



ASX ANNOUNCEMENT

Placement and Pro-rata Non Renounceable Rights Issue

Highlights

- **\$750,000 raised through placement of 75 million shares at \$0.01 per share to a private investor**
- **VDM lodges prospectus to raise up to \$17.9 million by way of a non-renounceable rights issue**
- **Commitments to subscribe for \$10 million of the Offer**
- **Raising priced at attractive discount to the current trading price**
- **Capital raising will significantly strengthen VDM's financial position and provide an enhanced financial platform on which to accelerate growth and pursue new opportunities**

Perth, 10 December 2013: VDM Group Limited (ASX: VMG; **VDM** or the **Company**) is pleased to announce that it has today lodged a Prospectus in relation to a one for one pro-rata non-renounceable entitlement offer (**Offer**) of 1,792,975,335 new fully paid shares (**New Shares**) at an issue price of \$0.01 per share to raise up to \$17.9 million. The Company has also today made a placement of 75,000,000 fully paid ordinary shares in the Company (**Shares**) to a private investor, pursuant to the Company's placement capacity under ASX Listing Rule 7.1 (**Placement**). The Placement has been made at a price of \$0.01 per Share, and raised \$750,000 for the Company.

The Offer is being made to all shareholders of the Company named on the register at 7.00pm (Sydney time) on 19 December 2013. Shareholders have the opportunity to apply for shares in excess of their entitlement by applying for any shortfall of shares.

The funds raised from the Offer (after payment of costs) and the Placement will be used to:

- Strengthen the Company's balance sheet (including repayment of the \$4 million secured loan facility provided by H&H Holdings Australia Pty Ltd (**H&H** or the **Underwriter**);
- Improve market confidence in the Company; and

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 Xiangyang Ru
NON-EXECUTIVE DIRECTOR

Mrs Samantha Drury
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

- Provide an enhanced financial platform on which to accelerate growth.

The Offer is priced at a significant discount to VDM's current trading price. The closing price of VDM shares on 10 December was 1.2 cents per share with the offer price representing a 17% discount to the current market price. The Offer price also represents a 12% discount to the six month volume weighted average price (**VWAP**) of 1.14 cents per share.

The Company has received commitments to subscribe for \$10 million of the Offer.

H&H, an entity owned and controlled by the Company's Chairman Dr Dongyi Hua, has entered into an Underwriting Agreement with the Company on customary terms to contribute \$9 million under the Offer through subscribing for \$4 million of its entitlement and by partly underwriting the Offer up to a further 500,000,000 New Shares (**Underwritten Amount**). The Company must pay the Underwriter an underwriting fee of 3% of the Underwritten Amount, being \$150,000. The Company must also reimburse the Underwriter for reasonable costs incidental to the Offer. The Underwriter has entered into a sub-underwriting agreement with Australia Kengkong Investments Co Pty Ltd, to sub-underwrite the entire Underwritten Amount.

In addition, Hunter Hall has committed to take up \$1 million of its entitlement as an existing shareholder under the Offer, subject to H&H subscribing for \$4 million of its entitlement.

VDM Executive Chairman Dr Dongyi Hua was pleased to provide shareholders with an update on the capital raising process.

"The Offer represents the final step in the Company's recapitalisation plan announced on 29 October 2013. VDM is making prudent and essential steps to strengthen its balance sheet to best position the Company to continue to enhance its existing construction capability and position itself to win new contracts, build out its services offering in its chosen niches and develop an in-house mining capability to assess and exploit opportunities to become more directly involved in mining projects." said Dr Hua.

"On behalf of the Board, I am pleased to recommend this pro rata offer of shares in your Company to all shareholders. We thank shareholders for their loyalty and note that with your support of the offer we will be positioned to move the Company forward into an exciting period of growth."

The timetable and important dates of the Offer are set out below:

Action	Date
Lodgement of Prospectus with ASIC and ASX	10 December 2013
'Ex' date	13 December 2013
Record Date	19 December 2013
Opening Date	20 December 2013
Closing Date	8 January 2014

Deferred settlement trading commences	9 January 2014
Issue and allotment of New Shares	16 January 2014

These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to change any date including to extend the Closing Date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

The capital structure of the Company on completion of the Offer will be as follows:

Shares	Number
Shares currently on issue	1,792,975,335
New Shares offered pursuant to the Offer	1,792,975,335
Total shares on issue after completion of the Offer	3,585,950,670

The Offer is being undertaken pursuant to a prospectus issued under section 713 of the Corporations Act. The Prospectus was lodged with ASIC and ASX on 10 December 2013 and is available for inspection on ASX's website and on the Company's website at www.vdmgroup.com.au.

The Prospectus together with an Application Form will be despatched to shareholders no later than 20 December 2013. Potential investors should consider the Prospectus in full before deciding whether to apply for New Shares under the Prospectus. Anyone who wishes to apply for New Shares will need to follow the instructions on the Application Form that accompanies the Prospectus.

Entitlements to New Shares pursuant to the Offer are non-renounceable and accordingly will not be traded on the ASX. Following quotation, the New Shares will rank equally in all respects from the date of allotment with existing quoted shares on issue.

Trading in the New Shares on the ASX is expected to commence on or about 9 January 2013.

The Company encourages all eligible shareholders to participate in the Offer.

Other matters

The Company also advises that it has today issued 143,977,917 shares to the Jimblebar Creditors in accordance with the Creditor Proposal as approved by shareholders at the Company's annual general meeting on 29 November 2013.

An Appendix 3B applying for quotation of the New Shares has been lodged with ASX. The Appendix 3B also applies for quotation of the shares issued under the Placement and to the Jimblebar Creditors.

For further information please contact:

Investors

Dongyi Hua
Executive Chairman & Interim CEO
VDM Group Limited
(08) 9265 1100

Samantha Drury
CFO & Company Secretary
VDM Group
(08) 9265 1100

***** ends*****