



## COMPANY UPDATE

ANNOUNCEMENT

12 DECEMBER 2011

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### HIGHLIGHTS

1. **Participated in EICMA exhibition in Italy with encouraging feedback;**
2. **Showcased new “lithium battery” based electric scooters and “intelligent electric scooter”;**
3. **New orders from customers in Spain and Korea, and potential new sales opportunity with Domino’s Pizza in Holland;**
4. **New electric scooter model to target B2C customers being developed; and**
5. **Agreement reached with KLD to use KLD’s new electrical system in Vmoto’s electric scooters.**

Vmoto Limited (“Vmoto” or “the Company”) provides the following update on the Company’s activities.

### OPERATIONAL SUMMARY AND MARKET UPDATE

#### *EICMA 2011*

Vmoto recently displayed its electric scooters at one of the world’s largest and most prestigious international motorcycle exhibitions, EICMA (Esposizione Internazionale Ciclo Motociclo e Accessori), held in Milan, Italy in November 2011. Vmoto’s European and International Sales & Marketing team led by Mr Carlos Sotelo and Mr Michael Fulton, participated and coordinated the display of Vmoto’s E-Max electric scooters over the six days of the exhibition. The reaction and feedback from the exhibition was encouraging with a number of new potential customers taking orders for evaluation and discussing distribution agreements for potential larger orders in 2012 and 2013.

Vmoto was one of the largest exhibitors within the Electric Scooter section of the exhibition (see photo below) and was visited by some of its existing customers including TNT Couriers (“TNT”) from Italy and Correos Post (“Correos”) from Spain.



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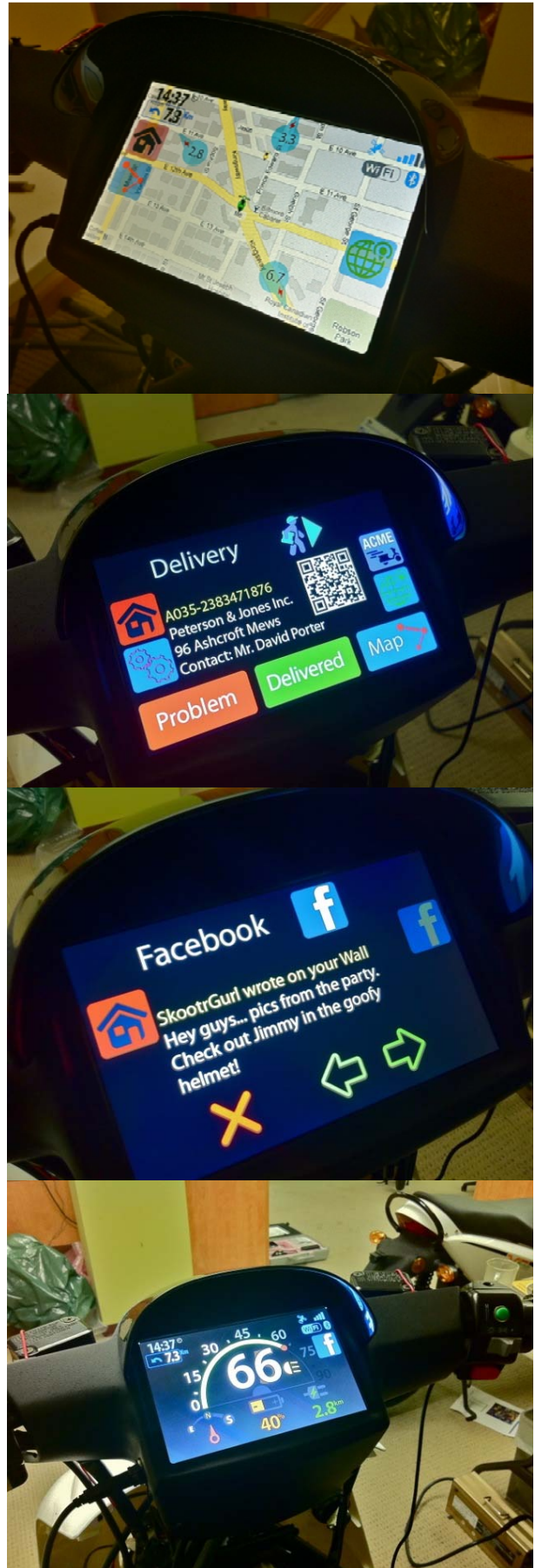
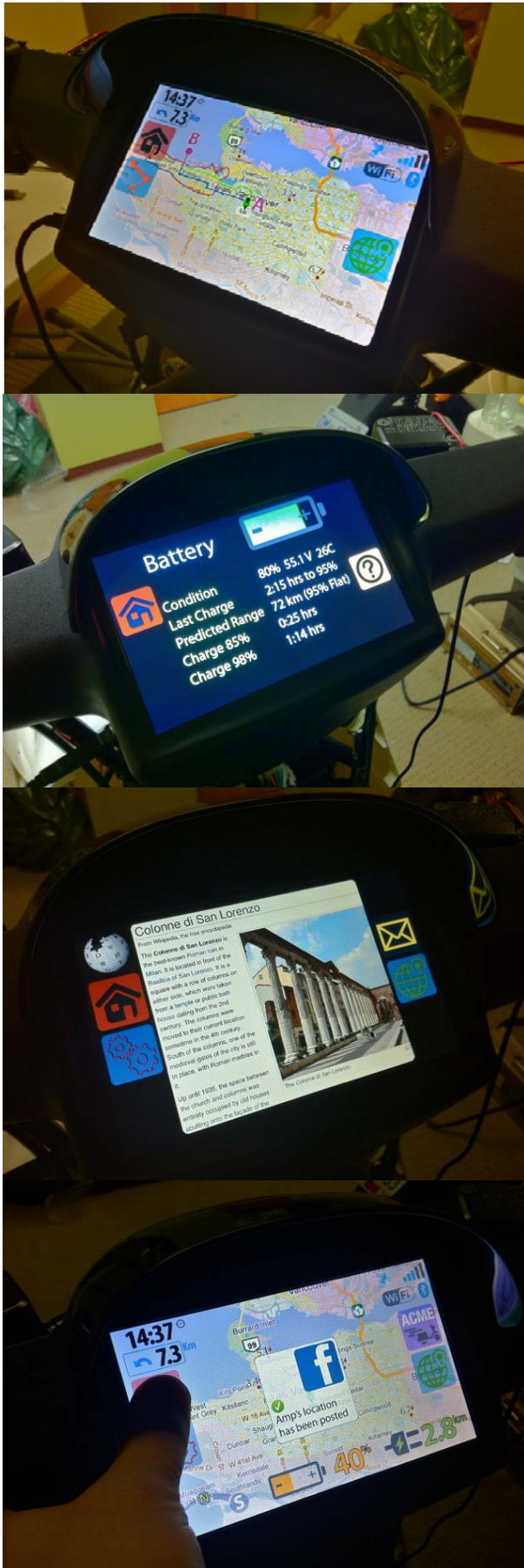
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*Picture: Vmoto booth at EICMA exhibition*

The EICMA exhibition also provided an opportunity for Vmoto to showcase its new “lithium battery” based electric scooter, which can achieve higher speeds and a longer distance range than the existing “silicone battery” electric scooter.

Vmoto also showcased an “intelligent electric scooter” that has an integrated computer system (see photos below) developed by Vmoto’s customer in Canada, Saturna Green Systems Inc (“SGS”). This system is a world first in electric scooters and allows for GPS services including mapping, range estimation and battery maximisation together with the ability to access the internet from the system, which is integrated into the dashboard of the electric scooter.



Pictures: "Intelligent electric scooter" developed by Vmoto's Canadian customer, SGS

### *Current Sales, Orders and New Distributors*

Due to a combination of the distractions of the contentious Annual General Meeting (“AGM”) held on 15 November 2011 and the subsequent Extraordinary General Meeting (“EGM”) on 29 November 2011, combined with the general global economic climate, sales for the December 2011 quarter are anticipated to be lower than the September 2011 quarter. The reduced sales have been countered by a reduction in overheads.

Despite slower physical sales, the pipeline of potential new orders is positive. Vmoto’s Sales & Marketing team have continued to be active following EICMA, highlights of which include:

- Another 130 units of Vmoto’s E-Max 120SD delivery version of electric scooter ordered by Correos;
- Exclusive distribution agreements signed for Denmark and Sweden;
- Opening of discussion with Domino’s Pizza in Holland to trial electric scooters for their fleet following announcement of the Company’s trial with Domino’s Pizza in Australia; and
- The recent new order for 100 units of Vmoto’s petrol scooters for an existing Korean customer.

### *New Electric Scooters Models*

After extensive market research, the Company have committed to developing a new model of electric scooters specifically targeting the B2C customers.

The Company also has reached an agreement with KLD Energy Technologies (“KLD”) to use KLD’s new electrical system in Vmoto’s electric scooters, which will have larger power output and achieve faster speeds, based on the existing technology of both companies.

### *Corporate*

This week the Company is hosting a senior management strategy meeting at the factory in Nanjing. This meeting will be attended by all directors, European based managers, marketing representatives and consultants. The main agenda of the strategy meeting will be to agree a forward plan to enable the Company to maximise the manufacturing and distribution platform for future sales and marketing over the next 12 to 18 months.

During this time, and as part of Vmoto’s continued search for senior experienced executives to help enhance the Company’s management, the board will also be meeting with potential candidates to fulfil specific roles moving forward, as previously committed to following the AGM and EGM.

Further updates on operations and management changes will be announced as and when appropriate.

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