

HD **VDM receives \$10m from shareholder**

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Chinese private investor Australia Kengkong Investments Co could own a 45 per cent **stake** in Perth-based VDM Group and secure a seat on its board, as part of a \$10 **million** convertible loan agreement announced today.

The deal comes four months after Kengkong's \$4.5 **million** loan to VDM and along with the earlier deal, gives Kengkong the option to convert the loan into an additional 1.45 **billion** VDM shares, subject to shareholder approval at November's annual meeting.

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Following conversion of the loans, Kengkong's significant shareholding would allow it to appoint a director to the VDM board in the role of chairman.

Kengkong currently holds 20 per cent of VDM's issued capital and is ultimately controlled by Hiuming Luk, who was appointed non-executive director of VDM in March.

VDM executive chairman and CEO Dongyi Hua holds a 35 per cent **stake** VDM through his **company** H & H Holdings.

If shareholder approval for both loans is not obtained or Kengkong does not exercise its right to convert the \$10 **million** loan into shares, VDM must repay the amount within 60 business days of the shareholder meeting.

The loaned funds will be advanced to VDM in three tranches from Thursday to November 14.

The agreement comes after VDM confirmed in August that it would consider capital raisings as part of its growth strategy.

The **company** reported a \$21.4 **million** loss for the 2014 year, down from \$84.4 **million** last year, and an 80 per cent decrease in revenue from continuing **operations**.

The results reflect VDM's restructuring during the year and the decision to close out on a number of active projects.

As part of the restructure VDM has developed four new business divisions, including its equipment division, with a joint venture alongside **Chinese** manufacturer SANY Heavy Machinery announced in June.

VDM responded to rumours last month that it would acquire **mining** rights at an Angolan **copper** project, saying the potential **acquisition** is incomplete with no certainty on its terms.

VDM shares closed the day's trade steady at 1.2 cents.

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