

Vmoto to Expand Manufacturing Capacity with New Facilities

Highlights

- Balance of land acquisition costs paid in July 2023; terms and conditions for acquisition met and land title certificate expected to be received in mid-late September 2023.
- Construction agreement signed to build new 32,856 m² state-of-the-art manufacturing facilities at an estimated cost of RMB66 million (~AUD14 million based on an exchange rate of AUD1 : RMB4.7 on 4 September 2023) to be funded progressively via cash and debt, with completion scheduled for September 2024.
- On completion, Vmoto's manufacturing footprint will increase from 30,121m² to a total of 62,977m² and production capacity will increase from up to 150,000 units p.a to a potential 300,000 units p.a. (depending on models).
- New manufacturing facilities strategically located close to Vmoto's existing manufacturing base in Nanjing, which is expected to create synergies, economies of scale and materially increased capacity to meet rising demand for VMT's product.

Further to the announcement on 2 May 2023, global electric vehicle company **Vmoto Limited (ASX: VMT)** ("**Vmoto**", or the "**Company**"), is pleased to announce the execution of an agreement to construct state-of-the-art manufacturing facilities on the recently acquired industrial land in the Lishui Economic Development Zone in Nanjing, China.

Land

The Company has now paid a total of RMB13.5 million (~AUD2.9 million) from the Company's existing cash reserves, in consideration for the acquisition of the 30,045m² state-owned land from the Nanjing Municipal Bureau of Planning and Natural Resources, Lishui Branch, on a 45-year leasehold basis. The land is strategically located approximately 500 metres from Vmoto's existing manufacturing facilities.

All terms and conditions of the land acquisition agreement have been fulfilled and the land title certificate is expected to be received from the government in mid-late September 2023.

vmotosoco.com

Vmoto Limited
Level 48, 152-158 St Georges Terrace,
Perth, Western Australia 6000, Australia
ABN: 36 098 455 460
ASX: VMT
Phone: +61 8 6311 9160
Email: info@vmoto.com
Web: vmoto.com

Vmoto Soco International
15 Zhongxing East Road, Lishui Economic
Development Zone, Lishui District,
Nanjing 211200, Jiangsu Province,
China

Vmoto Soco Europe
Boekweitstraat 95-97,
2153 GK, Nieuw Vennepe,
The Netherlands

Vmoto Soco Italy
Viale Fratelli Casiraghi, 427
20099 Sesto San Giovanni, Milan,
Italy

New Manufacturing Facilities

The Company has now signed a construction agreement with Jiangsu Yuxi Construction Co, Ltd, a reputable Nanjing based construction company that was established in 2007 and has since built a number of significant projects in China, to build the new 32,856 m² state-of-the-art manufacturing facilities on the above-mentioned land with total estimated construction costs of RMB66 million (~AUD14 million). The construction costs will be paid in 9 phases linked to construction progress from September 2023 to September 2026, subject to the satisfactory completion of each phase (see Annexure A). The new manufacturing facilities are expected to be completed in September 2024 and operational by the end of 2024.

Once completed, Vmoto's manufacturing footprint will more than double to 62,977 m² and production capacity will increase from up to 150,000 units p.a. to a potential 300,000 units p.a. (depending on model), providing the Company with increased production capacity, which in turn is expected to deliver economies of scale and increased manufacturing margin.

The construction costs will initially be funded via cash reserves. The Company expects to secure bank financing for up to 50% of the construction costs and also to utilise available subsidies from the local government for up to RMB6.8 million (~AUD1.4 million). Currently, China is in a credit easing business environment with low interest rates for borrowings (circa 3.3% based on current rate offered by Industrial and Commercial Bank of China). With the Company's strong credit history and existing unencumbered manufacturing facilities, the Company is confident of its ability to finance a portion of the construction costs utilising Chinese banking facilities.

The strategic decision to increase production capacity at this time reflects management's confidence in its longer-term growth strategy, in light of the ongoing global transition of the transport industry to net zero carbon, which requires the world-wide adoption of electric vehicles. The key strategic rationale and benefits to the Company from the new manufacturing facilities are expected to be:

- Centralised operations that will create synergies and economies of scale;
- Additional capacity to produce VMT's range of products to meet increasing demand from customers, particularly from Asia and South America;
- Additional space for Vmoto's growing operations, with more sophisticated manufacturing activities, and an expanding human resource base, including a growing in-house research and development team; and
- Flexibility to co-locate some key strategic suppliers within Vmoto's manufacturing facilities for improving efficiency and quality control, also generating rental income from these suppliers.

Vmoto's Managing Director Mr Charles Chen said, "The new industrial land acquisition and construction of new manufacturing facilities is a strategic move and in line with the Company's long term international growth strategy. We expect it will bring a number of benefits to the Company, with minimal downside risks, and will allow Vmoto to continue to move towards its goal of becoming a world class e-mobility solution provider."

Further updates on the construction and development of the new manufacturing facilities will be provided as the construction progresses.

vmotosoco.com

Vmoto Limited

Level 48, 152-158 St Georges Terrace,
Perth, Western Australia 6000, Australia
ABN: 36 098 455 460
ASX: VMT
Phone: +61 8 6311 9160
Email: info@vmoto.com
Web: vmoto.com

Vmoto Soco International

15 Zhongxing East Road, Lishui Economic
Development Zone, Lishui District,
Nanjing 211200, Jiangsu Province,
China

Vmoto Soco Europe

Boekweitstraat 95-97,
2153 GK, Nieuw Vennepe,
The Netherlands

Vmoto Soco Italy

Viale Fratelli Casiraghi, 427
20099 Sesto San Giovanni, Milan,
Italy

Artist impression and conceptual renderings of the new manufacturing facilities:



-ENDS-

The announcement was approved for release by the Board of Vmoto Limited

For further information, please contact:

Company enquiries

Charles Chen
Managing Director
T: +61 8 9226 3865
info@vmoto.com

vmotosoco.com

Vmoto Limited

Level 48, 152-158 St Georges Terrace,
Perth, Western Australia 6000, Australia
ABN: 36 098 455 460
ASX: VMT
Phone: +61 8 6311 9160
Email: info@vmoto.com
Web: vmoto.com

Vmoto Soco International

15 Zhongxing East Road, Lishui Economic
Development Zone, Lishui District,
Nanjing 211200, Jiangsu Province,
China

Vmoto Soco Europe

Boekweitstraat 95-97,
2153 GK, Nieuw Vennepe,
The Netherlands

Vmoto Soco Italy

Viale Fratelli Casiraghi, 427
20099 Sesto San Giovanni, Milan,
Italy

Vmoto's Social Media

Vmoto is committed to communicating with the investment community through all available channels including social media. Whilst ASX remains the primary channel for all material announcements and news, all Vmoto shareholders, investors and other interested parties are encouraged to follow Vmoto on website (www.vmoto.com), Facebook (www.facebook.com/vmotosoco), Instagram (www.instagram.com/vmotosoco) and YouTube (www.youtube.com/vmotosoco).

Forward Looking Statements

Forward looking statements are based on current expectations and are not guarantees of future performance, involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company. Actual results, performance or achievements may vary materially from any forward-looking statements. Although the Company believes that assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect in hindsight and, therefore, there can be no assurance that matters contemplated in the forward-looking statements will be realised. Accordingly, readers are cautioned not to place undue reliance on forward looking statements, which are current only as at the date of this announcement.

Shareholders Communications

Vmoto is committed to communicating with its shareholders regularly and efficiently and encourage shareholders to adopt electronic form of communication channels. Shareholders can update its communications methods by going to www.computershare.com.au/easyupdate/VMT.

vmotosoco.com

Vmoto Limited

Level 48, 152-158 St Georges Terrace,
Perth, Western Australia 6000, Australia
ABN: 36 098 455 460
ASX: VMT
Phone: +61 8 6311 9160
Email: info@vmoto.com
Web: vmoto.com

Vmoto Soco International

15 Zhongxing East Road, Lishui Economic
Development Zone, Lishui District,
Nanjing 211200, Jiangsu Province,
China

Vmoto Soco Europe

Boekweitstraat 95-97,
2153 GK, Nieuw Vennepe,
The Netherlands

Vmoto Soco Italy

Viale Fratelli Casiraghi, 427
20099 Sesto San Giovanni, Milan,
Italy

ANNEXURE A

The key terms of the construction agreement are as follows:

- Name of construction company: Jiangsu Yuxi Construction Co, Ltd
- Project: Construction of Vmoto EV office and buildings, including structure, renovations and surrounding constructions
- Size of project: 32,856.48 sqm
- Total construction costs: RMB66 million (~AUD14 million) to be paid progressively over 9 phases from September 2023 to September 2026
- Estimated timetable: Commence in September 2023 and complete in September 2024
- Quality guarantee period: 2 years after the completion of construction

Phase	Description	Estimated		RMB	AUD	Planned Funding Method	
		Period	Percentage				
1	After agreement signed	Sep-23	10%	6,600,000.00	1,404,255.32	Cash	
2	Land preparation and lay foundations	Nov-23	15%	9,900,000.00	2,106,382.98	Cash	
3	Structure of first floor completed	Feb-24	15%	9,900,000.00	2,106,382.98	Loan	
4	Structure of second floor completed	Apr-24	15%	9,900,000.00	2,106,382.98	Loan	
5	Acceptance of completion of main buildings and structure	May-24	10%	6,600,000.00	1,404,255.32	Loan	
6	Scaffold removal completed, interior and exterior renovation construction completed	Jun-24	10%	6,600,000.00	1,404,255.32	Loan	
7	Completion of ancillary engineering construction	Jul-24	10%	6,600,000.00	1,404,255.32	Cash	
8	Comprehensive acceptance of the construction project	Sep-24	10%	6,600,000.00	1,404,255.32	Cash	
9	Construction warranty withholding funds (pay after 2 years of completion of whole constructions)	Sep-26	5%	3,300,000.00	702,127.66	Cash	
Total				100%	66,000,000.00	14,042,553.19	

vmotosoco.com

Vmoto Limited

Level 48, 152-158 St Georges Terrace,
Perth, Western Australia 6000, Australia
ABN: 36 098 455 460
ASX: VMT
Phone: +61 8 6311 9160
Email: info@vmoto.com
Web: vmoto.com

Vmoto Soco International

15 Zhongxing East Road, Lishui Economic
Development Zone, Lishui District,
Nanjing 211200, Jiangsu Province,
China

Vmoto Soco Europe

Boekweitstraat 95-97,
2153 GK, Nieuw Vennepe,
The Netherlands

Vmoto Soco Italy

Viale Fratelli Casiraghi, 427
20099 Sesto San Giovanni, Milan,
Italy