



MARKET UPDATE

ANNOUNCEMENT

2 AUGUST 2017

Vmoto Limited (ASX: VMT), the global scooter manufacturing and distribution group specialising in "green" electric powered two-wheel vehicles, provides the following update on its activities for the quarter ended 30 June 2017 (2Q17) and FY2017 outlook.

Highlights

- ASX-experienced director, Mr Phillip Campbell, appointed as independent Non-Executive Chairman, effective 31 May 2017
- 19,258 units sold in 2Q17 (1Q17: 17,168 and 2Q16: 20,261)
- 4,158 units sold in international markets in 2Q17, up 148% on 1Q17 and up 82% on 2Q16, validating the Company's international sales strategy
- Existing and new international market sales opportunities progressing
- Significant interest received from international B2B customers regarding in leasing options

2Q17 Sales Performance

Unit sales for 2Q17 totalled 19,258 (1Q17: 17,168 and 2Q16: 20,261), comprising:

	2Q17	1Q17
Chinese customers and distributors (JV 100%)	15,100	15,490
International customers and distributors	4,158	1,678
Total	19,258	17,168

China

15,100 units were sold to Chinese customers and distributors during 2Q17, down 2.5% on 1Q17, and down 16.7% on 2Q16, largely as a result of general volatility in the Chinese retail market, as previously reported. Of these sales, 14,776 units were via Shanghai Jiye, the PowerEagle joint venture in which Vmoto holds a 51% interest. This is in line with management's expectations.

In addition, production and sales of the 3 wheel product produced by Jiangsu Kaiyang (Vmoto interest 15%) have been in line with management's expectations.



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International

In 2Q17, a significant breakthrough occurred with 4,158 units of electric two-wheel vehicle products delivered to international customers and distributors, up 148% on 1Q17 and up 82% on 2Q16. In 2Q17, we received orders for future deliveries from over 13 countries and as a result, we are planning a ramp up in production and delivery in 3Q17.

During 2Q17, the Company received significant interest from international B2B customers, especially in Europe and Australia, including post offices, world-renowned fast food chains and food & parcel delivery companies. We delivered samples to a number of B2B customers and the progress with these customers has been positive to date. It is now management's focus to convert this interest into sales.

The interest in the Company's electric vehicle products remains strong, and it is expected that the B2B sales strategy discussed at the Annual General Meeting in May 2017 will start delivering value for the Company in the coming quarters. Some larger B2B fleet owners are seeking leasing options rather than outright purchases so we are exploring how best to meet that demand to maximise value for Vmoto.

Financial

As at 30 June 2017, the Group held cash of A\$2.7 million. The decrease in the cash balance of A\$4.4 million at the end of 1Q17 is largely due to investment into inventory for future orders given 3Q17 is historically a busy sales period for the Chinese market.

As at 30 June 2017, the total operating facility drawn down was RMB5 million (approximately A\$960k) and the total available undrawn operating facility was RMB20 million (approximately A\$3.8 million).

Corporate

Mr Phillip Campbell was appointed as independent Non-Executive Chairman on 31 May 2017. Mr Campbell's career spans 35 years and includes national and international postings across a range of industries including resources, construction, manufacturing, food, and engineering services. Phillip is currently Chairman of ASX listed Fleetwood Corporation (ASX: FWD) and has previously been a director of mining services company Pearl-Street Limited; energy and technical services business, HRL Limited; agricultural company, Fodder King Limited; and Chairman of FMCG business, Farm Pride Foods Limited. He is currently also a director and advisor to a number of unlisted public, private and not-for-profit organisations across Australia including Chairman of the leading manufacturer of modular accommodation for government and industry, Fleetwood Corporation Limited.

On 1 June 2017, 571,428 fully paid ordinary shares were issued to Non-Executive Director, Mr Kaijian Chen, at a deemed issue price of \$0.07 per share in lieu of Director fees, as approved by shareholders at the Company's Annual General Meeting on 31 May 2017.

Non-executive Director, Mr Olly Cairns, was not re-appointed as a Director of the Company at the Annual General Meeting and his 250,000 unvested Class K Incentive Performance Rights lapsed on 31 May 2017.

Outlook

Vmoto is committed to executing its strategy of selling high value, high performance electric two-wheel vehicles to the international B2B sector, including delivery, sharing and rental customers. The Company is currently evaluating a sales and marketing joint venture proposal from a German business to further consolidate its position in the European market. At the same time, the Company is exploring setting up a subsidiary company in Europe. This subsidiary would be a act as a representative office and employ sales and marketing staff to support existing business partners in Europe. The Company will continue to investigate all options with a view to progressing those that will add value and support its strategy especially international B2B business opportunities and will update the market in due course.

The Managing Director and senior management's primary focus is to increase international sales in the remainder of FY2017 through more trials, discussions, exhibitions and collaborations, and continue to execute its strategy to focus on higher margin and higher value international markets and become a worldwide leading electric vehicle manufacturer and provider to B2B delivery, fleet, renting and sharing markets internationally.

The highly publicised moves in the last quarter by companies such as Volvo and various cities in Europe and Asia to go fully electric for passenger transport in the next few years is a vindication of the Vmoto leadership of the electric scooter industry over some years. Shareholders patience is recognised and the time now seems to be approaching when that patience will be rewarded.

For further information, please contact:

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About Vmoto

Vmoto Limited (ASX/AIM: VMT) is a global scooter manufacturing and distribution group. The Company specialises in high quality "green" electric powered two wheel vehicles and manufactures a range of western designed electric scooters from its low cost manufacturing facilities in Nanjing, China. Vmoto combines low cost Chinese manufacturing capabilities with European design. The group operates through two primary brands: Vmoto (aimed at the value market in Asia) and E-Max (targeting the Western markets, with a premium end product). As well as operating under its own brands, the Company also sells to a number of customers on an original equipment manufacturer ("OEM") basis.



Photo: Vmoto Electric Scooters in Trial with McDonalds in Guatemala



Photo: Vmoto Electric Scooters in Trial with Uruguay Postal Offices



Photo: Vmoto Electric Scooters in LOOPShare Ltd's electric scooter sharing program in Beirut, Lebanon



Photo: Vmoto Electric Scooters Showcased in motoservice.com (a professional two-wheel vehicle online magazine) and motorlive.tv (www.youtube.com/watch?v=me3YgovzzZ0&feature=em-uploademail) in France