rules). In this situation, the liquidity of Neptune Shares on ASX may be materially adversely affected,

after the end of the Offer Period.

Even if Blossomvale is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it is possible that it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6D.2 of the Corporations Act, for example as a result of acquisitions of Neptune Shares in reliance on the "3% creep" exception pursuant to Item 9 of Section 611 of the Corporations Act. If so, Blossomvale currently intends to exercise those rights.

(b) General Operational Review

Blossomvale currently intends to propose to the Neptune Board that a broadbased review of Neptune's operations should be conducted on both a strategic and financial level, along similar lines to that described in Section 6.1(b) above immediately after the end of the Offer Period. Subject to the approval of the Neptune Board, Blossomvale currently intends to participate in this review.

(c) Dividends and Funding

The present intention of Blossomvale is not to seek to have any changes made to the dividend policy of Neptune. Blossomvale however may in future undertake a strategic review to review the level of dividends payable by Neptune and to identify the capital funding requirements of Neptune (if any) so as to ensure that these dividends are appropriate. The above indication of the future dividend policy is, in addition to the strategic review, subject to the contingencies of future years and time limits.

(d) Limitations

The ability of Blossomvale to implement the intentions set out in this Section 6.2 will be subject to the legal obligations of the Neptune Board to have regard to the interests of Neptune and all Neptune Shareholders, and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. Blossomvale will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

6.3 Intentions for Neptune if Not Controlled by Blossomvale

In the event that Blossomvale owns less than 50% of Neptune Shares and Neptune therefore does not become a controlled entity of Blossomvale, Blossomvale does not expect to be in a position to give effect to the intentions set out in Sections 6.1 and 6.2. Blossomvale may continue to hold any stake in Neptune with a view to maximizing returns for MTQ Shareholders. This may result in Blossomvale acquiring additional Neptune Shares, to the extent permitted under the Corporations Act. Any such acquisition will fall within the exceptions (set out in Section 611 of the Corporations Act to Section 606 of the Corporations Act which prohibits an increase in shareholding (i) from 20% or below to more than 20% or (ii) from a starting point that is above 20% and below 90%). For example, Blossomvale may rely on the "3% creep" exception in Item 9 of Section 611 of the Corporations Act to acquire additional Neptune Shares.

6.4 Other Intentions

Subject to the matters described above in this Section 6 and in the Bidder's Statement (in particular, the completion of the strategic review of Neptune's operations), it is the present intention of Blossomvale, on the basis of the facts and information concerning Neptune that are known to it and the existing circumstances affecting the assets and operations of Neptune at the Latest Practicable Date, that

- (a) the business of Neptune will be conducted in the same manner as at the Latest Practicable Date;
- (b) there will be no redeployment of the fixed assets of Neptune; and
- (c) the present employees of Neptune will continue to be employed by Neptune.

7. RATIONALE FOR THE OFFER

7.1 Background

Pursuant to a restructuring exercise by Neptune in March 2011, the Company subscribed for 200 million new ordinary shares in Neptune through Blossomvale. Since then, the Company has continued to increase its stake in Neptune as it seeks to participate in Neptune's business as a significant investor. As at the Latest Practicable Date, the Company holds 355,798,115 Neptune Shares representing approximately 19.51% of all the issued Neptune Shares. The Company views Neptune's offshore capabilities as a strategic extension of its predominantly workshop-based operations in Singapore and Bahrain and seeks to gain exposure to a complementary business that is capable of generating long term shareholder value through Neptune.

7.2 Rationale

- (a) The Company expects oil and gas drilling activities to remain robust with an increasing focus on deep sea drilling which drives demand in subsea services. Neptune operates in subsea niches in diving, surveying and other related services which are complementary to the Company's focus on subsea engineering. The Company anticipates that having control of Neptune will create opportunities for the cross-selling of services to each other's customers and strengthen engagement with common customers.
- (b) The Neptune Group is in a net cash position with strong operating businesses and good growth opportunities. The Offer Price will be a discount of approximately 32.9% to the NAV of Neptune Group and a premium of approximately 6.4% to the NTA value of Neptune Group.

7.3 Competitive Strengths of Neptune

The Directors believe that the competitive strengths of Neptune are as follows:

- (a) Neptune's expertise in subsea engineering operations and project management skills has enabled the Neptune Group to emerge as a leading provider of engineered solutions to the oil, gas, marine and renewable energy industries. The Neptune Group also has physical presence in Australia, UK and Asia, providing a comprehensive suite of subsea services for new "greenfield" construction projects, existing "brownfield" inspection and repair and maintenance projects.
- (b) Neptune provides a comprehensive range of services that provides clients with the flexibility of either utilising individual services or a bespoke suite of services delivering engineering solutions tailored for specific project requirements.

8. MAJOR TRANSACTION

The Offer, if made, would constitute a major transaction under Chapter 10 of the Listing Manual. The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the MTQ Group's net asset value	Not applicable ⁽¹⁾
Rule 1006(b)	The net profit attributable to the Neptune Shares acquired, compare with the MTQ Group's net profits ⁽²⁾	13.74%
Rule 1006(c)	The aggregate consideration for the Offer, compared with the MTQ Group's market capitalisation ⁽³⁾	70.88%
Rule 1006(d)	The number of equity securities issued by the Company as Shares Consideration for the Offer, compared with the number of equity securities of the Company previously in issue	Not applicable ⁽⁴⁾

Notes:

- (1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss before income tax, minority interest and extraordinary items. The relative figure in respect of Rule 1006(b) of the Listing Manual in the table above is derived based on the assumption that the Offer results in Neptune becoming a subsidiary of the Company. This is computed using audited consolidated net loss from continuing operations before taxation of A\$33,092,000 excluding impairment of goodwill of A\$34,959,000 of the Neptune Group for the financial year ended 30 June 2012, adjusted for the maximum percentage of Neptune Shares to be acquired of approximately 80.9%, amounting to a net profit of approximately S\$1,910,000 (A\$1,510,000), divided by the audited consolidated profit before taxation of the MTQ Group for the financial year ended 31 March 2012 of approximately S\$13,898,000.
- (3) The aggregate consideration of the offer of A\$48,235,710 is based on (i) the offer price of A\$0.032 per share; (ii) the assumption that the outstanding Performance Rights and Retention Rights as at the Latest Practicable Date, amounting to 39,687,822 Performance Rights and Retention Rights, have been validly exercised prior to the close of the Offer; and (iii) the Neptune Shares on issue (other than those Neptune Shares which MTQ has already owned) amounting to 1,467,678,119 Neptune Shares as at the Latest Practicable Date. MTQ Group's market capitalisation is calculated based on the total number of shares outstanding (excluding treasury shares) of 91,547,826 shares and the weighted average price of the shares transacted on 23 October 2012 (being the date on which MTQ Shares were last traded prior to the Offer Announcement) of S\$0.9400.
- (4) Rule 1006(d) of the Listing Manual is not applicable as no equity securities will be issued by the Company as consideration under the Offer.
- (5) As the context requires in the above computations, the exchange rate used of A\$1:S\$1.2645 was obtained from Bloomberg as at the Latest Practicable Date.

As the relative figure computed on the base set out in Rule 1006(c) of the Listing Manual exceeds 20%, the Offer, if made, would constitute a major transaction under Chapter 10 of the Listing Manual and is therefore subject to the approval of MTQ Shareholders at the EGM.

9. FINANCIAL EFFECTS

9.1 Assumptions

The financial effects of the Offer on the Company as presented herein:

- (a) are based on the Offer Terms;
- (b) are purely for illustrative purposes only and do not reflect a projection of the actual future financial performance or position of the MTQ Group after the close of the Offer;
- (c) are based on the audited consolidated financial statements of the MTQ Group for the financial year ended 31 March 2012 and the audited consolidated financial statements of the Neptune Group for the financial year ended 30 June 2012;

- (d) assume that the acquisition of Neptune Shares, the Offer, is completed, in respect of profit or loss statements on 1 April 2011, and in respect of balance sheets on 31 March 2012. The fair value of share of net assets acquired is assumed to approximate the share of net assets of Neptune as at 30 June 2012. The exchange rates used for consolidating the profit or loss statements and balance sheets items were A\$1: S\$1.3059 and A\$1: S\$1.3070 respectively, which were based on rates published in the Business Times on each of the relevant dates;
- (e) assume that all the outstanding Performance Rights and Retention Rights as at Latest Practicable Date amounting to 39,687,822 rights, have been validly exercised prior to the close of the Offer;
- (f) no adjustments have been made to align the different financial year-ends of MTQ Group and Neptune Group and any differences that may result from the adoption of different accounting standards and policies by MTQ Group and Neptune Group;
- (g) assume that 26% of the funds required for the acquisition of the Neptune Shares to which the Offer relates is financed using the MTQ Group's internal resources, with the remaining 74% financed through bank borrowings; and
- (h) assume, purely for illustrative purposes only, the following scenarios:
 - (i) the Offer becomes unconditional and the Company acquires 50.1% of the total voting rights in Neptune ("**Control**"); and
 - (ii) following the close of the Offer, the Company acquires 100% of the total voting rights in Neptune and Neptune becomes a wholly-owned subsidiary of the Company ("**Privatisation**").

9.2 Share Capital

As the Offer does not involve the issue and allotment of any MTQ Shares, the Offer has no effect on the share capital of the Company.

9.3 Net Tangible Assets

	Before the Offer	← After the Offer →	
		Control	Privatisation
NTA (S\$'000)	72,994	69,262	65,970
Total number of issued MTQ Shares	90,279,042	90,279,042	90,279,042
NTA per MTQ Share (cents)	80.85	76.72	73.07

Upon Control and Privatisation, the NTA per MTQ Share decreased by 4.13 cents and 7.78 cents respectively as a result of the Offer Price of A\$0.032 per Neptune Share being at a premium of approximately 6.4% to the NTA per Neptune Share of approximately A\$0.030.

9.4 Earnings Per Share

	← After the Offer →		
	Before the Offer	Control	Privatisation
Net profit/(loss) after tax and minority interest (S\$'000)	14,607	1,285	(7,931)
Weighted average number of MTQ Shares	89,614,096	89,614,096	89,614,096
Earnings/(Loss) per MTQ Share (cents)	16.30	1.43	(8.85)

The earnings/(loss) per MTQ Share for the Control and Privatisation scenarios stated above include the following:

- (a) net loss of Neptune attributable to the Company's equity holders of A\$20,004,000 (S\$26,123,000) (Control scenario) and A\$39,927,000 (S\$52,141,000) (Privatisation scenario) for the financial year ended 30 June 2012;
- (b) negative goodwill upon acquisition of S\$13,293,000 (Control scenario) and S\$30,886,000 (Privatisation scenario); and
- (c) finance costs of S\$492,000 (Control scenario) and S\$1,283,000 (Privatisation scenario) due to the increase in borrowings as a result of the consideration required for the acquisition of Neptune Shares.

Excluding the extraordinary items, being (i) the impairment of goodwill of A\$17,514,000 (S\$22,872,000) (Control scenario) and A\$34,959,000 (S\$45,654,000) (Privatisation scenario) and (ii) the negative goodwill upon acquisition of S\$13,293,000 (Control scenario) and S\$30,886,000 (Privatisation scenario), and excluding the loss after tax from discontinued operations of Neptune Group attributable to the Company's equity holders of A\$3,073,000 (S\$4,013,000) (Control scenario) and A\$6,133,000 (S\$8,009,000) (Privatisation scenario), earnings per MTQ Share would have been 16.60 cents and 16.57 cents for the Control and Privatisation scenarios respectively.

9.5 Gearing

	← After the Offer →		
	Before the Offer	Control	Privatisation
Total net borrowings (S\$'000) ⁽¹⁾	19,312	36,747	75,631
Shareholders' funds (S\$'000) ⁽²⁾⁽⁴⁾	86,692	103,929	121,522
Gearing (%) ⁽³⁾⁽⁴⁾	22.28	35.36	62.24

Gearing increased for the Control and Privatisation scenarios due to the increase in borrowings as a result of the consideration required for the acquisition of Neptune Shares.

Notes:

- (1) Total net borrowings refer to the aggregate of the MTQ Group's borrowings from financial institutions and finance leases less cash and cash equivalents.
- (2) Shareholders' funds refer to the aggregate amount of the MTQ Group's share capital, fair value reserve, currency translation reserve and retained earnings.
- (3) Gearing is defined as the ratio of the MTQ Group's total net borrowings to its shareholders' funds.
- (4) Excluding the negative goodwill arising upon consolidation, the shareholders' funds would be S\$90,636,000 for both Control and Privatisation scenarios, resulting in the gearing of 40.54% and 83.44% for the Control and Privatisation scenarios respectively.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

10.1 Interests in MTQ Shares

(a) Interests of Directors

As at the Latest Practicable Date, the interests of the Directors in MTQ Shares (as extracted from the Register of Directors' Shareholdings of the Company) are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Kuah Kok Kim	24,604,745	26.88	–	–
Kuah Boon Wee	1,698,439	1.86	–	–
Huang Yuan Chiang	100,000	0.11	–	–
Christopher Ho Han Siong	–	–	8,105,195	8.85

Notes:

(1) Based on the issued share capital of 91,547,826 MTQ Shares (excluding 7,452,000 treasury shares) as at the Latest Practicable Date.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, the interests of the substantial shareholders of the Company in MTQ Shares (as extracted from the Register of Substantial Shareholders of the Company as notified by the substantial shareholders to the Company) are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Substantial MTQ Shareholders				
Kuah Kok Kim	24,604,745	26.88	–	–
Kurt R M Lindblad	17,887,652	19.54	–	–
Tai Tak Securities Private Limited	8,105,195	8.85	–	–
Christopher Ho Han Siong	–	–	8,105,195	8.85
Singapore Warehouse Co. Pte Ltd	5,500,000	6.01	–	–
Hwa Hong Corporation Limited	–	–	5,500,000 ⁽²⁾	6.01

Notes:

(1) Based on the issued share capital of 91,547,826 MTQ Shares (excluding 7,452,000 treasury shares) as at the Latest Practicable Date.

(2) Singapore Warehouse Co. Pte Ltd is a wholly-owned subsidiary of Hwa Hong Corporation Limited.

10.2 Holdings in Neptune Shares

(a) The Company

As at the Latest Practicable Date, the Company, through Blossomvale, holds 355,798,115 Neptune Shares representing approximately 19.51% of all the issued Neptune Shares.

(b) Directors

Save for Mr. Kuah Kok Kim's deemed interest in Neptune Shares by virtue of his shareholdings in the Company as disclosed in Section 10.1(a), none of the Directors have any interest in Neptune Shares as at the Latest Practicable Date.

(c) Other Parties Acting in Concert with the Company in connection with the Offer

None of the other parties acting in concert with the Company in connection with the Offer has any interest in Neptune Shares as at the Latest Practicable Date.

10.3 Dealings in Neptune Shares

Save as disclosed below, neither the Company, the Directors nor any of the other parties acting in concert with the Company in connection with the Offer has dealt in Neptune Shares during the period commencing three months prior and up to the Latest Practicable Date, being the period from 30 July 2012 to 29 October 2012:

	Date	Neptune Shares acquired	Price (A\$)	Cost (A\$)
Blossomvale	7 September 2012	1,100,000	0.0250	27,500.00
Blossomvale	10 September 2012	1,994,786	0.0250	49,869.65
Blossomvale	11 September 2012	2,444,521	0.0250	61,073.91
Blossomvale	12 September 2012	460,693	0.0250	11,517.33
Blossomvale	13 September 2012	6,944,463	0.0250	173,611.58
Blossomvale	14 September 2012	4,000,000	0.0250	100,000.00
Blossomvale	17 September 2012	304,262	0.0250	7,606.55
Blossomvale	19 September 2012	964,973	0.0250	24,124.33
Blossomvale	20 September 2012	21,000	0.0250	526.58
Blossomvale	24 September 2012	23,000	0.0250	576.72
Blossomvale	25 September 2012	328,477	0.0250	8,236.57
Blossomvale	26 September 2012	8,662,550	0.0250	217,213.44

10.4 Mr. Kuah Kok Kim is a controlling shareholder and non-executive chairman of the Company. Mr. Kuah Boon Wee, the son of Mr. Kuah Kok Kim, is a director of both the Company and Neptune. Save as disclosed aforesaid and above and save for the interests of the Directors and substantial shareholders of the Company in the Offer by virtue of their directorships and/or shareholdings in the Company (as the case may be), none of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Offer.

11. DIRECTORS' RECOMMENDATION

The Board (save for Mr. Kuah Boon Wee who has abstained from making a recommendation), after taking into account, *inter alia*, the factors and rationale discussed in this Circular, is of the view that the making of the Offer is in the best interests of the Company and recommends that MTQ Shareholders vote in favour of the Resolution, as set out in the Notice of Extraordinary General Meeting ("**Notice of EGM**") on page 27 of this Circular, to be proposed at the EGM.

As disclosed in Section 10.4, Mr. Kuah Boon Wee is both a director of the Company and Neptune. Mr. Kuah Boon Wee has voluntarily abstained from voting as a director of the Neptune to ensure good corporate governance. To maintain consistency of position, Mr. Kuah Boon Wee has therefore also voluntarily decided to abstain from making a recommendation as a director of the Company. For the avoidance of doubt, the Offer is not an interested person transaction. Mr. Kuah Boon Wee is therefore not an interested person and is not required under Rule 919 of the Listing Manual to abstain from, and procure that his associates abstain from, voting at the EGM in respect of their respective shareholdings in the Company to approve the Offer.

12. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Carlton Hotel, Empress Ballroom 2, Level 2, 76 Bras Basah Road, Singapore 189558 on 20 November 2012 at 3.00 p.m. for the purpose of considering and, if thought fit, passing, with or without any amendment, the resolution set out in the Notice of EGM (as set out on page 27 of this Circular), which will be proposed as ordinary resolutions.

13. ACTION TO BE TAKEN BY MTQ SHAREHOLDERS

MTQ Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf will find attached to this Circular, a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 182 Pandan Loop Singapore 128373 no less than 48 hours before the time appointed for the holding of the EGM. The completion and return of a Proxy Form by a MTQ Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy or proxies if he finds that he is able to do so. No further action is required on the part of the MTQ Shareholders.

A depositor shall not be regarded as a MTQ Shareholder entitled to attend the EGM and to speak and vote thereat unless shown to have MTQ Shares entered against his or her name in the Depository Register, as certified by CDP as at 48 hours before the time appointed for the EGM.

14. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

To the best of the CIMB's knowledge and belief, this circular constitutes full and true disclosure of all material facts about the Offer, the issuer and its subsidiaries, and CIMB is not aware of any facts the omission of which would make any statement in the document misleading.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Offer, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 182 Pandan Loop Singapore 128373 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Offer Announcement;
- (c) the Bidder's Statement; and
- (d) the annual report of the Company for the financial year ended 31 March 2012.

Yours faithfully
For and on behalf of the Directors
MTQ CORPORATION LIMITED

Kuah Kok Kim
Non-Executive Chairman

MTQ CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 196900057Z)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of MTQ Corporation Limited (the “**Company**”) will be held on 20 November 2012 at 3.00 p.m. at Carlton Hotel, Empress Ballroom 2, Level 2, 76 Bras Basah Road, Singapore 189558 for the purposes of considering and, if thought fit, passing with or without modifications, the following ordinary resolution

APPROVAL FOR THE CONDITIONAL OFFER BY BLOSSOMVALE INVESTMENTS PTE. LTD., WHOLLY OWNED SUBSIDIARY OF MTQ CORPORATION LIMITED, FOR ALL THE ISSUED ORDINARY SHARES IN THE SHARE CAPITAL OF NEPTUNE MARINE SERVICES LIMITED OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE COMPANY

That:

- (a) the conditional offer (the “**Offer**”) by Blossomvale Investments Pte. Ltd. (“**Blossomvale**”), a wholly owned subsidiary of the Company, for all the issued ordinary shares in the capital of Neptune Marine Services Limited (“**Neptune Shares**”) not already owned, controlled or agreed to be acquired by Blossomvale, on the terms and conditions set out in the circular issued by the Company to its shareholders dated 1 November 2012 or on the terms and conditions of any revised offer as the directors of the Company may approve; and
- (b) the directors of the Company be and are hereby authorised to complete and to do all such acts and things (including signing and executing all such documents and instruments as may be required) as he may deem desirable, expedient or necessary in connection with the Offer by Blossomvale or the transactions contemplated thereby or to give effect to this Resolution.

BY ORDER OF THE BOARD

Dominic Siu Man Kit
Company Secretary
1 November 2012

NOTES:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies that has been executed by a member must be lodged at the registered office of the Company at 182 Pandan Loop Singapore 128373, not less than 48 hours before the time appointed for the Extraordinary General Meeting. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Extraordinary General Meeting if he finds that he is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

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