



MARKET UPDATE

ANNOUNCEMENT

8 JANUARY 2018

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 31 December 2017 (4Q17) and FY18 outlook.

Highlights

- **12,485 units sold in 4Q17**
- **3,620 units sold into international markets in 4Q17, up 39% on 4Q16 and up 52% on 3Q17**
- **Agreement signed with emerging EV technology company Super Soco for Super Soco to relocate to and lease a portion of Vmoto's Nanjing manufacturing facility to facilitate further cooperation on manufacturing, supply chain management, product development and international sales and marketing**
- **Vmoto to undertake international sales and marketing of Super Soco products via its existing and expanding distribution network**
- **Exclusive distributors appointed in Italy and Turkey**
- **Netherlands subsidiary and warehouse established to facilitate ramp up of sales into European markets**
- **Strategic decision taken to exit Shanghai Jiye (PowerEagle) business via sale of Vmoto's 51% interest to former joint venture partners, with Vmoto retaining PowerEagle trademark. Cash consideration from the sale received in December 2017**
- **Agreement signed to license Vmoto's PowerEagle trademark to a domestic Chinese EV company. Annual lease payment of A\$48,000 for 2018 has been received**
- **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**

4Q17 Sales Performance

Unit sales for 4Q17 totalled 12,485 units (4Q16: 22,946 and 3Q17: 19,457), comprising:

	4Q17	4Q16
Chinese customers and distributors (JV 100%)	8,865	20,336
International customers and distributors	3,620	2,610
Total	12,485	22,946



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Total unit sales for the quarter were lower overall when compared with 4Q16 and 3Q17, largely reflecting the Company's strategic decision to exit the Shanghai Jiye business. However, pleasingly, the number of higher margin/higher value units sold into international markets was **up 39% on 4Q16 and 52% on 3Q17** as the Company continued to progress its strategy to focus on international B2B sales into delivery, fleet, leasing and sharing markets.

International Market

In 4Q17, 3,620 units of electric two-wheel vehicle products were sold to international customers and distributors, validating the Company's strategy to focus on international sales, and specifically B2B sales into delivery, fleet, leasing and sharing markets.

As announced on 27 November 2017, Vmoto 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 and marketing. 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 for a five year initial term at an annual rent payable to Vmoto of RMB800,000 (approximately A\$160,000). Super Soco is currently installing new state of the art production lines in Vmoto's facility and expects to be operational by the end of January 2018. Vmoto intends to use the first year rental income from Super Soco to upgrade various parts of its manufacturing facility, including the dormitory.

The international sales and marketing of the Super Soco products is now being 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. Super Soco will continue to market its domestic products in China.

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. 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. 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.

During 4Q17, Vmoto signed an exclusive distribution agreement with Etropolis Srl ("Etropolis") for Etropolis to warehouse, distribute and market the Company's Vmoto, E-Max and Soco range of electric two-wheel vehicle products in Italy. Etropolis (www.e-tropolis.it) is one of Europe's leading specialists in two wheeled electric vehicles and offers a broad portfolio with a high degree of quality and performance ranging from pedelecs and classic e-scooters to high-performance electric motorbikes.

Vmoto also signed an exclusive distribution agreement with Kuralkan Bilisim Otomotiv San Ve Dis Tic A.S. ("Kuralkan") (www.kuralkan.com.tr) to warehouse, distribute and market the Company's Soco range of electric motorcycle products in Turkey. Kuralkan has been involved in motorcycle industry since 1987 and is a very successful motorcycle business in Turkey.

Vmoto's UK distributor, Vmoto UK Distribution Limited, is currently embarking on a program to raise equity funds to support expansion of its business in the UK market. The management team at Vmoto UK is focussed on the potential in the near term to displace petrol vehicles for delivery, and over the medium to long term to use the inherent characteristics of electric scooters and motorcycles to provide a more connected experience for business and commuter users alike in the UK market.

In the Netherlands, Vmoto's business partner, Greenmo Group B.V has announced it plans to raise equity funds to accelerate the expansion of its existing leasing business.

At the end of 4Q17, the Company had firm orders for 2,402 units from international customers and distributors for delivery in 1Q18 and the Company expects to receive increasing orders for its electric two-wheel vehicle products throughout 2018.

Any material international orders or collaborations will be announced as and when appropriate.

China Domestic Market

8,865 units were sold to Chinese customers and distributors (Shanghai Jiye operation achieved sales of 8,773 units) during 4Q17. Total unit sales for China domestic market for the quarter was lower in comparison to 4Q16 and 3Q17, largely reflecting the Company's strategic decision to exit the Shanghai Jiye business. This is in line with management's expectations.

As announced on 27 November 2017, following the strategic review of Vmoto's domestic Chinese sales and distribution operations, the Board made the decision to exit the Shanghai Jiye business and agreed to sell its 51% shareholding in Shanghai Jiye to the existing joint venture partners for cash consideration of RMB2 million (approximately A\$414,000), with Vmoto retaining ownership of the PowerEagle trademark. The cash consideration was received in December 2017.

The Company subsequently entered into an agreement to license Vmoto's PowerEagle trademark to Wuxi Yikeda Electric Technology, a Chinese EV company, for a license fee of RMB240,000 (approximately A\$48,000) for 2018, for use in the Shanghai and Wuxi areas.

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 has 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-wheel vehicles who recognise the business advantage of moving to electric two-wheel vehicles.

Financial

As at 31 December 2017, the Group had cash of A\$3.2 million. The increase from the cash balance of A\$3.0 million at the end of 3Q17 was largely due to the cash consideration received from sale of 51% interest in Shanghai Jiye.

As at 31 December 2017, the total operating facility drawn down was RMB10 million (approximately A\$2.0 million) and the total available undrawn operating facility was RMB15 million (approximately A\$3.0 million).

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. Management is confident the Company will increase international sales in FY18 and further consolidate its position as a leading electric two-wheel vehicle manufacturer and provider to the international B2B sector.

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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 three primary brands: Vmoto (aimed at the value market in Asia), E-Max (targeting the Western B2B markets, with a premium end product) and Super Soco (targeting the Western B2C markets). As well as operating under these brands, the Company also sells to a number of customers on an original equipment manufacturer (“OEM”) basis.



Photo: Crowd at EICMA international motorcycle exhibition held at Milan, Italy on 7-12 November 2017



Photo: Vmoto/ Soco exhibited products showcased at EICMA



Photo: Vmoto/ Soco exhibited products showcased and interviewed by media at EICMA



Photo: Vmoto/Soco exhibited products celebrated by young crowd at EICMA



Photo: Vmoto's EV products showcased in Germany



Photo: Vmoto's office in Netherlands



Photo: Vmoto's Delivery Scooter products in Netherland facilities