



## **VMOTO LIMITED**

**ACN 098 455 460**

## **PROSPECTUS**

For the pro-rata non-renounceable rights issue to Eligible Shareholders of up to approximately 317,669,332 New Shares on the basis of 1 New Share for every 2 Shares held on the Record Date, at an issue price of \$0.012 per New Share and a free attaching New Option (with an exercise price of \$0.04 and an expiry date of 31 December 2014) for every New Share issued for the purpose of raising up to approximately \$3,812,032 before expenses.

**THE RIGHTS ISSUE CLOSSES AT 5.00 PM AWST ON 14 MAY 2012.**

### **IMPORTANT NOTICE**

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course you should follow, you should consult your stockbroker, accountant or professional adviser.

Investment in securities offered by this Prospectus should be considered speculative.

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Charles Chen – Managing Director  
Olly Cairns – Non Executive Director  
Blair Sergeant – Non Executive Director  
Kaijian Chen – Non Executive Director

### **SECRETARY**

Shannon Coates

### **REGISTERED AND PRINCIPAL OFFICE**

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WEST PERTH WA 6005

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

### **SOLICITORS**

Gilbert + Tobin  
1202 Hay Street  
WEST PERTH WA 6005

### **AUDITORS**

Deloitte Touche Tohmatsu  
Level 14, Woodside Plaza  
240 George's Terrace  
PERTH WA 6000

### **SHARE REGISTRY**

Computershare Investor Services Pty Limited  
Level 2, 45 St George's Terrace  
PERTH WA 6000

Telephone: +61 8 9323 2000  
Facsimile: +61 8 9323 2033  
Email: [perth.services@computershare.com.au](mailto:perth.services@computershare.com.au)  
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PERTH WA 6840

### **ASX CODE**

VMT

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## IMPORTANT NOTES AND STATEMENTS

This Prospectus is dated 5 April 2012. A copy of this Prospectus was lodged with the ASIC on 5 April 2012. Neither the ASIC nor the ASX take any responsibility for the contents of this Prospectus. No New Shares and free attaching New Options will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. New Shares and free attaching New Options issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The Company will apply for the New Shares and free attaching New Options offered pursuant to this Prospectus to be listed on ASX. An application for New Shares and free attaching New Options will only be accepted on the "Entitlement and Acceptance Form" accompanying this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. No person is authorised to give any information or to make any representation in connection with the Rights Issue described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

Shareholders should read this Prospectus in its entirety and, if in doubt, should consult their professional advisers before deciding whether to accept their Entitlements.

### Summary of Important Dates\*

Announcement of Rights Issue	5 April 2012
Prospectus lodged at ASIC and ASX	5 April 2012
Lodgement of Appendix 3B with ASX	5 April 2012
Notice containing information required by Appendix 3B sent to Shareholders	5 April 2012
"Ex" Date (date Shares are quoted ex-rights)	19 April 2012
Record Date to determine Entitlements	26 April 2012
Prospectus with Entitlement and Acceptance Form despatched to Shareholders	30 April 2012
Opening Date	30 April 2012
Closing Date for acceptance and receipt of applications under the Rights Issue	14 May 2012
New Shares quoted on a deferred settlement basis	15 May 2012
Notification to ASX of under-subscriptions	17 May 2012
Allotment date with respect to New Shares and New Options	22 May 2012
Despatch of holding statements	22 May 2012
Date of quotation of New Shares issued under the Rights Issue	22 May 2012

\* These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice, subject to the Listing Rules.

\* The Directors may extend the Closing Date by giving at least six Business Days notice to ASX prior to the Closing Date. As such, the date the New Shares are expected to commence trading on ASX may vary.

### **Key Definitions**

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 6 of this Prospectus.

## MANAGING DIRECTOR'S LETTER

Dear Shareholder

It is with pleasure that I invite you to participate in this pro-rata non-renounceable Rights Issue to Eligible Shareholders of up to approximately 317,669,332 New Shares on the basis of 1 New Share for every 2 Shares held on the Record Date, at an issue price of \$0.012 per New Share and a free attaching New Option (with an exercise price of \$0.04 and an expiry date of 31 December 2014) for every New Share issued, to raise up to approximately \$3,812,032 before expenses.

As Shareholders will have noted from our previous announcements, the Company is going through an extremely busy period as it looks to cement its position within the burgeoning electric scooter market. Key areas to note are:

- Our sales pipeline continues to expand globally;
- Marketing to significant B2B customers continues to expand globally;
- New electric scooter models have been launched and are being developed;
- We are seeking to establish our own dealer distribution network in Europe;
- We are evaluating the merits of establishing a battery rental business in Europe; and
- We are seeking to expand operations into the huge Chinese domestic market.

Taking these operational and marketing highlights into account we believe it is prudent to increase our cash position.

Given where the Share price of the Company is, it is only fair that all Shareholders are given the right to participate in the fundraising at a time when the electric scooter market will, we believe, only continue to grow.

The funds raised by the Rights Issue will be applied, with existing funds and after meeting the expenses of the Rights Issue, towards expansion of our product range, implementing improved quality control measures, marketing and improving after sales service, Stage 2 manufacturing facility, purchasing electrical fixed assets and working capital.

Full details of the Offer to participate in this opportunity are included in this Prospectus, which I encourage you to read carefully.

On behalf of the Board of Vmoto Limited, I thank you for your continued support of the Company.



**CHARLES CHEN**

**MANAGING DIRECTOR**

## Section 1 DETAILS OF THE RIGHTS ISSUE

### 1.1 Rights Issue

This Prospectus invites Eligible Shareholders to participate in a pro-rata non-renounceable Rights Issue of up to approximately 317,669,332 fully paid ordinary New Shares in the capital of the Company on the basis of 1 New Share for every 2 Shares held at 5.00pm (AWST) on the Record Date of 26 April 2012, at an issue price of \$0.012 per New Share and a free attaching New Option (with an exercise price of \$0.04 and an expiry date of 31 December 2014) for every New Share issued, for the purpose of raising up to approximately \$3,812,032 less expenses of the Rights Issue.

Any fractional entitlements will be rounded down to the nearest whole number in calculating each Eligible Shareholder's entitlement to New Shares.

As at the date of this Prospectus, 635,338,665 Shares and 24,741,527 Options are on issue.

### 1.2 Purpose of the Rights Issue

The purpose of the Rights Issue is to apply the funds raised, with existing funds and after meeting the expenses of the Rights Issue, towards working capital.

The anticipated application of funds raised from the Rights Issue is summarised below:

Description	Use of Funds (\$)
Expansion of Product Range	800,000
Improving Quality Control	500,000
Marketing and After Sales Service	850,000
Stage 2 Manufacturing Facility (Nanjing)	500,000
Electrical Fixed Assets	400,000
Costs of Issue	52,000
General Working Capital	710,032
<b>TOTAL FUNDS</b>	<b>3,812,032</b>

It is anticipated that these funds will be applied over the next 12 months. The above proposed use of funds is subject to ongoing review and evaluation by the Company and the actual use of funds raised under the Rights Issue may change depending on the outcome of the programs as they proceed.

To the extent that the funds raised under this Prospectus are insufficient to meet the Company's proposed use of funds as described above, funds raised will be applied in the following order of priority:

1. Costs of Issue
2. Expansion of Product Range
3. Improving Quality Control
4. Electrical Fixed Assets

5. Stage 2 Manufacturing Facility
6. Marketing and After Sales Service
7. Working Capital

Further, the Company has an operating facility, as announced on 29 April 2011 and 10 May 2011, of which A\$1.6 million is currently available for draw down, that can be applied toward the Company's objectives. The Company will also consider alternate forms of financing if required.

The proposed uses of funds are not committed and in the event the Company does not secure any funds under the Prospectus, the Company intends to apply the A\$1.6 million available under the operating facility towards the costs of the issue, expansion of product range and improving quality control, with the balance towards working capital.

### 1.3 **No Rights Trading**

Entitlements to New Shares pursuant to the Rights Issue are non-renounceable and accordingly Eligible Shareholders may not dispose of or trade any part of their Entitlement.

### 1.4 **Minimum Subscription**

There is no minimum subscription in respect of the Offer.

### 1.5 **Opening and Closing Dates**

The Rights Issue will open for receipt of acceptances at 9.00am AWST on 30 April 2012 and will close at 5.00pm AWST on 14 May 2012, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 6 Business Days prior to the Closing Date.

### 1.6 **Underwriting**

The Rights Issue is not underwritten.

### 1.7 **Entitlements and Acceptance**

The number of New Shares and free attaching New Options to which you are entitled (**Entitlement**) is shown in the accompanying Entitlement and Acceptance Form.

In determining Entitlements, any fractional entitlement will be rounded up to the nearest whole number.

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
  - (i) pay the amount indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (AWST) on the Closing Date; or
  - (ii) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form;



- (b) if you only wish to accept part of your Entitlement:
  - (i) pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (AWST) on the Closing Date; or
  - (ii) fill in the number of Securities you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application monies (at \$0.012 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Vmoto Limited Share Account" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must be mailed to:

Computershare Investor Services Pty Limited  
GPO Box 505  
MELBOURNE VIC 3001

and received by no later than 5.00pm (AWST) on the Closing Date.

If you choose to pay via BPAY® you are not required to submit your Entitlement and Acceptance Form. Your payment will not be accepted after 3.00pm (AWST) on the Closing Date and no New Shares will be issued to you in respect of that application.

If you have multiple holdings you will have multiple BPAY reference numbers. To ensure you receive your New Shares or free attaching New Options in respect of that holding, you must use the specific biller code and the customer reference number shown on each personalised Application Form when paying for any New Shares or free attaching New Options that you wish to apply for in respect of that holding. If you inadvertently use the same Customer Reference Number for more than one of your applications, you will be deemed to have applied only for the application to which that Customer Reference Number applies and any excess amount will be refunded.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

The Offer to Shareholders is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

### ***Non-Acceptance of Entitlement***

If you do not wish to take up any part of your Entitlement under the Rights Issue, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the New Shares and free attaching New Options not accepted will be dealt with in accordance with Sections 1.8 and 1.9.

If Eligible Shareholders do not take up their entitlement, their existing interest in the Company will be diluted.

### ***Taxation Implications***

Shareholders should obtain independent advice on the taxation implications arising out of their participation in the Rights Issue.

## ***Inquiries***

If you have any queries regarding your Entitlement, please contact the Company Secretary by telephone on +61 8 9221 6175 or your stockbroker or professional adviser.

**PLEASE NOTE IF YOU DO NOT ACCEPT YOUR ENTITLEMENT IN FULL IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT ABOVE, ANY PART OF AN ENTITLEMENT NOT ACCEPTED IN FULL WILL FORM PART OF THE SHORTFALL.**

### **1.8 Additional New Securities**

Eligible Shareholders who have subscribed for their Entitlement in full may apply for Additional New Securities on a pro-rata basis by completing the relevant section of their Entitlement and Acceptance Form.

It is at the Company's discretion as to whether the Additional New Securities applied for under this Section 1.8 are issued. Therefore there is no guarantee that any Additional New Securities applied for under this Section 1.8 will be issued.

Please ensure the completed Entitlement and Acceptance Form and your cheque is received by the Company's share registry at:

By Post:  
Computershare Investor Services Pty Limited  
GPO Box 505  
MELBOURNE VIC 3001

not later than 5.00pm WST on 14 May 2012. Cheques should be payable to "Vmoto Limited - Share Application Account" and crossed "Not Negotiable". Please note that payment via BPAY must be made by no later than 3.00pm on 14 May 2012. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions from BPAY set out on the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

### **1.9 Rights Issue Shortfall**

#### ***Shortfall***

The Directors reserve the right to separately place any New Shares and New Options which are not taken up by Eligible Shareholders under the Rights Issue within 3 months after the Closing Date. Those New Shares and free attaching New Options will be issued at the same issue price as offered to Eligible Shareholders under the Rights Issue.

The offer of any Shortfall is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Closing Date.

#### ***Brokers***

The Company reserves the right to pay any broker a fee of up to 5% of the funds raised under the Rights Issue (including the Shortfall) on any Application bearing its stamp which is accepted by the Company.

### **1.10 Allotment of New Shares**

The New Shares and free attaching New Options are expected to be allotted by no later than 22 May 2012. Until issue and allotment of the New Shares and free attaching New Options under this Prospectus, the application monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the application money will be for the benefit of the Company and will be retained by it

irrespective of whether allotment of the New Shares and free attaching New Options takes place.

#### 1.11 **ASX Listing**

The Company will make application to ASX within seven (7) days following the date of this Prospectus for Official Quotation of the New Shares and free attaching New Options.

If approval is not granted by ASX within three (3) months after the date of this Prospectus, the Company will not allot any New Shares or free attaching New Options and will repay all application monies (where applicable) as soon as practicable, without interest.

A decision by ASX to grant Official Quotation of the New Shares or New Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the New Shares or New Options now offered for subscription.

#### 1.12 **No Issue of New Shares or free attaching New Options after 13 Months**

No New Shares or free attaching New Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

#### 1.13 **Overseas Investors**

The Company is of the view that it is unreasonable to make an offer under this Prospectus to Shareholders outside of Australia and New Zealand (**Excluded Shareholders**) having regard to:

- (a) the number of Shareholders outside of Australia and New Zealand;
- (b) the number and value of the securities to be offered to Shareholders outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to, and does not, make offers under the Prospectus to Shareholders outside of Australia and New Zealand.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares or free attaching New Options.

All rights that would have been offered to Excluded Shareholders will be allowed to lapse and they will form part of the Shortfall.

#### 1.14 **Privacy Act**

The Company collects information about each application from an Application Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in the Company.

By submitting an Application Form, each applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), the ASX, the ASIC and other regulatory authorities.

If an applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address

and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

## **Section 2 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY**

### **2.1 Principal Effects**

The principal effects on the Company of the Rights Issue are as follows:

- (a) the Company will issue up to approximately 317,669,332 New Shares and the total number of Shares on issue will increase to 953,007,997 Shares;
- (b) the Company will issue 317,669,332 free attaching New Options, each exercisable at \$0.04 and expiring on 31 December 2014 and the total number of Options on issue will increase to 342,410,859.
- (c) following the issue of the New Shares, the cash reserves of the Company will increase by up to approximately \$3,812,032 (less the expenses of the Rights Issue); and
- (d) the equity of Eligible Shareholders who do not participate in the Rights Issue will be diluted as is evidenced from the figures set out above.

### **2.2 Condensed Statement of Financial Position**

Set out as follows is the Condensed Statement of Financial Position of the consolidated entity as at 31 December 2011 which has been subject to review but not audit. The independent auditor's review report accompanying the consolidated entity's financial report for the half year ended 31 December 2011 contained an emphasis of matter paragraph in respect of a material uncertainty regarding the consolidated entity's continuation as a going concern. The Proforma Condensed Statement of Financial Position of the consolidated entity as at 31 December 2011 has been adjusted for the following transactions:

- the Rights Issue of 317,669,332 New Shares and 317,669,332 free attaching New Options to raise \$3,812,032; and
- estimated expenses of the Rights Issue of approximately \$52,000.

**Statement of Financial Position**  
**Pro-forma Reflecting Proposed Rights Issue**

	Reviewed Consolidated 31 December 2011 \$	Unaudited Pro-Forma Consolidated 31 December 2011 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,012,912	4,772,944
Trade and other receivables	1,688,714	1,688,714
Inventories	3,604,558	3,604,558
Other financial assets	568,109	568,109
<b>TOTAL CURRENT ASSETS</b>	6,874,293	10,634,325
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6,030,569	6,030,569
Intangibles	3,308,618	3,308,618
<b>TOTAL NON-CURRENT ASSETS</b>	9,339,187	9,339,187
<b>TOTAL ASSETS</b>	16,213,480	19,973,512
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	3,242,127	3,242,127
Employee Benefits	7,013	7,013
Interest bearing loans	3,104,718	3,104,718
<b>TOTAL CURRENT LIABILITIES</b>	6,353,858	6,353,858
<b>TOTAL LIABILITIES</b>	6,353,858	6,353,858
<b>NET ASSETS</b>	9,859,622	13,619,654
<b>EQUITY</b>		
Issued capital	47,579,525	51,339,557
Reserves	(1,170,063)	(1,170,063)
Accumulated losses	(36,549,840)	(36,549,840)
<b>TOTAL EQUITY</b>	9,859,622	13,619,654

Notes to the Pro-Forma Condensed Statement of Financial Position

The Pro Forma Condensed Statement of Financial Position:

1. includes \$3,812,032 comprising gross proceeds raised pursuant to the Rights Issue (less estimated Rights Issue costs of \$52,000);
2. assumes that no existing Options are exercised prior to the Record Date for this Rights Issue. If all Options are exercised before the Record Date, cash will increase by a further \$2,804,237.43 and contributed capital would increase by a similar amount;
3. does not take into account any transactions between 31 December 2011 and the date of this Prospectus. The Pro Forma Condensed Statement of Financial Position reflects only the transactions the subject of this Prospectus.

## 2.3 Capital Structure of the Company

The pro-forma capital structure of the Company following the Rights Issue pursuant to this Prospectus is set out below:

<b>Issued Capital</b>	<b>Number</b>
Existing Shares	635,338,665
Maximum number of New Shares to be issued pursuant to this Prospectus (assuming no Options exercised)*	317,669,332
Shares after this Rights Issue	953,007,997

*\* Note: If all Options currently on issue are exercised, a further 12,370,763 New Shares and free attaching New Options will be offered pursuant to this Prospectus.*

Maximum number of Listed Options on issue after this Rights Issue:

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
317,669,332	\$0.04	31 December 2014

The Company has no quoted Options on issue and the following unquoted Options on issue:

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,000,000	\$0.15	30 June 2012
9,000,000	\$0.20	30 September 2012
3,241,527	\$0.09	14 July 2013
2,000,000	\$0.10	3 July 2012
8,500,000	\$0.025	1 September 2014

## Section 3 RISK FACTORS

### 3.1 Introduction

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for New Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

### 3.2 Risk Factors

- **Competition**

There are many companies, both public and private, engaged in the production, sale and/or development of automotive products and services. Many of these companies have substantially greater capital and human resources than the Company and represent significant long term competition. Although the Board believes that the Company's product is unique, there are competing products which will continue to be used and other competitors unknown to the Company may emerge from time to time. If the Company's competition develops directly competing products, or enters into a price war, the Company may be unable to increase its sales and market share as planned.

- **Product liability and uninsured risks**

Potential customers may rely upon the Company's products to perform adequately. A product defect or the inadequate application of the Company's products could result in tort or warranty claims. Although the Company generally will seek to reduce the risk of any claims by methods including insurance, warranty disclaimers and liability limitation clauses in its commercial agreements, it cannot assure investors that its efforts will effectively limit the Company's liability. The Company may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims. Any personal injury resulting from the Company's products could be substantial and could materially adversely affect the Company's business and results of operations.

In addition, a well-publicised actual or perceived problem could adversely affect the market's perception of the Company's products. This could result in a decline in demand for the Company's products which would materially adversely affect the Company's financial condition and results of operations.

- **Third Party Suppliers and Manufacturers**

The Company relies on third-party suppliers and manufacturers for raw materials and the manufacture of its products. If the Company fails to develop or maintain its relationships with these or other suppliers, it may be unable to manufacture its products and systems or its products and systems may be available only at a higher cost or after a long delay, which could prevent the Company from delivering its products and systems to customers within required timeframes. As a result, the Company may experience order cancellation and loss of future revenues.

In outsourcing its operations, there is also a risk that without appropriate management supervision, contract manufacturing could lead to delivery and quality control difficulties, which may result in material adverse effects on the Company. The Company intends to



minimise these risks by ensuring that manufacturing is adequately supervised and selected manufacturers are of a high standard.

- **Intellectual Property**

The Company's success and ability to compete will be dependent, in large part, upon its ability to protect its proprietary technology, which includes the design and manufacturing process of its products. The Company relies primarily on confidential information and trade secrets to protect its technology. The Company generally enters into confidentiality and invention assignment agreements with its employees, consultants and vendors, and generally seeks to control access to its proprietary information. The Company ability to compete effectively, if at all, with other companies may be materially dependent on such confidential information, trade-secret and know-how as it is able to retain and develop.

Whilst the Company has sought to protect its know-how through confidentiality agreements and by restricting access to the product formulations, it cannot guarantee that this know-how will remain secure and will not be obtained by potential competitors. If the Company's know-how or trade secrets are disclosed or acquired by its competitors then this may have a material adverse effect on the ability of the Company to effectively sell and/or licence its products or technology.

The Company also relies on patent, copyright and trademark law to protect its technology and its ability to compete is partially dependent on the continual validity of its existing patents, and upon the issuance of further patents in connection with its existing patents and/or the application thereof within specific industries. There can be no assurance, however, that further patents will be issued or that if none are issued there will be no material adverse effect on the Company's ability to market and/or license its products. Additionally, there can be no assurance as to the scope of the patents which have been issued, or the scope of any patents that may, in the future, be issued or that claims relating to those patents would not be asserted by other parties. There can be no assurance that there are no adversely held patents or other forms of proprietary protection that could successfully be asserted against the Company despite the fact that none have been asserted to date. Further, even if additional patents are issued, there can be no assurance that their validity will be sustained if judicially tested, that the Company's products will not infringe upon patents owned by others or that competitors with substantially greater financial resources will not develop similar or functionally similar products outside the protection of any patents that might be granted to the Company.

- **Operational Risks**

Successful execution of the Company's business plan is dependent on the implementation of the Company's business initiatives. There are execution risks inherent in the Company's business initiatives and no assurance can be given that the Company will be successful in their implementation.

- **Sales Decline**

The Company's management may fail to realise business plan targets, including sales, due to an unexpected decline in consumer demand for Vmoto products and/or services or due to significant changes in competitor activities or consumer tastes. Manufacturing margins may also vary significantly in the future due to factors beyond management's control which may include a decline in demand for the Company's products and/or services or a significant rise in competition by similar or substitute products.

- **Unforeseen Expenses**

The Company may be subject to significant unforeseen expenses or actions. This may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events. The Directors expect that the Company will have adequate working capital to carry out its stated objectives however there is the risk that additional funds may be required to fund the Company's future objectives.

- **Additional Requirements for Capital**

The Company may require further financing in addition to amounts raised under the Rights Issue. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however, no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

- **Research and Development**

The Company will continue its on-going development and research of products related to the scooter business.

The Company can make no representations that the continued development of existing and/or new products and/or services will be successful.

There can be no assurance that the products and/or services can be successfully commercialised and exploited, and the failure to do so could have a material adverse effect on the Company's business, financial condition and results of operations.

- **Inability to Meet Customer Demand**

For any number of reasons the Company may not, from time to time, have an adequate supply of products and/or services to meet customer demand which may cause it to be unable to fill orders, to lose sales or to provide services. Such inability to meet customer demand from time to time may arise if the Company's sales growth accelerates substantially or in the event that its distribution and retail or service network grows substantially.

- **Legislative Changes**

New legislation and changes to existing legislation and government policy in areas may impact upon the Company and its operating performance. Taxation rates and other fiscal regulation in the Company's regions of operations may change significantly in the future.

- **Interest Rate Risks**

Interest rates may rise significantly which may impact terms of trade, working capital and finance costs in the Company's future operations.

- **Securities Price Fluctuation**

The Shares and Options offered under this Prospectus are expected to be listed on the ASX where their price may rise or fall. Investors should be aware that there are risks associated with stock market investments. Factors that may affect the market price of the Shares and Options include variations in general or industry specific market conditions.

- **Litigation Risk**

The Company may be exposed to various types of litigation. Claims may be made against the Company from time to time in the normal course of business. As at the date of this Prospectus, there is no material litigation against the Company.

- **Share Market Risk**

The market price of Shares can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian and international motor scooter companies in particular. Neither the Company nor its Directors warrant the future performance of the Company or any return on investment in Shares.

- **Reliance on Key Personnel and Employees**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

- **International Business Risks**

The Company intends to sell its products in a number of countries. There are inherent risks associated with doing business on an international level. Some of those risks can adversely impact the Company's business and financial performance and include unexpected changes in regulatory requirements, taxation, tariffs, duties and other trade barriers; foreign exchange controls which restrict or prohibit the repatriation of funds; technology export or import restrictions or prohibitions and longer payment cycles and problems in collecting accounts receivable. The Company has limited experience in managing international operations.

- **Expansion**

The Company will be actively seeking opportunities for growth in its core business areas. While the efforts of the Company have the potential to generate substantial returns in the longer term, there can be no certainty that these returns will be forthcoming. Should future sales not reach the levels anticipated, this could materially impact upon the Company's profitability.

- **Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

## Section 4 ADDITIONAL INFORMATION

### 4.1 Legal Framework of this Prospectus

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its shares.

### 4.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure (**ED**) securities and the securities are in a class of securities that were quoted ED securities at all times in the 12 months before the issue of this Prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

The New Shares and the Shares underlying the New Options to be issued under this Prospectus are in a class of shares that were quoted on the stock market of ASX at all times in the 12 months before the issue of this Prospectus.

### 4.3 Information Available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report for the Company for the year ending 30 June 2011;
- (b) the Interim Financial Report of the Company for the half-year ending 31 December 2011;
- (c) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ending 30 June 2011 and before the issue of this Prospectus:

4 April 2012	Correction - Strategic Marketing and Operational Update
28 March 2012	Strategic Marketing and Operational Update
6 March 2012	Ceasing to be a Substantial Holder
2 March 2012	Change of Registered Address and Contact Details
28 February 2012	Half Yearly Report and Accounts
15 February 2012	Operational Update
7 February 2012	Vmoto Ships First Electric Scooters to Malaysia
24 January 2012	Appendix 4C - Quarterly
18 January 2012	Final Director's Interest Notice
18 January 2012	Initial Director's Interest Notice
18 January 2012	Director Appointment / Resignation
13 January 2012	Top 20 Shareholders

11 January 2012	Change of Directors' Interest Notice
5 January 2012	Change of Directors' Interest Notice
23 December 2011	Change of Directors' Interest Notice
14 December 2011	Change of Directors' Interest Notice
12 December 2011	Company Update
12 December 2011	Ceasing to be a Substantial Holding
6 December 2011	Change in Directors' Interest Notice
6 December 2011	Change in Substantial Holding
29 November 2011	Board Statement post EGM
29 November 2011	Results of General Meeting
28 November 2011	Secondary Trading Notice
21 November 2011	Appendix 3B
21 November 2011	Update on Loan
18 November 2011	Loan Agreement
15 November 2011	Board Statement post AGM
15 November 2011	Results of Meeting
10 November 2011	Independent Chair for upcoming Shareholder Meetings
9 November 2011	Change in Substantial Holding
7 November 2011	Corporate Update Presentation
31 October 2011	Appendix 4C – Quarterly
28 October 2011	Members' statement to Shareholders
27 October 2011	Directors' Statement
20 October 2011	Notice of General Meeting/Proxy Form
14 October 2011	Notice of Annual General Meeting/Proxy Form/Annual Report

#### 4.4 Rights Attaching to Shares

The New Shares to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares in the Company.

Full details of the rights attaching to the Company's Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the principal rights which attach to the Company's Shares:

##### (a) Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, and a proportionate vote for every Share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the chairman of the meeting, by any five Shareholders entitled to vote on the particular resolution present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the Shares of all those Shareholders having the right to vote on the resolution.

##### (b) Dividends

Dividends are payable out of the Company's profits and are declared by the Directors.

##### (c) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of Shares, (other than a market transfer) where the Company is permitted or required to do so by the Listing Rules or the ASTC Settlement Rules. The Company must not prevent, delay or interfere with the registration of a proper market transfer in a manner which is contrary to the provisions of any of the Listing Rules or the ASTC Settlement Rules.

(d) Meetings and Notice

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act or the Listing Rules.

(e) Liquidation Rights

The Company has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of Shareholders divide among the Shareholders the whole or any part of the remaining assets of the Company. The liquidator can with the sanction of a special resolution of Shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any Shares or other securities in respect of which there is any liability.

(f) Shareholder Liability

As the shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(g) Alteration to the Constitution

The constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days' written notice, specifying the intention to propose the resolution as a special resolution must be given.

(h) ASX Listing Rules

If the Company is admitted to the Official List, then despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

#### 4.5 Rights attaching to New Options

Each New Option will entitle the holder to subscribe for a Share in the Company on the following terms:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5.00 pm AWST on 31 December 2014 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.04 (**Exercise Price**).

- (d) An Optionholder may exercise their Options in whole or part by lodging with the Company, before the Expiry Date:
- (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

**(Exercise Notice).**

- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (g) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (h) The Company will apply for quotation of the Options on ASX.
- (i) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (j) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (k) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

#### 4.6 Interests of Directors

- (a) At the date of this Prospectus the relevant interest of each of the Directors in the securities of the Company are as follows:

Director	Number of Shares		Number of Options	
	Direct	Indirect	Direct	Indirect
Charles Chen <sup>1</sup>	7,583,052	18,860,000 <sup>1</sup>	2,000,000 <sup>2</sup>	nil
Blair Sergeant	3,823,225	1,251,017 <sup>3</sup>	nil	3,500,000 <sup>4</sup>
Olly Cairns	1,488,888	3,000,000 <sup>5</sup>	nil	3,141,527 <sup>6</sup>
Kajjian Chan	nil	nil	nil	nil

**Notes:**

1. Held indirectly by Mr Chen through Huixin Zhou, spouse of Yiting (Charles) Chen.
2. Class C Options exercisable at 20 cents on or before 30 September 2012.
3. Held indirectly by Mr Sergeant through Mr Blair Edward Sergeant and Ms Bronwyn Gaye Lukic <Rio Grande de Norte Super Fund a/c>. Mr Sergeant is a trustee and beneficiary of the Rio Grande de Norte Super Fund.
4. 2,000,000 Class C Options exercisable at 20 cents on or before 30 September 2012; and 1,500,000 Options exercisable at 2.5 cents on or before 1 September 2012 held indirectly by Mr Sergeant through Mr Blair Edward Sergeant and Ms Bronwyn Gaye Lukic <Rio Grande de Norte Super Fund a/c>. Mr Sergeant is a trustee and beneficiary of the Rio Grande de Norte Super Fund.
5. Held indirectly by Mr Cairns through by Silverlight Holdings Pty Ltd <Cairns Investment A/C> of which Mr Cairns is a director and shareholder and a beneficiary of the Cairns Investment A/C.

6. *Unlisted options exercisable at 9 cents each on or before 14 July 2013 held indirectly by Mr Cairns through by Silverlight Holdings Pty Ltd <Cairns Investment A/C> of which Mr Cairns is a director and shareholder and a beneficiary of the Cairns Investment A/C.*

- (b) The Constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting (which is currently \$200,000 per annum).

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Details of remuneration provided to Directors and their associated entities during the past two financial years are as follows:

#### Financial year up to 30 June 2010

Directors	Director's Fees/ Salaries \$	Super- annuation \$	Other non- monetary remuneration \$	Total \$
Charles Chen	177,568	-	-	177,568
Blair Sergeant	1,250	1,750	-	3,000
Olly Cairns	-	-	-	-
Kaijian Chen	-	-	-	-
<b>Total</b>	<b>178,818</b>	<b>1,750</b>	-	<b>180,568</b>

#### Financial year up to 30 June 2011

Directors	Director's Fees/ Salaries \$	Super- annuation \$	Other non- monetary remuneration \$	Total \$
Charles Chen	184,664	-	-	184,664
Blair Sergeant	-	-	-	-
Olly Cairns	-	-	-	-
Kaijian Chen	-	-	-	-
<b>Total</b>	<b>184,664</b>	-	-	<b>184,664</b>

Since 30 June 2011 to the date of this Prospectus, the Directors have been paid the following:

Directors	Director's Fees/ Salaries \$	Super- annuation \$	Other non- monetary remuneration \$	Total \$
Charles Chen	94,045	-	-	94,045
Blair Sergeant	-	-	-	-
Olly Cairns	11,000	-	-	11,000
Kaijian Chan	-	-	-	-
<b>Total</b>	<b>105,045</b>	-	-	<b>105,045</b>



(c) Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue.

The Company entered into a consultancy agreement on 1 January 2012 with Evolution Capital Partners Pty Ltd (**Evolution**) under which it pays a consultancy fee of \$5,000 per calendar month (plus GST) for company secretarial services provided by Evolution's employee Shannon Coates. The agreement has a 3 year anniversary period during which the contract cannot be terminated, subject to misconduct clauses. After the 3 year anniversary, the Company can terminate the contract by giving three months' notice. Blair Sergeant is a director, and the sole shareholder of Evolution.

The Company has also entered into a sub-lease with Evolution on 1 March 2012, under which it makes lease payments of \$2,500 (plus GST) per month for office space, rent and reception services. The sub-lease is for a minimum term of 12 months and can thereafter be terminated by either party with a three month notice period.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Rights Issue.

The Company has paid insurance premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of a Director.

#### 4.7 **Interests of Named Persons**

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue,

and no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Rights Issue.

Deloitte Touche Tohmatsu are the auditors to the Company. They have provided audit services to the Company during the last two years for which the Company has paid \$112,982 (plus GST) for financial year ended 30 June 2011 and will pay fees totalling approximately \$113,000 (plus GST) for financial year ending 30 June 2012.

Gilbert + Tobin have acted as solicitors to the Rights Issue. The Company will pay approximately \$20,000 (plus GST) to Gilbert + Tobin for these services. Gilbert + Tobin have provided other professional services to the Company during the last two years for which the Company has paid fees totalling approximately \$660 (plus GST).

#### 4.8 **Consents**

Each of the other parties referred to in this Section 4.8:

- does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- (a) Gilbert + Tobin as solicitors to the Company; and
- (b) Deloitte Touche Tohmatsu as auditor to the Company.

Deloitte Touche Tohmatsu has given its written consent to be named as auditors to the company and the inclusion in Section 2.2 of this Prospectus of reference to the reviewed Condensed Statement of Financial Position as at 31 December 2011 and the independent auditor's review report accompanying the consolidated entity's financial report for the half year ended 31 December 2011 containing an emphasis of matter paragraph in respect of a material uncertainty regarding the consolidated entity's continuation as a going concern and has not withdrawn such consent before lodgement of this Prospectus with the ASIC

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of the Prospectus.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

#### 4.9 **Market Prices of Shares on ASX**

The highest and lowest closing market sale prices of Shares on ASX during the three (3) months immediately preceding the date of this Prospectus and the respective dates of those sales were 1.9 cents on 6 January 2012 and 1.1 cents on 3 April 2012.

The latest available market sale price of Shares on ASX at the close of trading on the date of this Prospectus was 1.1 cents on 4 April 2012.

#### 4.10 Expenses of the Rights Issue

The estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,000
ASX fees	9,000
Legal expenses	20,000
Printing and other expenses	9,000
Offer Management Costs	12,000
<b>Total</b>	<b>52,000</b>

#### 4.11 Electronic Prospectus

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with the ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. The Company is relying on this exemption in relation to the offer of Shortfall.

The offer pursuant to an Electronic Prospectus is only available for applications for the Shortfall and to persons receiving an electronic version of this Prospectus within Australia.

If you have received this Prospectus as an Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Shortfall Application Form. If you have not, please telephone the Company Secretary at +61 8 9221 6175 and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept a Shortfall Application Form from a person if it has reason to believe that when that person was given access to the electronic Shortfall Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those document were incomplete or altered. In such a case, the application monies will be dealt with in accordance with section 722 of the Corporations Act.


## **Section 5 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT**

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of New Shares and free attaching New Options pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 5 April 2012

A handwritten signature in black ink, appearing to read 'Blair Sergeant', with a long horizontal stroke extending to the right.

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Blair Sergeant

## Section 6 DEFINED TERMS

"**A\$ and \$**" means Australian dollars, unless otherwise stated;

"**ASX Settlement**" means ASX Settlement Pty Ltd ACN 008 504 532;

"**ASX Settlement Rules**" means the settlement operating rules of ASX Settlement as amended from time to time;

"**ASIC**" means the Australian Securities & Investments Commission;

"**ASX**" means Australian Securities Exchange Limited;

"**AWST**" means Australian Western Standard Time;

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

"**Business Day**" means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;

"**Closing Date**" means 5.00pm AWST on 14 May 2012;

"**Company**" means Vmoto Limited ACN 098 455 460;

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

"**Directors**" means the directors of the Company;

"**Eligible Shareholder**" means a Shareholder whose details appear on the Register as at the Record Date and who is not an Excluded Shareholder;

"**Entitlement**" means the entitlement of an Eligible Shareholder to apply for New Shares and free attaching New Options pursuant to the Rights Issue;

"**Entitlement and Acceptance Form**" means the entitlement and acceptance form accompanying this Prospectus;

"**Excluded Shareholder**" means a Shareholder who does not reside in Australia or New Zealand;

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

"**New Option**" means a free attaching listed option offered pursuant to the Rights Issue on the terms in Section 4.5;

"**New Share**" means a Share being offered pursuant to this Prospectus;

"**Offer**" means the offer of the New Shares and free attaching New Options being made pursuant to this Prospectus;

"**Official List**" means the Official List of the ASX;

"**Official Quotation**" means quotation of the Shares on the Official List;

"**Option**" means an option that has been granted by the Company over an unissued Share in the capital of the Company;

"**Prospectus**" means this prospectus dated 5 April 2012 for the pro-rata non-renounceable rights issue of 317,669,332 New Shares on the basis of 1 New Share for every 2 Shares held on the Record Date, at an issue price of \$0.012 per New Share and a free attaching New

Option (with an exercise price of \$0.04 and an expiry date of 31 December 2014) for every New Share issued, for the purpose of raising \$3,812,032 less expenses of the Rights Issue;

**"Record Date"** means 5.00pm AWST on 26 April 2012;

**"Register"** means the register of Shareholders;

**"Rights"** means the rights of Eligible Shareholders to subscribe for New Shares under the Rights Issue;

**"Rights Issue"** means the pro-rata non-renounceable rights issue of 317,669,332 New Shares on the basis of 1 New Share for every 2 Shares held on the Record Date, at an issue price of \$0.012 per New Share and a free attaching New Option (with an exercise price of \$0.04 and an expiry date of 31 December 2014) for every New Share issued, for the purpose of raising \$3,812,032 less expenses of the Rights Issue;

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

**"Shareholder"** means the registered holder of a Share; and

**"Shortfall"** means the New Shares forming the Entitlements, or parts of Entitlements, not accepted by Eligible Shareholders.