



ASX ANNOUNCEMENT

06 May 2014

## \$4.5 Million Capital Raising

VDM Group Ltd (**VDM** or the **Company**) has yesterday executed an agreement with Australia Kengkong Investments Co Pty Ltd (**Kengkong**) to provide funding of A\$4.5 million via a convertible loan (**Convertible Loan**).

The Board of VDM is very pleased that Kengkong has made this significant investment in the future of the Company. VDM will use the funding for general working capital purposes in the ordinary course of business.

The loan provides VDM with the financial flexibility to continue to implement the new business strategy focused around:

- Construction,
- Services & Equipment,
- Procurement, and
- Mining Projects.

### Key Terms

The Convertible Loan includes the following key terms:

- Kengkong will advance A\$4.5 million to VDM by 14 May 2014;
- The loan is unsecured;
- Conversion of the loan into VDM shares is subject to shareholder approval, and upon such approval being granted Kengkong will have the right during a period ending on the later of 5 September 2014 and 30 business days after the date on which approval is obtained to convert the loan into 450 million shares at a conversion price of A\$0.01 per share; and
- Interest of 10% pa is payable until the date of the shareholders meeting.

If shareholder approval for conversion of the loan into VDM shares is not obtained or the loan is not converted into VDM shares by Kengkong, VDM must repay the loan by the later of 5 September 2014 and 30 business days after the date of the shareholders meeting held to obtain approval.

Following conversion of the loan, Kengkong would hold 1.07 billion shares in VDM, representing 29.9% of all shares on issue at that time and Kengkong will be entitled to procure a director of the Board to be appointed as Board Chairman.

In the event that shareholders do not approve conversion of the loan the interest rate will increase to 15% pa and a \$45,000 fee is payable by VDM.

### BOARD & MANAGEMENT

Dr Dongyi Hua  
EXECUTIVE CHAIRMAN AND  
INTERIM CHIEF EXECUTIVE  
OFFICER

Mr Michael Delany Perrott AM  
NON EXECUTIVE DEPUTY  
CHAIRMAN

Mr Michael Fry  
NON-EXECUTIVE DIRECTOR

Mr Velko (Vic) Jakovich  
NON-EXECUTIVE DIRECTOR

Mr Luk Hiuming  
NON-EXECUTIVE DIRECTOR

Mr Pdraig O'Donoghue  
CHIEF FINANCIAL OFFICER  
COMPANY SECRETARY

### REGISTERED OFFICE

Level 1  
Fortescue Centre  
30 Terrace Road  
East Perth, WA 6004

### POSTAL ADDRESS

Locked Bag 8  
East Perth, WA 6892

### CONTACT DETAILS

Tel: (08) 9265 1100

### WEBSITE

[vdmgroup.com.au](http://vdmgroup.com.au)

### SHARE REGISTRY

Computershare Investor  
Services Pty Limited  
GPO Box 2975  
Melbourne, VIC 2975  
Tel: 1300 850 505

### ASX CODE

VMG

The Convertible Loan also contains events of default, termination provisions and undertakings in relation to the conduct of VDM's business customary for facilities of this nature.

**Indicative Timetable**

Conversion of the Convertible Loan is conditional on shareholder approval and a notice of meeting will be sent to shareholders (including an independent expert's report) to consider these matters. Under the agreement with Kengkong, VDM is required to use all reasonable endeavours to hold a shareholders meeting by 20 October 2014. The Company expects to hold a shareholders meeting well before this date and will announce the date in due course.

**For further information please contact:**

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CFO & Company Secretary  
VDM Group Limited  
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