



ASX ANNOUNCEMENT

Annual General Meeting – Chairman’s Address

Perth, 29 November 2013: VDM Group Ltd (ASX:VMG; “VDM” or “the Company”) wishes to release the Chairman’s Address, ahead of the Extraordinary General Meeting being held at 3:00pm (AWST) today at the Mosman Bay Room, Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia.

BOARD & MANAGEMENT

Dr Dongyi Hua
MANAGING DIRECTOR

Mr Michael Delany Perrott AM
NON-EXECUTIVE CHAIRMAN

Mr Xiangyang Ru
NON-EXECUTIVE DIRECTOR

Mr Michael Fry
NON-EXECUTIVE DIRECTOR

Ms Samantha Drury
CHIEF FINANCIAL OFFICER
COMPANY SECRETARY

REGISTERED OFFICE

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ASX CODE

VMG

Chairman's Address

Ladies and Gentlemen,

Welcome to the 2013 Annual General Meeting of VDM Group Limited and thank you for attending this meeting which has taken considerable effort to achieve.

I take the opportunity of introducing to you your Board of Directors:

- **Dr Dongyi Hua** – is VDM Group's Chief Executive Office and Managing Director. Dr Hua will take over as Executive Chairman and will remain as interim CEO
- **Mr Xiangyang Ru** – is a non-executive independent director who is a member of the Nominations and Remuneration Committee
- **Mr Barry Nazer** – is a non-executive independent director who is the chairman of VDM Group's Audit and Risk Committee, Barry will be resigning at the close of today's meeting
- **Mr Michael Fry** – is a non-executive independent director who is a member of VDM Group's Audit and Risk Committee and will be taking over as Chairman for this committee.
- **Mr Richard Mickle** – is a non-executive independent director who is Chairman of the Nominations and Remuneration Committee. Richard will be resigning at the close of today's meeting. I will take over as Chairman for this committee.

Also here today is our Company Secretary and CFO, Samantha Drury.

Timothy Dachs from Ernst & Young, VDM Group's auditor, is available to answer any questions you may have in relation to the audit when the meeting considers the financial accounts under agenda item 2.

Overview

For reasons which I will develop, my comments relate to my position as Chairman and to a time when I was the Acting Chief Executive. Although Dr Hua has been the Managing Director in recent weeks, I have had quite an active involvement in assisting the Company reach the position today and will comment accordingly.

As you are aware, in a General Meeting of the Company in August 2013 shareholders approved an investment into the Company by H&H of \$15 million and a related issue of shares to H&H. However prior to the transaction completing, VDM was subjected to an unfortunate situation with the Company being removed from site by a major client.

The removal from site had, and continues to have, financial repercussions for VDM. To H&H's great credit, rather than walk away from VDM they continued to work with VDM and in the past few months have provided considerable financial support. Today's meeting is the culmination of this work and support with shareholders being presented with a funding package by H&H that will ensure VDM's survival.

I'm pleased to be able to present to you the funding package and the related resolutions. There were, on a number of occasions, various scenarios where the future was not bright for your Company. The sector has been tough, as you would have noted from recent announcements from our competitors and there have been significant changes within the resource industry.

Should shareholders approve the resolutions today, the outcome of today's meeting will be for VDM to obtain much needed financial support and Dr Hua will be appointed as Chairman of the Company. The Board and management will also be restructured to align with the focus Dr Hua will apply to the Company.

It has been a difficult few months during which time we have endeavoured to restructure the Company commensurate with the downturn in work and also to align it with the expectation H&H had for the Company's future. At the same time, we wanted to pursue as actively as we could the legitimate claims we believed we had against the client who had removed us from site. Dr Hua, in his capacity as Managing Director in recent weeks, has begun addressing the future of the Company so that it will be able to do many of the things which VDM has done well in the past, yet with the added flexibility and support provided by Dr Hua personally and his new team.

While Dr Hua has pursued this, several of us have been involved in the restructure of the business, including the sales or closure of a number of our activities and the recovery of funds where appropriate.

It is of some consolation the direction and the efforts we took after the contract with a major client was set aside to pursue adjudication that all adjudications so far have been returned in favour of the Company. This has vindicated, to a large extent, the views expressed by your Board during this difficult time and the Company will continue to pursue all amounts it believes are rightfully owing, in respect of its contracts.

This does not alter the fact that the Company experienced significant difficulty because of the actions undertaken but we are confident with the introduction of Dr Hua, his financial investment and the people he brings to the Company that the Company will prosper as it goes forward.

Because the Board is being changed, I would like to pay particular tribute to Barry Nazer and Richard Mickle who have assisted the Company in what have been most difficult circumstances. Their input has been considerable. I wish them well in the future.

In a similar way I welcome Mr Ru and Mr Guo who is expected to join the Board in the near future.

I have met Mr Ru in Beijing and personally I'm quite excited at the Company's prospects and with Dr Hua's investment. It has the potential to benefit from the strong relationship developing between Australia and China and, in particular, the personal connections of Dr Hua and his associates. We read much about the Australia/China relationship in our media and, from my experience to date, Dr Hua is well abreast of this potential.

Managing Director's Address

Ladies and Gentleman

Welcome to the VDM Annual General Meeting for 2013 and thank you for attending. It has been an interesting start to my involvement in VDM and there have been many challenges to overcome. As the shareholders of VDM I would like to thank you for the support you have shown to me personally and to our dedicated staff members.

Our company has been through a particularly difficult time recently and the future of VDM was in serious jeopardy. Fortunately, I have been able to secure further investment which provides us with a solid financial base to move forward and become a strong, vibrant company. I'm sure there will be challenges ahead but with my experience and your continued support, I am confident we will deliver our vision for the future.

With the new investment comes a new direction for VDM. As an Engineering, procurement and construction company we will continue to service the transport and civil infrastructure, mining and resources and urban development sectors. I also plan to grow the company by developing several new arms for our business in the areas of structural steel and modular construction, electrical & lighting systems and equipment hire and servicing. We have established solid connections and had early discussion with various companies to explore possible joint venture arrangements. With my strong connections to Chinese business I anticipate this will open up many more opportunities for VDM.

If the resolutions are passed today, I will become the Executive Chairman and interim CEO of VDM. I have high expectations and hope for the future of VDM and look forward to your continued support and appreciate the faith you have shown in me to date to enable VDM to achieve this vision.

I wish to thank the outgoing board members Mr Barry Nazer and Mr Richard Mickle for their contribution and expertise they have provided to VDM. My personal thanks also goes to the outgoing Chairman, Mr Michael Perrott for his outstanding contribution to VDM and for his continued support to me and the company as vice-chairman. I would also like to welcome the new director Mr Ru and look forward to working closely with him and the other board members to ensure the new VDM is a prosperous and competitive company.

With the ongoing support of the shareholders (yourselves), hard work and dedication by myself and all VDM employees I believe our company now has a very bright future and am confident we will together achieve great things for the new VDM.

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