



MARKET UPDATE

ANNOUNCEMENT

19 JULY 2016

Vmoto Limited (ASX: VMT), the global scooter manufacturing and distribution group specialising in "green" electric powered two-wheel vehicles provides the following update on its activities for the quarter ended 30 June 2016 (2Q16).

2Q16 Highlights

- Over 20,200 units sold in 2Q16 (2Q15: 22,041)
- Shipments continued to fulfil order to a significant European supermarket group that has over 300 stores in Europe
- LOOPShare Ltd, a North American Telematics high-tech company in which Vmoto secured order to supply Vmoto's electric two-wheel vehicle products, successfully listed on TSX Venture Exchange in Canada and secured funding on 8 July 2016
- Launched Vmoto marketing campaign "Ride Your Way" in Australia through online social media to drive traffic to Vmoto's internet based online sales platform www.vmotoonline.com that is offering state of the art electric vehicle products
- Progressed significant new market entry, distribution and customer opportunities, including North America, Netherlands, France, Mexico, Nepal, Thailand, Uruguay and Sri Lanka

The 2nd quarter saw unit sales across its domestic and international channels increase on the 1st quarter (18,752 units) as is usual with the seasonality of the business. Sales were in line with management's expectations.

June Quarter Sales Performance

Unit sales for 2Q16 were 20,261 units (2Q15: 22,041), comprising:

Chinese customers and distributors (JV 100%)	17,979
International customers and distributors	2,282
Total	20,261

International

International sales to existing customers continued with repeat orders whilst numerous other existing and new customers have visited the factory to undertake trials and discuss future order requirements. Orders were received from customers in Canada, Netherlands, Switzerland, France, Greece, Mexico, Nepal, Thailand, Uruguay, United Kingdom, which are



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reflected in the June quarter and will also be reflected in future quarters once units are produced and delivered. The outlook for international sales looks encouraging for the 2nd half.

Management's primary focus remains on increasing the Company's footprint in overseas markets where they believe the electric scooter sector is set to grow significantly in future years as the transition from petrol to electric becomes more prominent.

China

The JV with PowerEagle (Vmoto 51%) has been operational at its facilities in Shanghai for over 6 months now with trading in line with management's expectations.

To date the JV's sales have not been significantly impacted by certain stricter rules on the use of electric two-wheel vehicles in other provinces and the Shanghai region where the majority of dealerships are has not been affected.

Management expects China sales to increase over the 2nd half as per previous years.

Production and sales of the 3/4 wheel JV (Vmoto 15%) have been encouraging and new models will be developed over the coming months.

Exhibitions and Marketing

Vmoto has launched a new marketing campaign "Ride Your Way" in Australia through online social media to drive traffic to Vmoto's internet based online sales platform www.vmotoonline.com that is offering state of the art electric vehicle products in Australia.

During 2Q16, Vmoto's Mexican distributor actively promoted and published a number of articles in relation to Vmoto's electric scooter products in a number of prestigious media platform in Mexico including *EL Universal Newspaper*, www.motorette.mx and a prestigious automotive magazine.

Vmoto was also recently showcased in one of UK's prestigious automotive magazine, *Greenfleet*. This magazine covers green vehicles and promoting cleaner fleet management and environmental motoring, and Vmoto's exposure has generated new interest and leads from a number of interested parties especially in light of the Mayor of London's plans to crackdown on polluting vehicles in the capital, <https://www.london.gov.uk/press-releases/mayoral/mayor-unveils-action-plan-to-battle-toxic-air>.

A lot of attention will be at Intermot (www.intermot-cologne.com) in Cologne in October 2016 where Vmoto will have a presence marketing its products. Intermot is one of the world's biggest event for 2 wheel vehicles. These and other exhibits are important marketing events for the Company.

Financial

As at 30 June 2016, the total operating facility drawn down was RMB5 million (approximately A\$1.0 million) and the total available undrawn operating facility was RMB20 million (approximately A\$4.1 million).

As at 30 June 2016, the Company had cash of A\$4.6 million reflecting repayment of RMB5 million (approximately A\$1.0 million) of the operating facility, funds invested in stock for future orders and funds invested in research and development for future models.

Outlook for 2H 2016

The second half of the year, with northern hemisphere summer leading into Christmas, is always the strongest sales period for Vmoto and management's expectations and visibility on sales see 2016 being no different.

For further information, please contact:

Vmoto

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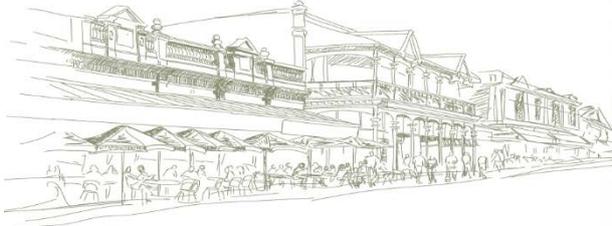
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About Vmoto

Vmoto Limited (ASX/AIM: VMT) is a global scooter manufacturing and distribution group. The Company specialises in high quality "green" electric powered two wheel vehicles and manufactures a range of western designed electric scooters from its low cost manufacturing facilities in Nanjing, China. Vmoto combines low cost Chinese manufacturing capabilities with European design. The group operates through two primary brands: Vmoto (aimed at the value market in Asia) and E-Max (targeting the Western markets, with a premium end product). As well as operating under its own brands, the Company also sells to a number of customers on an original equipment manufacturer ("OEM") basis.

THE TRAVELLER

Ride your Way



THE URBAN

Ride your Way



THE ENDURO

Ride your Way

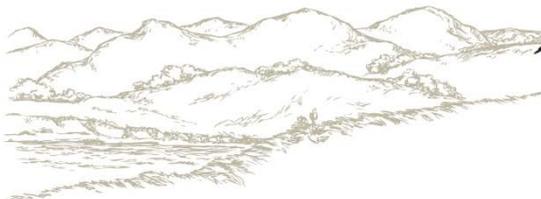


Photo: Vmoto's New Marketing Campaign "Ride Your Way" in Australia



Photo: Articles with Above Photos were Published on www.motorette.mx and EL Universal Newspaper

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ROAD TEST VMOTO E-MAX 120LD+ 4KW ELECTRIC MOTORCYCLE

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2016 CV SHOW TEST FIAT 500 GF NOTTINGHAM

VMOTO E-MAX 120LD+

ENGINE:	4kW electric motor, 5kWh lithium-ion battery
CO ₂ :	0g/km
RANGE:	75-100 miles
CHARGING TIME:	8-9 hours
VED:	£0
TOP SPEED:	45mph (E-Max mode)
WEIGHT:	165kg
PRICE:	£3,995 (including VAT)

A charged commitment

Electric motorcycles could be the perfect answer for urban delivery fleets wanting to cut both emissions and costs. Karl O'Sullivan takes a ride on the Vmoto E-Max 120LD+.

Offering three drive modes, the Vmoto E-Max 120LD+ has an impressive stated maximum range of 100 miles

Electric motorcycles could be the perfect answer for urban delivery fleets wanting to cut both emissions and costs. Karl O'Sullivan takes a ride on the Vmoto E-Max 120LD+.

Classic motorcycles are becoming an increasingly viable transport option, with battery power, charge times and performance improving rapidly. However, this may not be enough to convert most car drivers onto two wheels. These bikes are aimed at delivery fleets looking to reduce their costs, as well as individuals who are looking for a cleaner, more efficient alternative to commuting or to a motor scooter. As, in most cases, electric motorcycles are more expensive than their petrol and petrol counter-parts, you don't let this put you off. Regular maintenance procedures are cut-ting, it is often an attractive alternative and you measure all the costs to be done, or the best rider this season, time on the daily checks ensuring that the chain is properly adjusted and oiled, and checking fuel and oil levels can be a messy job for the commercial fleets and only parts is the last thing you want to do before setting off to work.

Three drive modes
The Vmoto E-Max 120LD+ is an electric motorcycle fitted with a gearbox direct drive rear mounted 4kW motor. Offering three drive modes, Eco, Normal and Max, with an impressive stated maximum range of around 100 miles in Normal mode depending on riding style and terrain. The lithium-ion LiFePO₄ 4kWh 16kWh battery cells are situated in the floor of the bike just in front of the rear wheel, keeping the weight low and central. Surprisingly, the bike only weighs 165kg, which is not too far off the petrol equivalent. It can around 3,000 miles per year on a 500cc motorcycle which fits my needs perfectly good performance, with around 70mpg achieved riding on occasional short journeys. Most of my rides are around 50+ miles with large sections of motorways, so when I was handed the keys to the E-Max, it couldn't have been any different to what I was used to. At first I was a little sceptical, it looked good, but would it feel too heavy and was it going to be slow?

Pleasurable experience
Operating the E-Max 120LD+ is pretty straight forward, just hop on, insert the key and twist the throttle. There is no clutch or gears to worry about, making this motorcycle easy to ride with little experience. Riding the E-Max felt no different to petrol scooters I've ridden in the past. In fact, around town it was a more pleasurable experience. A smooth quiet ride, with no vibration from sitting on an engine, and no jarring the hassle of stopping at a fuel station (see an added benefit, briefly I hope...), in Max mode, but soon learnt to switch it to Normal mode in traffic or even in a 20mph zone – the maximum speed is normal mode. That's the beauty of this machine, you can adjust the mode to suit the driving conditions, increasing the range if necessary. I didn't bother with Eco mode as this was just too slow, leaving the bike to around 20mph. However, if you really need the extra range and are riding in congested areas, switching to Eco mode would do out every possible mile from the machine.

The motor on test is priced at £3,995 plus VAT but our demo includes a large 450mm x 400mm x 450mm rear box with a carrying capacity of up to 150kg. Other top boxes can be fitted depending on customer requirements. There is a small storage compartment under the seat which is suitable for a small bag, along with a luggage hook that can hold up to 3kg.

Performance and range
The E-Max feels at home riding around the city. Getting through the traffic, or busy, it is easy to park, and is free from charges in most towns and cities. However, riding the E-Max out of its comfort zone is a little different. I managed a top speed of around 45mph on the open road, which feels like enough on busy roads, but during an earlier attempt, but for the bike is not very, the bike is designed to do – I'm sure it would be easy enough to control the top speed but this would dramatically reduce the range. Therefore, I think the balance between performance and range is spot on. Charging the Vmoto is simple, simply pop up the seat and plug in the lead from the bike to a normal plug socket. On a single charge I comfortably managed over 55 miles driving mode in Max mode at top speed and the battery still had over 15 per cent of its charge left. Range anxiety shouldn't be a problem for most. There are plans for a rapid charger in the near future, so for fleet riders who make their daily trips, a quick charge in between deliveries or at home would suffice. The E-Max offers a substantial scope for savings, with an average monthly expenditure of 15 miles per day costing around £2.20, that's less than a penny per mile. Even compared to a petrol scooter achieving 125mpg, that's a saving of over £100 per year. If you are tempted to swap from low wheels to one, you could save nearly £500 per year, and that's for a relatively plain, generic, Factor in the savings on tax, insurance and servicing costs, and the E-Max really adds up. In addition to the E-Max 120LD+, Vmoto also offers the £1,350 plus VAT 37-mile range 100 City 39, as well as the £1,120 plus VAT 50-mile range E-Max 120L.

Significant saving
An electric motorcycle may not be for everyone, but if you are already riding around town on low wheels, the Vmoto is definitely worth a look. Test rides can be arranged in and around the UK. For more information, visit www.vmoto.co.uk.

Further information
vmoto.uk.com