



Vmoto Limited  
ABN 36 098 455 460

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**NOTICE OF ANNUAL GENERAL MEETING**  
**EXPLANATORY STATEMENT**  
**PROXY FORM**

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**Date of Meeting**

16 October 2012

**Time of Meeting**

10.00am (WST)

**Place of Meeting**

The Park Centre, 45 Ventnor Avenue  
WEST PERTH WA 6000

**YOUR ANNUAL REPORT IS AVAILABLE ONLINE, SIMPLY VISIT:**

<http://www.vmotold.com/images/stories/pdf/annualreport2012.pdf>

# NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of Vmoto Limited ABN 36 098 455 460 (**Company**) is to be held on Tuesday 16 October 2012 at The Park Centre, 45 Ventnor Avenue, West Perth, Western Australia, commencing at 10.00am (WST) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

Terms and abbreviations used in this Notice of Annual General Meeting and accompanying Explanatory Statement are defined in the glossary to the Explanatory Statement.

The Explanatory Statement that accompanies and forms part of this Notice describes the matters to be considered at this meeting.

## ORDINARY BUSINESS

### Financial Statements – Year ended 30 June 2012

To receive and consider the annual Financial Statements of the Company for the year ended 30 June 2012 including the Directors' Report and the Auditor's Report as set out in the Company's Annual Report.

### Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, to pass the following Resolution as **an ordinary resolution**:

*“To adopt the Remuneration Report as set out in the Annual Report for the year ended 30 June 2012.”*

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Statement for further details on the consequences of voting on this Resolution.

#### **Voting Exclusion**

The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter<sup>1</sup>. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

### Resolution 2 – Election of Director – Mr Blair Sergeant

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, Mr Blair Sergeant, having been appointed as an additional director of the Company on 18 January 2012, who retires in accordance with clause 13.4 of the Company's Constitution and being eligible and offering himself for election, be elected as a Director of the Company. ”*

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<sup>1</sup> “Restricted Voter” means Key Management Personnel and their Closely Related Parties as defined in the glossary.

**Resolution 3 – Re-Election of Director – Mr Oliver Cairns**

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That, Mr Oliver Cairns, who retires in accordance with clause 13.2 of the Company’s Constitution and, being eligible for re-election, be re-elected as a Director of the Company. “*

**Resolution 4 – Vmoto Limited Employee Share Option Plan**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That pursuant to and in accordance with Exception 9 of Listing Rule 7.2 and for all other purposes, the issue of securities under the employee incentive option scheme for employees and directors known as the “Vmoto Limited Employee Share Option Plan” the rules of which are annexed to the Explanatory Statement accompanying this Notice as Annexure A to the Explanatory Statement, be approved as an exception to Listing Rule 7.1."*

**Voting Exclusion**  
The Company will disregard any votes cast on Resolution 4 by a Director of the Company and any associate of a Director of the Company. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Resolution 5 – Increase in Non-Executive Directors Fees**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of clause 13.7 of the Constitution, Listing Rule 10.17 and all other purposes, the maximum aggregate Directors’ fees payable to the non-executive Directors of the Company be increased from \$200,000 per financial year to \$300,000 per financial year.”*

**Voting Exclusion**  
The Company will disregard any votes cast on Resolution 5 by directors and associates of directors. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.  
  
Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:  
(a) the appointment specifies the way the proxy is to vote on Resolution 5; or  
(b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5.

## Resolution 6 – Approval to Issue up to 350 Million Shares

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of Listing Rule 7.1 and all other purposes, the Company approves the allotment and issue of up to 350 million Shares at an issue price of not less than 80% of the average market price of the Company's Shares on the ASX over the last 5 days on which sales of the Shares are recorded before the date of issue to the parties and on the terms and conditions set out in the Explanatory Statement."*

### **Voting Exclusion**

The Company will disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Resolution 7 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

*"That, for the purpose of Listing Rule 7.1A and all other purposes, the Company approves the allotment and issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."*

### **Voting Exclusion**

The Company will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Resolution 8 – Spill Resolution**

If the outcome of Resolution 1 in this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company is required to put the following resolution to the Meeting.

To consider and, if thought fit, to pass the following Resolution as **an ordinary resolution**:

*“That:*

- (a) a general meeting (**spill meeting**) be held within 90 days of the 2012 AGM; and*
- (b) all the Company’s Directors (other than the Managing Director of the Company) who were Directors of the Company when the resolution to make the Directors’ Report considered at the 2012 AGM was passed, cease to hold office immediately before the end of the spill meeting;*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting pursuant to paragraph (b) above must be put to the vote at the spill meeting.”*

**Voting Exclusion**  
 The Company will disregard any votes cast on Resolution 8 by or on behalf of a Restricted Voter<sup>2</sup>. However, the Company need not disregard a vote if:

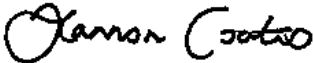
- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

**Other Business**

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

**DATED THIS 12th DAY OF SEPTEMBER 2012**

**BY ORDER OF THE BOARD**



**Shannon Coates**  
*Company Secretary*

<sup>2</sup> “Restricted Voter” means Key Management Personnel and their Closely Related Parties as defined in the glossary.

## How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

## Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

## Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

## Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1, 4, 5 and 8 if the proxy is the Chair of the Meeting and the appointment expressly **authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.**
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.

- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 10am (WST) on 14 October 2012. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - by returning a completed proxy form in person to Ground Floor, 3 Richardson Street, West Perth, Western Australia 6000; or
  - by faxing a completed proxy form to or by fax to (61 8) 9486 1258.

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10am (WST) on 14 October 2012. If facsimile transmission is used, the power of attorney must be certified.

### **Shareholders who are entitled to vote**

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5pm (Perth time) on Sunday 14 October 2012.

## **VMOTO LIMITED**

ABN 36 098 45 460

### **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Vmoto Limited (**Company**).

The Directors recommend shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

Certain terms and abbreviations used in this Explanatory Statement have defined meanings which are explained in the glossary appearing at the end of this Explanatory Statement.

#### **FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 2012**

The first item of the Notice of Annual General Meeting deals with the consolidated Annual Financial Report of the Company for the financial year ended 30 June 2012 together with the Directors' Declaration and Report in relation to that financial year and the Auditor's Report on those Financial Statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent Audit Report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the Auditor in relation to the conduct of the audit.

#### **RESOLUTION 1 - REMUNERATION REPORT**

The Directors' Report for the year ended 30 June 2012 contains a Remuneration Report which sets out the policy for the remuneration of the Directors and executives of the Company. In accordance with section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed in the Company's 2012 Annual Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's 2012 Annual Report and is also available on the Company's website at:

<http://www.vmotoltd.com/images/stories/pdf/annualreport2012.pdf>



Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the 2011 AGM, and then again at the 2012 AGM, the Company will be required to put a resolution to the 2012 AGM, to approve calling an extraordinary general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2012 AGM. All of the Directors who were in office when the 2012 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

At the Company's 2011 AGM, over 25% of the votes cast were against the adoption of the Remuneration Report. If at least 25% of the votes cast are against the adoption of the Remuneration Report at the 2012 AGM, Resolution 8 will be required to be put to the 2012 AGM.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

## **RESOLUTION 2 - ELECTION OF DIRECTOR - MR BLAIR SERGEANT**

Clause 13.4 of the Constitution states that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr Sergeant was appointed to the Board on 18 January 2012 to act as non-executive Director. In accordance with clause 13.4 of the Constitution, Mr Sergeant now seeks re-election as a Director at this Annual General Meeting.

Mr Sergeant is a former director of Vmoto and was instrumental in the Company being acquired by the then Optima Corporation Limited in 2006. Mr Sergeant holds a Bachelor of Business and a Post Graduate Diploma in Corporate Administration, both from Curtin University, Western Australia. He is a member of the Chartered Institute of Company Secretaries and an Associate of the Australian Society of Certified Practising Accountants. Mr Sergeant's experience includes senior management and executive positions with numerous listed public companies across a broad spectrum of industry internationally. He is currently Managing Director of ASX listed Lemur Resources Limited.

### *Directors' Recommendation*

The Board (other than Mr Sergeant) recommends shareholders vote in favour of the Resolution.

### **RESOLUTION 3 - ELECTION OF DIRECTOR - MR OLLY CAIRNS**

Mr Cairns retires by rotation in accordance with clause 13.2 of the Company's Constitution and, being eligible, offers himself for re-election.

Mr Cairns has over 12 years experience in the small-mid cap corporate and capital markets space, having joined Blue Oar Securities Plc (now Northland Capital) in July 1999, and was a corporate financier and Nominated Adviser for AIM companies in London for over 8 years. In London, he was responsible for floating and advising several resources and industrial companies before relocating to Perth in June 2007.

In May 2009, Mr Cairns set up Pursuit Capital, a corporate advisory and investment house, which is focused on long term corporate, capital and strategic involvement with junior international companies.

#### *Directors' Recommendation*

The Board (other than Mr Cairns) recommends shareholders vote in favour of the Resolution.

### **RESOLUTION 4 - VMOTO LIMITED EMPLOYEE SHARE OPTION PLAN**

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for Options to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and accordingly on 9 August 2011, the Board adopted a scheme called the Vmoto Limited Employee Share Option Plan ("ESOP") The ESOP was subsequently amended on 7 October 2011 to delete any reference to contractors as being eligible to participate in the ESOP.

The ESOP is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company. The ESOP is an incentive scheme, the purpose of which is to give eligible persons an opportunity, in the form of Options, to subscribe for Shares in the Company. An "eligible person" is defined in the ESOP to include a person who is at the time of an offer under the ESOP, a full or part time employee or director to the Company or an associated body corporate of the Company. Prior shareholder approval will be required before a Director or related party of the Company can participate in an issue of Options under the ESOP.

The Terms and Conditions of the ESOP are set out in Annexure A to this Explanatory Statement.

Shareholder approval is required if any issue of Employee Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which

provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years after the date of approval.

Under the ESOP, the Board may offer to eligible persons the opportunity to subscribe for such number of Options in the Company as the Board may decide and on the terms set out in the rules of the ESOP, which are contained in Annexure A to this Explanatory Statement. Options granted under the ESOP will be offered to participants in the ESOP on the basis of the Board's view of the contribution of the eligible person to the Company.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

1. the rules of the ESOP are attached as Annexure A to this Explanatory Statement;
2. 8,500,000 Options have previously been issued under the ESOP (as ratified by Shareholders on 28 November 2011); and
3. a voting exclusion statement has been included for the purposes of Resolution 4.

#### ***Directors' Recommendation***

The Board recommends that shareholders vote in favour of this resolution as the ESOP will enable the Company to retain and attract skilled and experienced employees and officers to provide them with the motivation to make the Company more successful.

#### **RESOLUTION 5 - INCREASE IN NON EXECUTIVE DIRECTORS' FEES**

Listing Rule 10.17 provides that an entity must not increase the total amount of Director's fees payable by it or any of its child entities without the approval of holders of its ordinary securities. The rule does not apply to the salary of an executive Director. This requirement is also reflected in clause 13.7 of the Constitution.

Resolution 5 seeks shareholder approval for the purposes of Listing Rule 10.17 and for all other purposes, for the Company to be authorised to increase the maximum aggregate limit of fees that can be paid to non-executive Directors per financial year by \$100,000 from \$200,000 per financial year to \$300,000 per financial year.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for Non-Executive Directors for the following reasons, the Board believes that the current maximum aggregate limit of \$200,000 per financial year will not be adequate to retain existing, or to provide the flexibility to appoint any additional, qualified and experienced non-executive directors should it consider this to be in the best interests of the Company at some future time.

By Resolution 5, the Company seeks Shareholder approval to increase the total non-executive Directors' fees payable per annum and, in accordance with the requirements of Listing Rule 10.17, provides the following information:

- (a) the amount of the proposed increase in the total amount of non-executive Directors' remuneration is \$100,000;
- (b) the total amount payable to the non-executive Directors of the Company, if Shareholder approval is given, will increase from \$200,000 per annum to \$300,000 per annum; and

- (c) the Board considers that the total amount payable to the non-executive Directors of the Company in Board fees is reasonable and commensurate with the role of a director of a publicly listed company, having regard to the duties and responsibilities of the position.

It is not intended to fully utilise the increased aggregate fees in the immediate future.

The remuneration of each Director for the year ended 30 June 2012 is detailed in the Company's Annual Report.

## **RESOLUTION 6 - APPROVAL TO ISSUE UP TO 350 MILLION SHARES**

Resolution 6 seeks Shareholder approval to issue a maximum of 350 million Shares at an issue price of not less than 80% of the average closing price of the Company's Shares on the ASX on the 5 trading days on which sales are recorded immediately preceding the date of issue to sophisticated and professional investors.

Listing Rule 7.1 broadly provides, subject to certain exceptions (none of which are applicable in this instance), that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue. As the Shares proposed to be issued under Resolution 6 will exceed 15% of the Company's existing issued securities, the Company now seeks approval under Listing Rule 7.1 to issue the Shares under Resolution 6.

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Shares the Company can issue is 350 million;
- (b) the Company will allot and issue the Shares no later than 3 months after the date of the Meeting;
- (c) the Shares will be allotted progressively as and when allottees are identified;
- (d) the Shares will be issued at a price not less than 80% of the average of the closing sale price of Shares on the ASX on the 5 trading days on which sales are recorded immediately preceding the date of issue;
- (e) the Shares will be issued and allotted to sophisticated and professional investors to be determined by the Directors. No decision has, as yet, been made by the Directors in respect of determining the identity of the allottees, save that the allottees will be unrelated parties of the Company;
- (f) the Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue; and
- (g) the Directors currently intend that the funds raised from the issue of the Shares under Resolution 6 will be used to expand the Company's product range; improve quality control, marketing and after sales service; purchase electrical fixed assets for the Nanjing manufacturing facility; purchase inventory required for the Strategic Co-operation Agreement with PowerEagle, as announced on 3 July 2012; secure additional labour and meet recruitment, relocation and training costs; meet costs of the issue and for general working capital purposes.

### *Directors' Recommendation*

The Board recommends Shareholders vote in favour of Resolution 6.

## **RESOLUTION 7 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

### *Background*

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity that is not included in the S&P/ASX 300 Index. The Company is an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

The Company is putting Resolution 7 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards general working capital.

### *Listing Rule 7.1A*

The effect of Resolution 7 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has Shares and Listed Options on issue.

Based on the number of Shares on issue at the date of this Notice and assuming the Shares the subject of Resolution 6 are issued, the Company will have 1,070,942,056 Shares on issue and therefore, subject to Shareholder approval being sought under Resolution 7, 107,094,205 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Resolution 7 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

### *Specific information required by Listing Rule 7.3A*

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the **maximum** number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable "A" is at its current level and assuming the Shares the subject of Resolution 6 are issued (being 350 million Shares), and where variable "A" has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 4 September 2012, being \$0.015, (**current market price**), where the issue price is halved, and where it is doubled; and
- (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0075 Issue Price at half the current market price	\$0.015 Issue Price at current market price	\$0.03 Issue Price at double the current market price
Current Variable A 1,070,942,056 Shares	Shares issued	107,094,205	107,094,205	107,094,205
	Funds raised	\$803,207	\$1,606,413	\$3,212,826
	Dilution	10%	10%	10%
50% increase in current Variable A 1,606,413,084 Shares	Shares issued	160,641,308	160,641,308	160,641,308
	Funds raised	\$1,204,810	\$2,409,620	\$4,819,239
	Dilution	10%	10%	10%
100% increase in	Shares issued	214,188,411	214,188,411	214,188,411

current variable A 2,141,884,112 Shares	Funds raised	\$1,606,413	\$3,212,826	\$6,425,652
	Dilution	10%	10%	10%

**Note: this table assumes:**

- (i) No Options are exercised before the date of the issue of the Equity Securities;
  - (ii) The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised.
- (c) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting; and
  - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),
- or such longer period if allowed by ASX (**Additional Placement Period**).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds for general working capital purposes; or
  - (ii) non-cash consideration for the acquisition of new assets in the electric vehicle sector. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's does not yet have an allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The allocation policy will be determined having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of the following matters:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
  - (ii) the dilutionary effect of the proposed of the issue of the Equity Securities on existing Shareholders at the time of proposed issued of Equity Securities;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but will not include not related parties (or their associates) of the Company.

- (f) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, and therefore no Shareholder will be excluded from voting on Resolution 7.

#### *Directors' Recommendation*

The Board recommends Shareholders vote in favour of Resolution 7.

#### **RESOLUTION 8 - SPILL RESOLUTION**

As set out above in the explanatory statement relating to Resolution 1, the Directors' Report for the year ended 30 June 2012 contains a Remuneration Report which sets out the policy for the remuneration of the Directors and executives of the Company. In accordance with section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed in the Company's 2012 Annual Report.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the 2011 AGM, and then again at the 2012 AGM, the Company will be required to put this Resolution 8 to the 2012 AGM, to approve calling an extraordinary general meeting (**spill resolution**).

At the Company's 2011 AGM, over 25% of the votes cast were against the adoption of the Remuneration Report. If the outcome of Resolution 1 in this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company is required to put the spill resolution to the 2012 AGM.

If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2012 AGM. All of the Directors who were in office when the 2012 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting. Following the spill meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company.

As a public company is required to have a minimum of three directors, the Corporations Act includes a mechanism to ensure that the Company will have at least three directors (including the Managing Director) after the spill meeting. If at the spill meeting, three directors are not appointed by ordinary resolution, the persons taken to be appointed are those with the highest percentage of votes favouring their appointment cast at the spill meeting on the resolution for their appointment (even if less than half the votes cast on the resolution were in favour of their appointment).



## **Voting**

With respect to the voting exclusions that apply to Resolutions 1, 4, 5 and 8 in the terms set out in the Notice of Meeting, the directors and other Restricted Voters may not vote on these Resolutions and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

As all Directors are excluded from voting on this Resolution, no recommendation is made.

## GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

"**2011 AGM**" means the annual general meeting of the Company held on 15 November 2011;

"**2012 AGM**" means the annual general meeting of the Company convened by this Notice;

"**Accounting Standards**" has the meaning given to that term in the Corporations Act;

"**Additional 10% Placement Capacity**" has the meaning set out on page 13;

"**Additional Placement Period**" has the meaning set out on page 16;

"**Annual General Meeting**" means the annual general meeting the subject of the Notice;

"**Annual Report**" means the annual report of the Company for the year ended 30 June 2012;

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Board**" means the board of Directors;

"**Closely related party**" has the meaning given to that term in the Corporations Act;

"**Company**" means Vmoto Limited ABN 36 098 455 460;

"**Constitution**" means the constitution of the Company;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Director**" means a director of the Company;

"**Equity Securities**" has the same meaning as in the Listing Rules.

"**Explanatory Statement**" means this Explanatory Statement accompanying the Notice;

"**Key Management Personnel**" has the meaning given to that term in the Accounting Standards;

"**ESOP**" means the Vmoto Employee Share Option Plan annexed hereto as Annexure A;

"**Listed Options**" means the Company's listed Options, each Option having an exercise price of \$0.04 and an expiry date of 31 December 2014;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Meeting**" means the annual general meeting the subject of this Notice;

"**Notice**" or "**Notice of Meeting**" means the notice of annual general meeting accompanying this Explanatory Statement;

"**Option**" means an option to acquire a Share;

"**Restricted Voter**" means Key Management Personnel and their Closely Related Parties;

"**Resolution**" means a resolution the subject of the Notice;

"**Share**" means an ordinary fully paid share in the capital of the Company;

"**Trading Day**" means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

"**WST**" means Australian Western Standard Time.

**ANNEXURE A**

**VMOTO LIMITED  
ACN 098 455 460**

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**RULES OF EMPLOYEE SHARE OPTION PLAN**

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# **RULES OF EMPLOYEE SHARE OPTION PLAN**

## **VMOTO LIMITED**

ACN 098 455 460

### **1. NAME OF PLAN**

1.1 This Plan shall be called the Vmoto Employee Share Option Plan.

### **2. ESTABLISHMENT AND TERMINATION OF THE PLAN**

2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.

2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.

2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

### **3. PURPOSE OF PLAN**

3.1 The purpose of this Plan is to:

- (a) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
- (b) provide an incentive to the employees of the Company to remain in their employment in the long term;
- (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
- (d) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

### **4. OPERATION OF THE PLAN**

4.1 The Plan operates according to these Rules which bind the Company and each Participant.

4.2 The number of Shares to be received on exercise of the Options the subject of an Offer when aggregated with:

- (a) the number of Shares which would be issued were each outstanding offer or Option, being an offer made or Option acquired pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company, exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company,

but disregarding any offer made, or Option acquired or Share issued by way of or as a result of:

- (c) an offer to a person situated at the time of receipt of the Offer outside Australia; or
- (d) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (e) an offer made under a disclosure document,

must not exceed 5% of the total number of issued Shares as at the time of the Offer.

## **5. ELIGIBILITY**

5.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:

- (a) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- (b) the length of service of the Eligible Person with the Company;
- (c) the record of employment of the Eligible Person with the Company;
- (d) the potential contribution of the Eligible Person to the growth of the Company;
- (e) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- (f) any other matters which the Board considers relevant.

5.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

## 6. OFFER OF OPTIONS AND EXERCISE PRICE

6.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each Offer must state:

- (a) the name and address of the Eligible Person to whom the Offer is made;
- (b) that the Eligible Person to whom the Offer is addressed may accept the whole or any lesser number of Options offered;
- (c) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
- (d) the period within which the Offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date;
- (e) the method of calculation of the Exercise Price;
- (f) any Exercise Conditions; and
- (g) any other matters which the Board may determine.

6.2 The method of calculation of the Exercise Price of each Option will be determined by the Board with regard to the Market Value of the Shares when it resolves to offer the Option.

## 7. ACCEPTING OFFERS

7.1 Upon receipt of an Offer, an Eligible Person may, within the period specified in the Offer:

- (a) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
- (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the Offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an Offer in favour of a nominee without giving any reason for such decision.

7.2 Upon:

- (a) receipt of the Application Form referred to in paragraph 7.1(a); or
- (b) the Board resolving to allow a renunciation of an Offer in favour of a nominee ("**Permitted Nominee**") and the Permitted Nominee accepting the whole or any lesser number of Options offered by giving the Company an Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.

7.3 If Options are issued to a Permitted Nominee or an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

7.4 On the issue of Options following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

## **8. NO CONSIDERATION**

8.1 No consideration is payable by an Eligible Person for a grant of an Option, unless the Board decides otherwise.

## **9. CERTIFICATES**

9.1 The Company must give a Participant one or more Certificates stating:

- (a) the number of Options issued to the Participant;
- (b) the Exercise Price of those Options; and
- (c) the Issue Date of those Options.

9.2 The Certificates for the Options will be dispatched within 10 Business Days after the Issue Date.

## **10. QUOTATION**

10.1 The Company will not apply for Official Quotation of any Options.

10.2 If shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.

## **11. NOT TRANSFERABLE**

11.1 Subject to clause 7, Options are not transferable.

## **12. EXERCISE OF OPTIONS**

12.1 Subject to any Exercise Conditions, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.

12.2 Notwithstanding paragraph 12.1, all Options may be exercised:



- (a) during a Bid Period; or
- (b) at any time after a Change of Control Event has occurred; or
- (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

12.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:

- (a) the Certificate for those Options, for cancellation by the Company; and
- (b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount referred to in paragraph (b).

12.4 Subject to paragraph 14.4, within 10 Business Days after the notice referred to in clause 12.3 becoming effective, the Board must:

- (a) allot and issue the number of Shares to be issued in respect of the Options being exercised;
- (b) cancel the Certificate for the Options being exercised; and
- (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

12.5 The Board may, at its discretion, by notice to the Participant reduce, waive or vary (provided such variation is not adverse to the Participant) the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case.

### **13. SHARES ALLOTTED ON EXERCISE OF OPTIONS**

13.1 All Shares allotted upon exercise of the Options rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:

- (a) dividends declared by the Company after the date of allotment; and
- (b) all issues of securities made or offered *pro rata* to holders of Shares.

## 14. LAPSE OF OPTIONS

- 14.1 Options not validly exercised on or before the Expiry Date will automatically lapse
- 14.2 Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and, prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Eligible Person ceases to be an Eligible Person for any reason, including a Specified Reason, then any such Options held by such Eligible Person, or if appropriate, his or her Permitted Nominee, will automatically lapse.
- 14.3 Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option is or has become exercisable, then:
- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, then any such Options held by such Eligible Person, or if appropriate, his or her Permitted Nominee, will automatically lapse; and
  - (b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee is entitled to exercise any such Option within 3 months of ceasing to be an Eligible Person.
- 14.4 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.
- 14.5 Subject to clause 14.2, if at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's Legal Personal Representative may:
- (a) elect to be registered as the new Holder of the deceased Holder's Options;
  - (b) whether or not he or she becomes so registered, exercise those Options in accordance with and subject to these Rules as if he were the Holder of them; and
  - (c) if the deceased Holder had already given the Company a notice of exercise of his or her Options, pay the Exercise Price in respect of those Options.

## **15. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES, REORGANISATIONS OF CAPITAL AND WINDING UP**

### **15.1 New Issues**

- (a) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
  - (i) they have become entitled to exercise their Options under the Plan; and
  - (ii) they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.
- (b) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

### **15.2 Bonus Issues**

If there is a bonus issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

### **15.3 Pro Rata Issues**

There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options.

### **15.4 Reorganisation of Capital**

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

### **15.5 Winding Up**

If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give

written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options.

#### **15.6 Fractions of Shares**

For the purpose of this clause 15, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

#### **15.7 Calculations and Adjustments**

Any calculations or adjustments which are required to be made under this clause will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

#### **15.8 Notice of Change**

The Company must within a reasonable period give to each Participant notice of any change under clause 15 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

### **16. AMENDMENTS TO THE RULES**

16.1 Subject to:

- (a) any adjustment made under clause 15;
- (b) clause 16.2; and
- (c) clause 16.3

the Board may amend all or any of the provisions of the Plan except that the definition of "Exercise Price", clauses 4.2, 15 and this clause 16 and the rights attaching to Shares allotted under the Plan referred to in clause 10.1 or transferred may not be amended to the advantage of a Participant without the prior approval by ordinary resolution of the members of the Company in general meeting.

16.2 Clause 16.1 does not apply to any amendment which:

- (a) is necessary to take account of a change in legislation or to obtain or maintain favourable taxation, exchange control or regulatory treatment of the Company, any Subsidiary or any Participant; or
- (b) is a minor amendment which is necessary or desirable to benefit or facilitate the administration of the Plan.

16.3 No amendment must be made under clause 16.1 which would prejudice the subsisting rights of existing Participants in any manner unless it is made:

- (a) with the prior written consent of existing Participants entitled to exercise Options in respect of at least three-quarters of the total number of Shares over which Options subsist; or
- (b) by a resolution at a meeting of such Participants passed by not less than three-quarters of the Participants who attend and vote either in person or by proxy

and for the purposes of this clause 16.3 the Participants will be treated as the holders of a separate class of share capital and the provisions of the Constitution of the Company relating to class meetings will apply with the changes which are necessary to apply the provisions.

#### **16.4 Eligible Persons Outside Australia**

The Board may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan and the specific application of the Rules, to Eligible Persons residing outside Australia but so that the terms of Options granted to such Eligible Persons are not overall more favourable than the terms of Options granted to other Eligible Persons.

### **17. POWERS OF THE BOARD**

17.1 The Plan shall be administered by the Board who shall have the power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;
- (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- (f) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and

- (g) make regulations for the operation of the Plan consistent with these Rules.

## **18. NOTICES**

18.1 Notices may be given by the Company to any Holder either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause shall not be deemed to be served on the Company until actually received.

## **19. NO COMPENSATION OR DAMAGES**

19.1 The rights and obligations of any Holder under the terms of his or her employment with the Company are not affected by his or her participation in the Plan.

19.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.

19.3 No Holder has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.

19.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.

## **20. GOVERNING LAW**

20.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.

20.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and courts entitled to hear appeals from those courts.

## **21. ADVICE**

21.1 Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

## 22. DEFINITIONS AND INTERPRETATION

22.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"**Application Form**" means a duly completed and executed application for the issue of Options made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Bid Period**", in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

"**Board**" means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

"**Business Day**" means a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday;

"**Certificate**" means the certificate issued in accordance with clause by the Company to a Holder in respect of an Option;

"**Change of Control Event**" means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board;

"**Company**" means Vmoto Limited;

"**Corporations Act**" means *Corporations Act 2001 (Cth)*;

"**Director**" means a director of the Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

"**Eligible Person**" means at any time a person who then is a Director or employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

"**Exercise Condition**" means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;

"**Exercise Price**" means, in respect of an Option, the subscription price per Share, determined in accordance with clause 6.2, payable by a Holder on exercise of the Option;

**"Expiry Date"** means, in relation to an Option, the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the Issue Date;

**"Holder"** means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company's register of options as the holder of that Option;

**"Issue Date"** means, in relation to an Option, the date on which the Company grants that Option;

**"Legal Personal Representative"** means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

**"Listing Rules"** means the Official Listing Rules of ASX as they apply to the Company from time to time;

**"Market Value"** means, if the Company is admitted to the official list of ASX:

- (a) the weighted average closing sale price of the Shares recorded on the stock market of ASX over the five trading days immediately preceding the day on which the Board resolves to offer an Option; or
- (b) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX;

**"Offer"** means an invitation to an Eligible Person made by the Company under clause 6 to apply for an issue of Options;

**"Official Quotation"** has the meaning ascribed to it in the Listing Rules;

**"Option"** means an option issued under the Plan to subscribe for a Share;

**"Participant"** means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

**"Permitted Nominee"** has the meaning given to it by clause 7.2;

**"Plan"** means the Vmoto Employee Share Option Plan established in accordance with these Rules;

**"Redundancy"** means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or



disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

**"Retirement"** means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

**"Rules"** means these rules, as amended from time to time;

**"Series"** means, in relation to Options, Options with a common Issue Date;

**"Shares"** means fully paid ordinary shares in the capital of the Company;

**"Specified Reason"** means Retirement, Total and Permanent Disablement, Redundancy or death;

**"Tax"** means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing; and

**"Total and Permanent Disablement"** means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

22.2 In these Rules, unless a contrary intention appears:

- (a) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a gender includes all genders; and
- (d) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.



ABN 36 098 455 460

### Lodge your vote:

**By Mail:**

Ground Floor,  
3 Richardson Street,  
West Perth, WA 6005

Alternatively you can fax your form to  
(within Australia) 08 9486 1258  
(outside Australia) +61 8 9486 1258

**For all enquiries call:**

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000



## Proxy Form

**For your vote to be effective it must be received by 10:00 am (WST) Sunday 14 October 2012**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View the annual report, 24 hours a day, 7 days a week:

[www.vmotold.com/images/stories/pdf/annualreport2012.pdf](http://www.vmotold.com/images/stories/pdf/annualreport2012.pdf)

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

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

SRN/HIN: I999999999



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Vmoto Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Vmoto Limited to be held at The Park Centre, 45 Ventnor Avenue, West Perth, WA on Tuesday 16 October 2012 at 10:00 am and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1, 4, 5 and 8** (except where I/we have indicated a different voting intention below) even though **Items 1, 4, 5 and 8** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** For **Items 4 and 5**, this express authority is also subject to you marking the box in the section below.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Item 8 where the Chairman of the Meeting will be voting against.**

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 1, 4, 5 and 8** by marking the appropriate box in step 2 below.

**Important for Items 4 and 5:** If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on **Items 4 and 5** below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on **Items 4 and 5**, the Chairman of the Meeting will not cast your votes on **Items 4 and 5** and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of **Items 4 and 5** of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of **Items 4 and 5** and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Item 1	Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 5	Increase in Non-Executive Directors Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Election of Director - Mr Blair Sergeant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 6	Approval to Issue up to 350 Million Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-Election of Director - Mr Oliver Cairns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 7	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Vmoto Limited Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 8	Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_