



**STRATEGIC REVIEW:  
SIGNIFICANT INTERNATIONAL OPPORTUNITIES IDENTIFIED  
AND EXIT FROM SHANGHAI OPERATIONS**

ANNOUNCEMENT

27 NOVEMBER 2017

- **Strategic “root and branch” review of Vmoto operations discussed at the 2017 AGM has identified a number of significant international opportunities and re-affirmed Vmoto’s international strategy and five year strategic plan (2017-2021) to transition Vmoto into a leading provider of Electric Two-Wheel Vehicles (EVs) to B2B delivery, business fleet, renting and sharing markets internationally.**
- **Agreement signed with emerging EV technology company Super Soco to relocate to Vmoto’s Nanjing Manufacturing Facilities to facilitate further cooperation on manufacturing, supply chain management, product development and international sales & marketing.**
- **Strategic decision taken to exit the Shanghai Jiye (PowerEagle) business via sale of Vmoto’s 51% interest to joint venture partners, with Vmoto retaining PowerEagle trademark.**
- **Success achieved at the EICMA international motorcycle exhibition (Milan) in conjunction with Super Soco, resulting in identification of significant sales opportunities via existing and new distribution arrangements in Europe.**
- **Tipping point reached in Europe, with widespread acceptance of the inevitability of EVs replacing petrol two-wheelers in business and commerce.**

As announced at the Company’s 2017 AGM and on 31 August 2017, upon taking up the position as Chairman, Mr Phillip Campbell commenced a detailed strategic “root and branch” review of Vmoto’s operations, with a view to simplifying the Company’s structure and allowing the executives to concentrate their time and energy on international sales and marketing of high margin electric two-wheel vehicle products and significant projects.

This review has identified several opportunities to fast track the Company’s five year strategic plan to transition Vmoto into a world leading provider of EVs to B2B delivery, business fleet, renting and sharing markets internationally, and as well as recommending the exit from operations that are not considered value accretive to the Company.



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## **International Market**

To this end, Vmoto advises that it has signed an agreement with Super Soco for Super Soco to relocate to Vmoto's Nanjing manufacturing facility to facilitate cooperation between Vmoto and Super Soco on manufacturing, supply chain management, product development and international sales & marketing. Working together in the shared manufacturing facilities is expected to provide economies of scale for both organisations.

Super Soco is an emerging industrial design and innovative technology EV company founded in 2015 in China ([www.supersoco.com](http://www.supersoco.com)). Since its establishment, and the launch of its first electric motorcycle product, the Soco TS, Super Soco has achieved very solid growth in its business, both within China and internationally. A number of large Chinese corporations and institutions, led by the Mi Group ([www.mi.com](http://www.mi.com)), have injected significant equity into Super Soco to fund its future growth and development. Super Soco currently sells products in over 40 countries.

Super Soco has agreed to move its manufacturing operations from its current rented premises in Wuxi to Nanjing and lease a significant part of Vmoto's manufacturing facility which is currently excess to Vmoto's requirements. In addition, the international sales and marketing of the Super Soco products will be carried out by Vmoto through Vmoto's existing and expanding distribution network.

The Company believes the complementary nature of the Vmoto and Super Soco product ranges will assist both companies in better penetrating international markets. Vmoto's EV scooter products have gained the reputation internationally as one of the best two-wheel electric delivery vehicles available. They are highly adaptable and well suited to fleet leasing and rental. A real work horse. Some Vmoto products, notably the Loop model, have found a niche in the international sharing market. The Super Soco products are designed as an electric motorcycle (rather than a scooter). They have strong appeal in the sharing and B2C markets where fashion and fun are pull factors. Together, the Vmoto and Super Soco products address the full breadth of requirements in the international market and are strongly competitive across the spectrum vis-à-vis emerging market entrants from Eastern Europe and elsewhere.

The Company is considering further collaborations to assist in fast tracking Vmoto's international strategy and any further material collaborations will be announced as and when appropriate.

The strategic review has also endorsed Vmoto's focus on the B2B market and the Company will continue to seek opportunities such as the recent arrangement with Greenmo Rent BV, announced on 26 October 2017, to supply additional units on commercial terms. Vmoto is considering options to further accelerate its sales to Greenmo and penetration into international B2B delivery, fleet, renting and sharing markets more widely, which may include third party financing to facilitate larger scale orders.

## Chinese Domestic Market

As part of the strategic review, a detailed assessment was undertaken of Vmoto's domestic Chinese sales and distribution operations. While numbers of units sold to Chinese customers and distributors via Shanghai Jiye, the PowerEagle joint venture in which Vmoto holds a 51% interest, are significantly higher than international units, the margins on these EVs are low in comparison to higher margins from units produced and sold into international markets. This, coupled with the management time required to oversee the Shanghai Jiye operations, the impact of increasing Chinese Government regulation over the two-wheel EV industry in China, which is seeing our domestic Chinese unit sales numbers decline, and the capital that would be required to either refocus the Shanghai Jiye business on the export market or enable it to compete successfully in the changed and more regulated Chinese domestic market, has led the Board to form the view that is in the best interests of Vmoto and its shareholders longer term to exit from Shanghai Jiye business.

In reaching this view, the Board takes comfort from recent developments internationally, including the Super Soco cooperation, the recent agreement with Greenmo Rent BV and the level of interest received at the EICMA exhibition in Milan. With multiple attractive growth opportunities available in Vmoto's international EVs operations, this sale will allow Vmoto management to focus on the international sales and marketing of our higher margin products.

Vmoto has agreed to sell its 51% shareholding in Shanghai Jiye to the existing joint venture partners for cash consideration of RMB2 million (approx. A\$414,000). Vmoto will retain ownership of the PowerEagle trademark. PowerEagle is a well recognised brand in China and the Company is seeking to maximise the value of this trademark by either licensing to our former joint venture partners or via a licensing agreement with a third party seeking to compete more effectively in the Chinese domestic market.

Vmoto will have no ongoing financial obligations to Shanghai Jiye, including for the rented premises in Shanghai. A once-off non-cash impairment charge is expected to be raised with the full year result once the balance sheet of Shanghai Jiye has been finalised. This will be partially offset by the cash proceeds from the sale.

Commenting on the Super Soco cooperation and the decision to exit from the Shanghai Jiye business, Managing Director Charles Chen, said:

*"Vmoto is progressing positively with its strategy plan as outlined at the 2017 AGM to focus on high margin/high value international markets and become the leading EV provider to B2B delivery, fleet, renting and sharing markets internationally".*

*"We strongly believe that exiting the Shanghai Jiye business now, via the sale of its shares, is in the best interests of Vmoto and its shareholders longer term given the business was not generating the returns expected. We will continue to work hard to establish Vmoto as the leading EV provider internationally and maximise the value of the Company for our shareholders and we look forward to providing updates on further material collaborations and developments as these occur."*

## **EICMA - International Motorcycle Exhibition**

Vmoto and Super Soco participated jointly in the recent EICMA international motorcycle exhibition, one of the world's largest exhibitions and events for two-wheel vehicles, held in Milan, Italy from 7-12 November 2017.

Interest was strong in the joint Vmoto, Super Soco product offering and seems to indicate a tipping point has been reached in market acceptance of the inevitability of EV's replacing petrol two wheelers, especially in business and commerce.

Three factors are driving this. Firstly, international corporations adopting clean and green technology, and petrol driven fleet vehicles are increasingly seen as not supporting corporate social responsibility goals. Secondly, local governments are restricting the hours of operation of last mile petrol delivery vehicles because of noise and pollution. Thirdly, looming government regulations, restricting the use of any petrol or diesel vehicles, are coming into force in many European cities.

EICMA generated interest from potential new business partners in Europe, SE Asia and the Americas. Strongest interest came from companies with last mile delivery applications, sharing applications, postal and parcel delivery services and distributors of conventional petrol two wheels who recognise the business and social landscape is rapidly changing.

Subsequent to EICMA international motorcycle exhibition, Vmoto's Chairman, Managing Director and team visited a number of European distributors and operations, and have identified a number of market and growth opportunities for Vmoto's businesses in Europe. Outcomes from the visit to European distributors are fruitful and productive and any further material developments will be announced as and when appropriate.

For further information, please contact:

### **Vmoto**

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### **About Vmoto**

Vmoto Limited (ASX: 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: Super Soco EV exhibit jointly with Vmoto at EICMA held at Milan, Italy on 7-12 November 2017



Photo: Vmoto exhibits in EICMA held at Milan, Italy on 7-12 November 2017



Photo: Vmoto exhibits in EICMA held at Milan, Italy on 7-12 November 2017



Photo: Vmoto exhibits in EICMA held at Milan, Italy on 7-12 November 2017



Photo: Vmoto visits distributor in Austria



Photo: Vmoto visits distributor in Italy



Photo: Vmoto visits distributor in Czech Republic



Photo: Vmoto visits distributor in Germany





Photo: Vmoto visits partner in Czech Republic



Photo: Vmoto Delivery Scooters in Netherlands