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**VDM GROUP LIMITED**

**ACN 109 829 334**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 1:00pm (WST)  
**DATE:** Tuesday, 25 January 2022  
**PLACE:** 1<sup>st</sup> Floor  
298a – 300a Hay Street,  
SUBIACO WA 6008

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional adviser(s) prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6166 6126.***

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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The Meeting will be held at 1:00pm (WST) on Tuesday, 25 January 2022 at 1<sup>st</sup> Floor, 298a – 300a Hay Street, Subiaco, Western Australia, 6008.

The Company has been closely monitoring the impact of the COVID-19 virus in Western Australia and following guidance from the Federal and State Governments. Having considered the current circumstances, the Directors have made the decision that a physical meeting will be held allowing Shareholders to attend the Meeting in person should they desire. The Company advises that a poll will be conducted for each of the Resolutions and strongly encourages Shareholders to lodge a directed proxy form prior to the meeting, particularly if you will not be attending.

### Your vote is important

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The business of the Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders by 1:00pm (WST) on Sunday, 23 January 2022. Shareholders registered after that time will be disregarded in determining eligibility to attend and vote at the Meeting.

### Voting in person

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To vote in person, attend the Meeting on the date and at the place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign your Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

### **Corporate representatives**

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If a representative of a corporate shareholder or a corporate proxyholder will be attending the Meeting, the representative will need to lodge an original (or certified copy certified by a notary) of the instrument under which he/she has been appointed at the Registered Office of the Company at Unit 88, 42 Terrace Road, East Perth, WA, 6004 at least 48 hours prior to the time of holding of the Meeting. Refer example Corporate Representative Form on Page 23.

To be valid an instrument of appointment under which a representative has been appointed as proxy must be to the satisfaction of the Directors.

A proxy must be signed, if the member is a corporation, under its common seal or under the hand of an authorised officer or attorney.

### **Other Information**

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#### **Resolutions are not interdependent**

The Resolutions in this Notice of Meeting are not inter-dependent. This means that a resolution may be passed by Shareholders notwithstanding that one or more of the other Resolutions are not passed by Shareholders.

#### **Chairperson of the Meeting**

It is proposed that the Chairperson of the Meeting for each of the Resolutions be Mr Colin Noid, and where Mr Noid has a personal interest in the outcome of a Resolution, by Mr Michael Fry. It is the Chairperson's intention to vote undirected proxies (i.e. open proxies) which the Chairperson holds as proxy in favour of all Resolutions.

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## BUSINESS OF THE MEETING

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Notice is hereby given that the Meeting of Shareholders will be held at 1:00pm (WST) on Tuesday, 25 January 2022 at 1<sup>st</sup> Floor, 298a – 300a Hay Street, Subiaco, Western Australia, 6008.

The Explanatory Statement to this Notice of Meeting provides information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions to be considered at the Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and the Explanatory Statement are defined in the Glossary.

## AGENDA

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### ORDINARY BUSINESS

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#### 2021 ANNUAL REPORT

To receive and consider the 2021 Annual Report together with the declaration of directors, the directors' report, the Remuneration Report and the auditor's report.

**Short Explanation:** There is no requirement for Shareholders to approve the 2021 Annual Report. The receiving and consideration of the 2021 Annual Report provides an opportunity for Shareholders to ask questions about the 2021 Annual Report or to make comment.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding ordinary resolution**:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the 2021 Annual Report.”*

**Short Explanation:** The Meeting of a listed company must propose that the Remuneration Report be adopted by Shareholders.

**Note:** This Resolution is advisory only and does not bind the Company or its Directors. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

**Voting Prohibition:** A vote in respect of this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Company's KMP, details of whose remuneration is disclosed in the Remuneration Report for the year ended 30 June 2021; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) and (b) above and either:

- (a) the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on this Resolution, or
- (b) the voter is the Chair of the meeting and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

**Recommendation:** *The Directors recommend you vote in favour of this Resolution.*

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## 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR HUADONG GUO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, Mr Huadong Guo, being a Director of the Company, retires by rotation in accordance with the Constitution of the Company, Listing Rule 14.4 and for all other purposes, and being eligible for re-election, be hereby re-elected as a Director of the Company.”*

**Short Explanation:** Pursuant to Rule 8.1(c) of the Company's Constitution, if a Director is appointed to fill a casual vacancy or as an addition to the existing Directors, as in the case of Mr Guo, the director appointed holds office only until the next annual general meeting. A director who retires in accordance with Rule 8.1(c) of the Constitution is eligible for re-election at the annual general meeting.

**Voting Exclusion:** Nil

**Recommendation:** The Directors (Mr Guo abstaining) recommend you vote in favour of this resolution.

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## 3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR COLIN NOID

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, Mr Colin Noid, being a Director of the Company, retires by rotation in accordance with the Constitution of the Company, Listing Rule 14.4 and for all other purposes, and being eligible for re-election, be hereby re-elected as a Director of the Company.”*

**Short Explanation:** Pursuant to Rule 8.1(c) of the Company's Constitution, if a Director is appointed to fill a casual vacancy or as an addition to the existing Directors, as in the case of Mr Noid, the director appointed holds office only until the next annual general meeting. A director who retires in accordance with Rule 8.1(c) of the Constitution is eligible for re-election at the annual general meeting.

**Voting Exclusion:** Nil

**Recommendation:** The Directors (Mr Noid abstaining) recommend you vote in favour of this resolution.

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## 4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – DR DONGYI HUA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, Dr Dongyi Hua, being a Director of the Company, retires by rotation in accordance with the Constitution of the Company, Listing Rule 14.4 and for all other purposes, and being eligible for re-election, be hereby re-elected as a Director of the Company.”*

**Short Explanation:** Pursuant to Listing Rule 14.4 and Rule 8.1(d) of the Company's Constitution, no Director (other than the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected. A director who retires in accordance with rule 8.1(d) of the Company's Constitution is eligible for re-election at the Meeting.

**Voting Exclusion:** Nil

**Recommendation:** The Directors (Dr Hua abstaining) recommend you vote in favour of this resolution.

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**SPECIAL BUSINESS**

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**5. RESOLUTION 5 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** Pursuant to ASX Listing Rule 7.1A an eligible company may seek approval from its Shareholders to increase its placement capacity by 10%, from 15% to 25%. VDM Group Limited is an eligible company as at the date of this Notice of Meeting, and expects to remain so up until the date of the Meeting.

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by, or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue, or who might obtain a benefit (except a benefit solely by reason being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Recommendation: The Directors recommend you vote in favour of this resolution.**

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**6. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

**Dated: 17 December 2021**

**By order of the Board of Directors**



**Mr Michael Fry  
Company Secretary**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

The Explanatory Statement should be read in conjunction with the Notice of Meeting.

Shareholders should read the Notice of Meeting and this Explanatory Statement carefully before deciding how to vote on the resolutions.

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### 1. 2021 ANNUAL REPORT

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the 2021 Annual Report of the Company together with the declaration of directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the 2021 Annual Report to Shareholders unless specifically requested to do so. The 2021 Financial Report is available at [www.vdmgroup.com.au](http://www.vdmgroup.com.au).

There is no requirement for Shareholders to approve the annual report of the Company and its controlled entities for the year ended 30 June 2021.

Shareholders will be offered the following opportunities:

- (a) to discuss the 2021 Annual Report of the Company.
- (b) to ask questions or make comment on the management of the Company.
- (c) to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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## **2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

### **2.1 General**

The Corporations Act requires listed companies to provide information regarding the remuneration of Directors and other key management personnel in a Remuneration Report, which forms part of its annual Directors' Report. The Company's Remuneration Report for the year ended 30 June 2021 is set out in the Directors Report section of the 2021 Annual Report and is also available on the Company's website at [www.vdmgroup.com.au](http://www.vdmgroup.com.au)

The Remuneration Report includes an explanation of the Company's remuneration policy and sets out the remuneration arrangements in place for Directors and other key management personnel.

In addition, the Corporations Act requires that at a company's annual general meeting, a non-binding resolution that the remuneration report be adopted must be put to the shareholders. The vote on this resolution is advisory only and does not bind the Directors or the Company.

### **2.2 Voting consequences**

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the directors of the company in office, excluding the Company's Managing Director, and who remain in office at the time of the Spill Meeting, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election.

### **2.3 Previous voting results**

At last year's annual general meeting, 99.66% of votes were cast in favour of the adoption of the remuneration report, thus a spill resolution is not required under any circumstances to be put at the Meeting.

### **2.4 Proxy voting restrictions**

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution (Adoption of Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for this Resolution.

If you appoint a member of the key management personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution.

The Chairman intends to vote all undirected proxies in favour of this Resolution. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on this Resolution, by signing and returning the Proxy Form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2021.

Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

## 2.5 Board recommendation

The Remuneration Report forms part of the Directors' Report, made in accordance with a unanimous resolution of the Directors. **The Board recommends that Shareholders vote in favour of Resolution 1.**

## 2.6 Voting intention

The Chair of the meeting intends to vote undirected proxies in favour of this Resolution.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR HUADONG GUO

Mr Huadong Guo was appointed as a Director of the Company on 23 February 2021 pursuant to Rule 8.1(b) of the Company's Constitution.

Listing Rule 14.4 and Rule 8.1(c) of the Company's Constitution require that a Director appointed under Rule 8.1(b), who is not a Managing Director, must not hold office (without re-election) past the next annual general meeting of the Company following appointment.

Mr Huadong Guo, having been appointed under Rule 8.1(b) retires pursuant to Listing Rule 14.4 and Rule 8.1(c) of the Company's Constitution, and being eligible, offers himself for re-election.

### 3.1 Qualifications and other material directorships

Mr Guo is a highly successful businessman who has owned and operated businesses in several east Africa countries including Kenya, Uganda, Tanzania, Congo, Angola and South Sudan over the past 40 years across a range of industries including construction, mining, forestry and electronics.

In 2010 Mr Guo was awarded the Republic Cross by the Congo President in recognition of his services to Congo business. Mr Guo holds an Electrical Engineering degree from the College of Electronic and Information, Tongji University of China.

Mr Guo resides in Angola and will assist in overseeing VDM's future exploration activities in Angola.

### 3.2 Independence

Mr Guo is not independent due to the fact that Mr Guo holds a substantial shareholding in the Company through him being a director and the sole shareholder of CF International Development Limited.

### 3.3 Board recommendation

The Board (Mr Guo abstaining) has considered Mr Guo' candidacy in respect of his individual merits and contribution to the Board's composition and supports the re-election of Mr Guo due to his experience and knowledge and **recommends that Shareholders vote in favour of Resolution 2.**

### 3.4 Voting intention

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

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#### 4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR COLIN NOID

Mr Colin Noid was appointed as a Director of the Company on 1 April 2021 pursuant to Rule 8.1 (b) of the Company's Constitution.

Listing Rule 14.4 and Rule 8.1(c) of the Company's Constitution require that a Director appointed under Rule 8.1(b), who is not a Managing Director, must not hold office (without re-election) past the next annual general meeting of the Company following appointment.

Mr Colin Noid, having been appointed under Rule 8.1 (b) retires pursuant to Listing Rule 14.4 and Rule 8.1(c) of the Company's Constitution, and being eligible, offers himself for re-election.

##### 4.1 Qualifications and other material directorships

Mr Noid has 25 years of construction industry experience across mining, transport, building and land development sectors and holds a Bachelor of Engineering degree from the University of Western Australia and a Graduate Diploma in Financial Planning from Finsia.

Mr Noid worked with VDM in a senior executive capacity between 2012 and 2021 heading up the construction division. Mr Noid has considerable historical knowledge and experience in respect of VDM's operations and his ongoing role as a Director of the Company is considered critical to VDM retaining his knowledge and experience within the Company.

##### 4.2 Independence

Mr Noid is not independent due to the fact that Mr Noid has worked in an executive capacity with the Company in the last three years.

##### 4.3 Board recommendation

The Board (Mr Noid abstaining) has considered Mr Noid's candidacy in respect of his individual merits and contribution to the Board's composition and supports the re-election of Mr Noid due to his knowledge and experience and **recommends that Shareholders vote in favour of Resolution 4.**

##### 4.4 Voting intention

The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.

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#### 5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – DR DONGYI HUA

Rule 8.1 (d) of the Company's Constitution requires that no Director may hold office (without re-election), other than a Managing Director, beyond the third annual general meeting of the Company. A Director who retires in accordance with 8.1 (d) of the Company's Constitution is eligible for re-election at the annual general meeting.

Listing Rule 14.4 prevents a Director from holding office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is the longer.

Dr Hua was last re-elected as a Director at the 2018 annual general meeting. Dr Hua retires at the Meeting in accordance with the Company's Constitution and the Listing Rules and, being eligible, has offered herself for re-election at the Meeting.

## 5.1 Qualifications and other material directorships

Dr Hua is the former Vice President, Executive Chairman and CEO of CITIC Pacific Mining, a position he held from October 2009 until April 2013. He was previously with Beijing-based CITIC Group, which he joined in 2002. Dr Hua has held executive management positions during the past 15 years for construction and resource development projects across Asia, Africa and Latin America in countries such as China, Angola, the Philippines, Pakistan, Brazil and Algeria. Dr Hua is a former Vice President of the Australian China Business Council Western Australia. Most recently Dr Hua was Executive Director and CEO of Frontier Services Group Limited, an aviation and logistics company listed on the Hong Kong Stock Exchange, during the period July 2016 to March 2021.

## 5.2 Independence

Dr Hua is not independent due to the fact that Dr Hua holds a substantial shareholding in the Company through his control of H&H Holdings Australia Pty Ltd.

## 5.3 Board recommendation

The Board (Dr Hua abstaining) has considered Dr Hua's candidacy in respect of his individual merits and contribution to the Board's composition and supports the re-election of Dr Hua due to his experience and general business knowledge and **recommends that Shareholders vote in favour of Resolution 4.**

## 5.4 Voting intention

The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.

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## 6. RESOLUTION 5 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

### 6.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An “eligible entity” for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. As at the date of this Notice, the Company is an eligible entity and expects to remain so up to and including the date of the Annual General Meeting as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$13.85 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 7 December 2021).

In the event that the Company does not meet the requirements of an “eligible entity” for the purposes of Listing Rule 7.1A on the day immediately prior to the date of Meeting, the Company shall withdraw this Resolution.

This Resolution seeks Shareholder approval by way of special resolution for the Company to have an additional 10% capacity as provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If this Resolution is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

This Resolution is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

## **6.2 Specific information required by Listing Rule 7.3A**

In accordance with Listing Rule 7.3A, information in relation to Resolution 5 is provided as follows:

### **(a) Period for which approval is valid**

An approval under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (i) the date that is 12 months after the date of the annual general meeting at which approval is obtained;
- (ii) the time and date of the Company's next annual general meeting; or
- (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

### **(b) Minimum price at which Equity Securities may be issued.**

Any Equity Securities under Listing Rule 7.1A must be in an existed quoted class of the eligible entity's Equity Securities and issued for a cash consideration per security which is not less than 75% of the volume weighted average market price for securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the securities are to be issued is agreed by the entity and the recipient of the securities; or
- (ii) if the securities are not issued within 10 Trading Days of the date in paragraph 4.2(b)(i), the date on which the securities are issued.

### **(c) Purposes for which funds may be used**

Equity Securities can only be issued under Listing Rule 7.1A for cash consideration. Funds raised by the issue of Equity Securities under Listing Rule 7.1A may be used for the continued development of the Company's assets, the acquisition of new assets or other investments (including expenses associated with such acquisition), and for general working capital.

(d) **Risk of economic and voting dilution**

If this Resolution is approved by Shareholders and the Company issues Equity Securities under Listing Rule 7.1A, the existing Shareholders' voting power in the Company will be diluted.

There is a risk that:

- (i) the market price for the Equity Securities in that class may be significantly lower on the issue date than on the date of the Shareholder approval under Listing Rule 7.1A; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 2 December 2021.

Number of Shares on Issue (Variable 'A' in Listing Rule 7.1A.2)	Number of Shares issued under additional 10% capacity	Dilution		
		Funds raised based on issue price of 0.01 cents	Funds raised based on issue price of 0.02 cents	Funds raised based on issue price of 0.04 cents
		(50% decrease in current issue price)	(current issue price)	(100% increase in current issue price)
6,927,660,952 (Current)	692,766,095	\$692,766	\$1,385,532	\$2,771,064
10,391,491,428 (50% increase)	1,039,149,142	\$1,039,149	\$2,078,298	\$4,156,597
13,855,321,904 (100% increase)	1,385,532,190	\$1,385,532	\$2,771,064	\$5,542,129

The number of Shares on issue (variable "A" in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata issue or scrip issue under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

- (i) The current Shares on issue are the Shares on issue as at 7 December 2021, being 6,927,660,952 Shares.
- (ii) The issue price is \$0.002, being the closing price of the Shares on ASX on 7 December 2021.
- (iii) The Company issues the maximum number of Equity Securities available under the additional 10% capacity.

- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
- (v) The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vii) This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
- (viii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (ix) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

If this Resolution is approved by Shareholders and the Company issues Equity Securities under Listing Rule 7.1A, the existing Shareholders' voting power in the Company will be diluted.

(e) **Allocation Policy**

The Company's allocation policy for the issue of Equity Securities under the additional 10% capacity will depend on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the additional 10% capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company and may include new investors who have not previously been Shareholders.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company obtained approval under ASX Listing Rule 7.1A at the 2020 annual general meeting held on 30 November 2020 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, being on and from 30 November 2020, the Company has not issued any Equity Securities pursuant to the Previous Approval.

(g) **Voting Exclusion Statement**

A voting exclusion statement is set out in the Notice of Meeting. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or identifiable class of existing security holder to participate in an issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting in the Notice.

**6.3 Board recommendation**

The Board is of the view that the passing of Resolution 5 is in the best interests of the Company and **recommends that Shareholders vote in favour of Resolution 5.**

**6.4 Voting intention**

The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

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**7. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION**

**7.1 General**

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 6 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2011.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.vdmgroup.com.au](http://www.vdmgroup.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6117 3860). Shareholders are invited to contact the Company if they have any queries or concerns.

## 7.2 Summary of material proposed changes

### **Restricted Securities (clause 2.12)**

The Proposed Constitution complies with the changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

### **Minimum Securityholding (clause 3)**

This Proposed Constitution now extends the minimum holding provisions to all securities as provided for under the Listing Rules. The clause previously only referred to shares.

### **Joint Holders (clause 9.8)**

CHESS is currently being replaced by ASX with a projected go-live date of April 2023. As part of the CHESS replacement, the registration system will be modernised to record holder registration details in a structured format that will allow up to four joint holders of a security. Clause 9.8 of the Proposed Constitution provides that the number of registered joint holders of securities shall be as permitted under the Listing Rules and the ASX Settlement Operating Rules.

### **Capital Reductions (clause 10.2)**

The Proposed Constitution now permits sales of unmarketable parcels to a sale nominee as part of a capital reduction.

### **Direct Voting (clause 13, specifically clauses 13.35 – 13.40)**

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any Resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

### **Use of technology (clause 14)**

The Proposed Constitution includes a new provision to permit the use of technology at general meetings (including wholly virtual meetings) to the extent permitted under the Corporations Act, Listing Rules and applicable law.

### **Partial (proportional) takeover provisions (new clause 37)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may

only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by section 648G of the Corporations Act

##### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a Resolution to approve the proportional off-market bid is passed.

##### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

##### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

##### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;

- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

*Recommendation of the Board*

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 6.

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**8. GENERAL INFORMATION**

Shareholders who require further information regarding the Meeting should contact the Company Secretary prior to the Meeting on +61 8 6166 6126 during normal business hours in Western Australia.

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## GLOSSARY

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**\$** means Australian dollars

**2021 Annual Report** means the annual report of the Company and its controlled entities for the year ended 30 June 2021 as lodged with ASX on 1 November 2021.

**AGM** or **Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASX** means ASX Limited ACN 008 624 691 or the securities exchange operated by it, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the key Management Personnel means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means VDM Group Limited ACN 109 829 334.

**Constitution** means the Company's Constitution, as amended from time to time.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a current director of the Company.

**Equity Securities** has the meaning given to that phrase in Chapter 19 of the Listing Rules.

**Explanatory Memorandum** means this Explanatory Memorandum accompanying the Notice of Meeting.

**KMP** means the key management personnel and has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules published by the ASX.

**Meeting** or **Annual General Meeting** means the Annual General Meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice of Meeting (and any adjournment of the meeting).

**Notice of Meeting** means the notice convening the Meeting which accompanies this Explanatory Memorandum and Proxy Form.

**Option** means an option to subscribe for a Share.

**Proxy Form** means the proxy form accompanying the Notice of Meeting.

**Remuneration Report** means the remuneration report contained in the Director's statement in the Company's 2021 Annual Report.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a person recorded in the Company's register as a holder of a Share or Shares.

**Shareholder Approval** means, the approval sought in respect of the Resolutions, as set out in the Notice of Meeting.

**Trading Day** has the meaning given in Chapter 19 of the Listing Rules.

**WST** means Western Standard Time as observed in Perth, Western Australia.

**CORPORATE REPRESENTATIVE FORM**

**Shareholder Details**

This is to certify that by a resolution of the Directors of:

..... (**Company**),

Insert name of shareholder company

the Company has appointed:

.....

Insert name of corporate representative

in accordance with the provisions of section 250D of the *Corporations Act 2001*, to act as the body corporate representative of that company at the meeting of the members of VDM GROUP LIMITED to be held on 25 January 2021 and at any adjournment/s of that meeting.

DATED ..... 2021

**Please sign here**

Executed by the Company )  
in accordance with its constituent )  
documents )

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative  
(print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative  
(print)

.....  
Position of authorised representative  
(print)

**Instructions for Completion**

- (1) Insert name of appointer Company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
- (2) Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- (3) Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
- (4) Insert the date of execution where indicated.

Send or deliver the Certificate to the registered office of VDM Group Limited at Unit 88, 42 Terrace Road, East Perth, WA, 6004.



VDM Group Limited  
ABN 95 109 829 334

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



VMG  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **1:00pm (AWST) on Sunday, 23 January 2022.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of VDM Group Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of VDM Group Limited to be held at 1st Floor, 298a - 300a Hay Street, Subiaco, WA 6008 on Tuesday, 25 January 2022 at 1:00pm (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2.

## Step 2 Items of Business **PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director – Mr Huadong Guo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Director – Mr Colin Noid	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Re-election of Director – Dr Dongyi Hua	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /

Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically