



## CONSTRUCTION OF STAGE 2 AND OPERATIONAL UPDATE

ANNOUNCEMENT

21 APRIL 2010

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### HIGHLIGHTS

- **Construction commences on Stage 2 of Vmoto's Nanjing manufacturing facility**
- **Increased financing facility approved by Chinese bank**
- **Scartt and scooter orders continue**

Vmoto Limited ("Vmoto" or "the Company") is pleased to announce that it has commenced construction of Stage 2 of its manufacturing facility in Nanjing, China ("Nanjing Facility"). Stage 2 comprises an additional 19,937 square metres of factory floor space which, when added to the existing Stage 1 factory commissioned in 2009, will provide Vmoto with a total combined factory floor space of 30,137 square metres.

Stage 2 comprises a 10,000 square metre dedicated electric scooter production facility which will accommodate production for the Vmoto Emax electric scooter alliance, together with a 5,961 square metre spare parts storage and distribution centre. In addition, a 5 floor dormitory and staff dining quarters, comprising 4,000 square metres, will be included in Stage 2.

Construction of Stage 2, which commenced this week, is expected to take approximately 280 days and will require an investment by Vmoto of an estimated A\$4 million, which is expected to be financed via a combination of cash flow and bank credit facility. Upon completion, the Stage 1 and 2 facilities will provide the Company with the capacity to manufacture scooters, Scartt's and other associated products, such as engines.



ASX CODE: VMT

ABN 36 098 455 460

Level 12  
251 Adelaide Terrace  
PERTH WA 6000

Telephone: (61-8) 9221 6175  
Facsimile: (61-8) 9325 5313

[www.vmoto.com](http://www.vmoto.com)



*Conceptual Drawing of Stage 2 Nanjing Facility*

Vmoto is also in discussion with local Chinese Government authorities to acquire an additional adjoining parcel of land, totalling approximately 43,000 square metres, which would allow for further expansion of the Nanjing Facility as production continues to grow.

Vmoto has also recently been approved for a 10 million Chinese Yuan (AUD\$1,575,000) operating facility by the China Rural Credit Cooperative Bank and has recently been advised by that bank that the facility can be increased to up to 50 million Yuan (AUD\$7,880,000) as production increases at Nanjing. This facility is in addition to the 10 million Yuan facility already in place with the Peoples Bank of China.

The Company also advises that the Vmoto Emax strategic alliance, in which Vmoto holds a 60% interest, currently holds orders for 27 containers (approximately 1134 units) of electric scooters, required for immediate shipment. The existing Emax manufacturing facility in Wuxi, currently operated by Vmoto Emax, is now at capacity and the shutdown and transfer to the Nanjing Facility is planned to take place over May and June 2010. Following transfer, the initial production of electric scooters will be carried out at the Stage 1 Nanjing Facility pending completion of Stage 2.

In addition to the above mentioned orders, Vmoto confirms that a further 1,000 units of Vmoto's 125 EFI scooters for its Vietnamese customer are now in production, with shipment expected to take place within the next few weeks. Additional orders are expected as soon as the Nanjing Facility ramps up production to supply the units required under the previously announced 30,000 unit per annum contract.

Orders for a further 300 units of the new Scartt Version 2 have also been received and production of this order will commence soon.

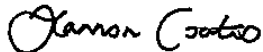
Vmoto's Managing Director, Mr Patrick Davin, commented from Nanjing: "Everyone within the organisation is continuing to work hard and despite recent economic turmoil, Vmoto continues to gain strength and continues to grow. These new orders once again represent products from our own factory and will accordingly enjoy superior margins to the agency business, which as previously advised we want to become less reliant on.

“I am particularly happy that sales are beginning to increase as we have not formally begun to market our products as yet and I am confident that once the marketing team cranks up, we can add significant numbers to our order books for our various products.

“We now have a fully funded operational factory with room to expand, a great product range and a strong management team. It all bodes well for the future.”

For further enquires please contact Trevor Beazley on (08) 9221 6175.

**AUTHORISED BY:**



**Shannon Coates**  
*Company Secretary*

#### **About Vmoto**

[www.vmoto.com](http://www.vmoto.com) and [www.vmotoltd.com](http://www.vmotoltd.com)

*Australian based Vmoto Limited is a global integrated scooter manufacturing and distribution group listed on the Australian Securities Exchange. Vmoto specialises in high quality motor scooters and All Terrain Vehicles (ATV's) using state-of-the-art production facilities situated in China. Vmoto also operates an international scooter and ATV trading and distribution business in Shanghai China and a sales, distribution and design centre based in Barcelona Spain.*