

Sale of Unmarketable Parcels of Shares

The Board of VDM Group Limited (**VDM**) today announces that it has established a Share Sale Facility (**Facility**) for holders of unmarketable parcels of shares in VDM.

The date for the purpose of establishing holders of unmarketable parcels is 5:00pm WST on 10 December 2014 (**Record Date**). An unmarketable parcel (which is a parcel of ordinary shares in VDM with a market value of less than \$500 on the Record Date) is any shareholding of 49,999 shares or less. VDM has approximately 2,726 shareholders with an unmarketable parcel of shares.

VDM is offering the Facility to assist holders of unmarketable parcels to sell their VDM shares without having to use a broker or pay brokerage costs. The Facility offers a convenient and cost effective way for shareholders to sell their shares, free of brokerage.

By facilitating the sale of unmarketable parcels, VDM will reduce the costs associated with maintaining small shareholdings (i.e. printing and mailing costs of distributing Annual Reports and Notices of Meetings together with share registry costs).

Attached is a copy of the letter and retention form to be sent to all shareholders holding an unmarketable parcel on the Record Date.



Pdraig O'Donoghue
CFO & Company Secretary

BOARD & MANAGEMENT

Dr Dongyi Hua
EXECUTIVE CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

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

SHARE REGISTRY

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

ASX CODE

VMG

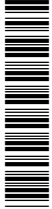


VDM Group Limited
ABN 95 109 829 334

For all enquiries:

Phone:
 (within Australia) 08 9265 1100
(outside Australia) +61 8 9265 1100

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MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001



18 December 2014

Dear Shareholder

IMPORTANT NOTICE - Sale of your Unmarketable Parcel of VDM Group Limited Shares

I am writing to advise you that VDM Group Limited (**VDM**) has established a share sale facility (**Facility**) for holders of parcels of VDM shares with a market value of less than \$500 as at close of trade on 10 December 2014 (**Unmarketable Parcels**). The Facility is being established in accordance with the Company's Constitution and the ASX Listing Rules.

VDM is offering to assist holders of Unmarketable Parcels to sell their shares. Holders of Unmarketable Parcels who take advantage of the Facility will have their shares sold without having to act through a broker or pay brokerage fees. VDM will also organise payment of the other costs associated with the sale and transfer (although any tax consequences from the sale of your shares will be your responsibility).

By facilitating the sale of Unmarketable Parcels VDM expects to reduce the administrative costs associated with maintaining a large number of small shareholdings.

Our records show that you held an Unmarketable Parcel of 49,999 shares or less based on the VDM share price of \$0.010 as at close of trade on 10 December 2014 (**Record Date**). Unless you advise VDM that you do not wish to sell your shares through the Facility within six (6) weeks from when this letter was sent, VDM intends to sell your shares through the Facility. Payment will be sent to you following settlement of the sale or otherwise as soon as practicable to your address as shown in the share register at the time the share sale payment is run.

What should you do?

If you do NOT wish to sell your shares through the Facility, you must complete and return the attached Share Retention Form to the address on the form so that it is received by 5:00pm AWT on 30 January 2015.

If you want to sell your shares through the Facility, you need take no action. By refraining from taking any action, after the expiration of six weeks from the date this letter was sent, you will be deemed to have irrevocably appointed VDM as your agent to sell the shares as soon as practicable at a price the directors consider is the best price reasonably available for the shares when they were sold.

Please refer to the attached information sheet and if you have any queries about lodging your form or the practical operation of the Facility, please contact the undersigned by telephone on +61 (0)8 9265 1100 or by email at enquiries@vdmgroup.com.au.

Yours sincerely,

Padraig O'Donoghue
CFO & Company Secretary

INFORMATION ON THE UNMARKETABLE PARCEL SALE FACILITY

1. What is an Unmarketable Parcel of Shares?

An unmarketable parcel of shares is a holding of VDM shares valued at less than A\$500 as at close of trade on the Record Date. Based on the price of VDM shares at the Record Date, this is a holding of 49,999 shares or less.

2. What price will I receive for shares sold through the Facility?

The price that you receive for your shares under the Facility will be determined by when and how the shares are sold. VDM Group Limited ("VDM") directors may sell your shares on market or in any other way they consider fair and reasonable in the circumstances. If the shares are sold on market the price will depend on a number of factors, including market conditions at the time of sale. You will not have control over the time at which your shares are sold, the price you receive may be different from the price appearing in the newspaper or quoted by ASX on any day, may not be the best price on the day that your shares are sold and may be an average price per share based on the price obtained for all the shares sold under the Facility. If the VDM directors sell your shares other than on market, the price will be the price that the VDM directors have been able to negotiate with the acquirer or acquirers.

4. When will the proceeds from the sale of shares be sent to me?

Payment will be sent to you following settlement of the sale or otherwise as soon as is practicable. Payment will be made in Australian dollars by cheque. You will be notified by way of a transaction confirmation statement of the number of your shares sold, and the price and total sale proceeds. The cheque will be sent by post to your address as shown in the share register at the time the share sale payment is run.

5. If I buy more shares, will I retain my holding?

Yes, VDM will treat any purchase of additional shares to increase the value of a VDM shareholding to A\$500 or more as an indication that you do not want your shares to be sold through the Facility. For a purchase to be an effective notification that you wish to retain your shares, any additional shares must be registered by 5:00pm (Perth time) on 30 January 2015 under the same name and address and with the same holder number (SRN or HIN) as set out in this letter.

6. What if my shares are held in a CHESS holding?

If your Shares remain in a CHESS holding at 5:00pm on 30 January 2015, the Company may move those Shares to an issuer sponsored holding and the Shares will be sold through the Facility.

7. Where can I get further information?

If you have any questions about how the facility will work, please contact the company on +61 8 9265 1100, or if you have a query regarding your shareholding, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

8. Important notes

VDM reserves the right to change any of the dates referred to in this letter by notice to the ASX.

The letter does not constitute advice or a recommendation to buy, sell or hold shares nor that the Facility is the best way to sell VDM shares.

If you are in any doubt about what to do, you should consult your legal, financial or taxation adviser.



VDM Group Limited
ABN 95 109 829 334

Return your Form to the Company's share registry:

✉ **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:

☎ **Phone:**
(within Australia) 08 9265 1100
(outside Australia) +61 8 9265 1100

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MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Share Retention Form

 **If you wish to retain your shares, your form must be received by
5:00pm AWT on 30 January 2015**

This is an important document that requires your immediate attention. It can only be used in relation to the securityholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Shareholder Details

Use this form if you wish to retain your shares in VDM Group Limited. If you have recently bought or sold shares your holding may differ from that shown. If you have already sold all your shares in VDM Group Limited, do not complete or return this form. If you have more than one holding on VDM Group Limited's register and you do not sell your shares under the Share Sale Facility, you should consider consolidating them. For further advice on how to do this, contact Computershare Investor Services Pty Limited ("CIS") on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect. If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Signing Instructions

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

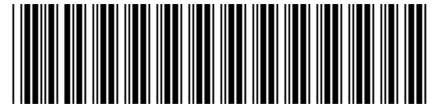
- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of the Death Certificate and Will must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form →



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Share Retention Form

For your security keep your SRN/
HIN confidential.

STEP 1 Shareholder Details

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Shares held as at 10 December 2014:

2000

STEP 2 Signature of Shareholder(s) *This section must be completed.*

By signing and returning this form, I/we confirm that I/we understand that my/our Shares will NOT be sold under the Share Sale Facility

Individual or Shareholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact Name _____

Contact
Daytime
Telephone _____

Date / /

Email Address _____

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.