

CHAIRMAN'S 2014 AGM ADDRESS

VDM Group Limited (**VDM**) today held its Annual General Meeting in Perth, Western Australia.

The following is a transcript of the address delivered by VDM's Executive Chairman and CEO, Dr Dongyi Hua.



Padraig 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 Padraig 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

EXECUTIVE CHAIRMAN'S ADDRESS (Dr Dongyi Hua)

Ladies and gentlemen...

I would like to extend a warm welcome to those shareholders present today and am pleased to briefly update you on the direction of your company and our plans for the future.

As you know, we have recently implemented a new strategy for VDM under four operating divisions:

- **VDM Mining:** *bringing Australian mining practices to Africa and South America*
- **VDM Construction:** *EPC, specializing in modular and steel construction*
- **VDM Trading:** *procuring quality Asian products for the Australian market, and Australian products for the Asian market.*
- **VDM Equipment:** *equipment sales, hire, service and parts*

Each division offers competitive advantages for the benefit of its own customers and provides support and opportunities to improve the growth and profitability of the other divisions in the group.

For example, the Trading division, which has expertise in Asia and China procurement, has brought the top quality Asian suppliers and cost advantages for the Equipment and Construction divisions and may also benefit the mining division in the future. We intend to demonstrate additional benefits of the strategy as your company grows in the future.

The board's focus is to develop and grow a strong company with sustainable and profitable businesses within each division and also to provide high returns to shareholders.

Our two most notable achievements to date are:

1. The agreement for VDM to acquire a 65% interest in the Cachoeiras do Binga copper exploration project in Angola, and
2. The progress made in establishing the Equipment Division through the 49%-owned Joint Venture with SANY, one of the world's largest equipment manufacturers; and the recently announced distribution agreement with Changlin, also a top equipment manufacturer.

Later in the meeting you will be provided with a presentation of the 3,854 square kilometer Cachoeiras do Binga copper exploration project. As a shareholder, I am delighted that VDM has the opportunity to participate as a majority partner in the benefits of the development and operation of what we hope to be a very large-scale and profitable copper mine. The investment in Cachoeiras do Binga has the potential to provide a significant increase to VDM's future share price.

We will also provide a presentation on the Equipment Division. Our SANY-VDM Joint Venture has just recently commenced, and Australian customers are already showing strong interest in our SANY products. SANY equipment now rivals the leading international brands in quality and technology. By teaming directly with the manufacturer, VDM can assure its customers that it provides the best pricing and has first class technical support and after-sales service. We encourage any equipment customer who is interested in improving their profitability and cash flow to compare our SANY offering. We are confident that our combination of quality, price and flexible purchase and hire arrangements will provide a most compelling reason to select our range of SANY equipment.

Likewise, Changlin loaders have one of the best reputations on the market and we will soon be making our offer of Changlin equipment to the Australian market and expect a positive customer response.

Several of the resolutions that you will be voting on during today's meeting relate to approval for the issue of shares:

- We would like to issue VDM shares to Australia Kengkong Investment Pty Ltd so that the Kengkong debt can be converted to equity. This will strengthen VDM's balance sheet.
- We would like to issue VDM shares to Seabank Resources Lda so that we can complete the purchase of Cachoeiras do Binga, once the Mineral Investment Agreement is signed
- We would also like the ability to issue VDM shares to meet the needs of additional investment in our business. We will be investing in the business for the exploration of Cachoeiras do Binga and to build and strengthen the competitiveness of the other divisions.

Additionally, there are resolutions for the election of my fellow directors. We are fortunate to have directors of the high caliber of Mr Luk, Mr Jakovich and Mr Fry on the VDM board and I thank them for the guidance and support that they have provided me and the hard work they are doing for the company and all shareholders.

Finally, I appreciate the support of our shareholders.

Thank you.