



STRATEGIC MARKETING PLANNING AND OPERATIONAL UPDATE

ANNOUNCEMENT

28 MARCH 2012

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

HIGHLIGHTS

- **Vmoto to establish Own Dealer Distribution Network in Europe**
- **Evaluation of electric scooter battery rental business in Europe**
- **Expansion of B2B customers**
- **Planned expansion into Chinese market**
- **Development of new models**

STRATEGIC MARKETING PLANNING

1. Development of New Business Model with regard to Vmoto’s Own Dealer Distribution Network in Europe

Vmoto is continuously developing its network of new agents/importers in various European countries. The Company is also conducting a feasibility study into the establishment of its own dealer distribution network in certain European countries in which it does not currently have a relationship with an importer for its electric scooter products.

The Company believes that establishing its own dealer distribution network will enable it to increase revenue and gross profit by securing additional sales directly with dealers/end users, rather than via an importer/distributor. This direct sales model will also enable the Company to set a lower retail price for end users, with a view to encouraging increased sales.

Currently, the Company is undertaking the required EC compliance registration in Europe. Subsequent to the completion of EC compliance registration, the Company will be in a position to trial and launch its first own dealer distribution network in a targeted European country. The Company also plans to evaluate in detail the best structure for this and will undertake a detailed costs benefit analysis in order to maximise revenue and profit, and minimise costs of establishment. Once the best structure and strategy are determined, the Company intends to expand and roll-out the model to other European countries.



ABN 36 098 455 460

Ground floor
3 Richardson Street
WEST PERTH WA 6005

Telephone: (61-8) 9221 6175
Facsimile: (61-8) 9486 1258

ASX CODE: VMT

www.vmoto.com

2. Evaluation of Electric Scooters Battery Rental Business in Europe

The Company is also evaluating another new business model in Europe, comprising the rental of batteries for electric scooter owners.

Currently, the main considerations taken into account by consumers when purchasing electric scooters are:

- the cost to purchase electric scooters; and
- the convenience and time required to recharge batteries.

With the most expensive component in an electric scooter being the battery (whether silicone or lithium battery), the ability to rent batteries will significantly reduce initial purchase costs. In addition, the ongoing running costs of an electric scooter will be significantly lower than for a petrol scooter, even including rental cost for batteries.

It is envisaged that a battery rental network will provide more convenience to users of the electric scooters, enabling them to quickly exchange batteries while on the road, without needing to wait to recharge the batteries at home or place of work. It is expected that once properly established, the battery rental network will serve as a “petrol station” for electric vehicles.

Vmoto plans to trial this strategic business model in Spain, where its European head office is located. If successful, other revenue streams may derive from the renting of batteries. The Company also sees this as a solution to the infrastructure issue for the electric vehicles industry as more and more businesses and people move from petrol to electric.

The Company is currently seeking, meeting and discussing the model with potential battery supplier partners, to work together toward this goal and will determine timing of launch based on the outcome of these discussions.

3. Continuous Expansion on Significant B2B Customers

Denmark TAO Newspaper Delivery

The Company is pleased to advise that 32 units of electric scooter samples have been delivered to TAO in Denmark for trial.

TAO is one of the largest newspaper delivery companies in Denmark and currently has 500 units of petrol fleet in use for its operations.

Denmark Post

Denmark Post has ordered 5 units of samples to be delivered for trial. The Company is currently working with Denmark Post to prepare the electric scooters in accordance with Denmark Post’s requirements.

Denmark Post is currently the largest postal service company in Denmark and currently has 1,000 units of petrol fleet in use for its operations.

Belgium Post

Belgium Post has also recently ordered 50 units of samples to be delivered for trial. The Company is currently manufacturing these units to be delivered to Belgium Post.

Belgium Post is currently the largest postal service company in Belgium and currently has 5,000 units of petrol fleet in use for its operations.

4. Expansion into Chinese Electric Scooter Market

The Company is also planning to expand into Chinese market, which currently represents the largest and also the most challenging electric scooter market in the world, with an estimated 20 million units of two wheel electric bicycles and scooters sold per annum.

Currently, Vmoto is in discussion with two existing, reputable electric bicycle/scooter companies in China with regard to a business cooperation arrangement for the mutual benefit of Vmoto and these companies. The Company is currently evaluating possible strategies with these companies with regard to the Chinese electric scooter market and will update the market on progress in due course.

OPERATIONAL UPDATE

Development of New Models of Electric Scooter for B2C and Chinese Market

The Company is pleased to advise that the development of two new electric scooter models, specifically targeting the Chinese domestic market, is progressing well and in accordance with the planned timeline.

The two new models consist of:

- A redevelopment of Vmoto's E-Max 80L electric scooter with a lithium battery, whereby costs will be reduced by approximately 50 percent; and
- A newly developed electric scooter known as the "Green", which is a retro styled scooter powered by a silicone battery.

The strategy of developing and launching these low cost electric scooter models in the single largest domestic market in the world, is to offer a competitive price point for consumers wanting to use electric scooters as transportation but are currently deterred by the generally higher prices of electric scooters in comparison with petrol scooters.





Picture: E-Max 80L electric scooter (1/2 price)



Picture: Prototype of "Green" electric scooter

The specifications for the new models of electric scooter are as follows:

Pictures			
Model		80L (1/2 price)	Green
Battery	Battery Concept	(NiCoMn) O2 Lithium	Lead-acid
	Battery Capacity	48V/20Ah	60V/20A
	Battery Weight	11.5kg	35kg
	Charging time	3-5 hours	8-9 hours
	Deep discharge	800 deep charging	250 deep charging
Motor	Motor	1500W 10' high torque maintenance free motor	1500W
	Power in kW (Max-Mode)	1.2 (1.5)	1.2 (1.5)
Charger	Input Voltage	110 ~ 240 V	110V/221V
Performance	Max. Speed	25Km/h & 45 km/h	25Km/h & 45 km/h
	Distance Range	40 km	45km
	Climbing Capacity	≤10°	≤12°
Basic Info.	Weight	71kg	98kg
	Tires	3.0-10	3.0-10
	Brakes (front and rear)	hydraulic floating disc brake	front disc/rear drum
	Rim	Alum.	Alum.
	Shock Absorber (front and rear)	Oil pressure	Oil pressure
	Dimension (mm)	1680×690×1190	1700×750×1060
	Wheelbase (mm)	1167	1200
	Ground Clearance (mm)	130	120
	Gross Weight	71kg	120kg
	Maximum Load	180 kg	120kg

AUTHORISED BY:

Charles Chen
Managing Director