



MARKET UPDATE

ANNOUNCEMENT

2 NOVEMBER 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 September 2016 (3Q16).

Highlights

- 23,045 units sold in 3Q16 (3Q15: 23,264)
- Cash at end of quarter of A\$5.1m up from \$4.6m at 30 June 2016
- Vmoto customer, LOOPShare Ltd, launched trial of shared fleet of Vmoto electric scooters in Beirut
- New online sales platform www.vmotoonline.com launched in Australia, offering state of the art electric bicycle products with dealers appointed in Victoria and Western Australia
- Exhibited at Intermot, one of the largest two-wheel vehicle exhibitions in the world, held in Cologne, Germany during October 2016 – viewed as a success with over 80 B2B and B2C distribution and customer leads obtained
- Progressed significant new market entry, distribution and customer opportunities, including in Germany, Austria, Spain, Poland, Lebanon and Uruguay
- Search for an appropriate Australian based Chairman commenced

3Q16 Sales Performance

Unit sales for 3Q16 totalled 23,045 units (3Q15: 23,264), comprising:

Chinese customers and distributors (JV 100%)	21,803
International customers and distributors	1,242
Total	23,045

China

21,803 units were sold to Chinese customers and distributors during 3Q16, up 21% on 2Q16 and 10% on 3Q15.

The JV with PowerEagle (Vmoto 51%) has been operational at its facilities in Shanghai for over 9 months, with trading in line with management's expectations. The JV is strategically placed to target e-commerce companies in China that require electric two-wheel vehicles for their operations, as well as seeking to increase its distribution base (currently over 200 distributors in the Shanghai region) into other cities.

ABN 36 098 455 460

Suite 5
62 Ord Street
WEST PERTH WA 6005

Telephone: (61-8) 9226 3865
Facsimile: (61-8) 9322 5230



ASX / AIM CODE: VMT

www.vmoto.com

Production and sales of the 3/4 wheel company (Vmoto interest 15%) have been encouraging and the company has recently launched a number of new electric three-wheel vehicle models which were showcased at the Jiangsu International New Energy Electric Two-Wheel Vehicle Show held in Nanjing, China during October 2016.

International

International sales to existing customers continued with repeat orders filled during the quarter. In addition, a number of existing and new customers visited the factory to undertake trials and discuss future requirements, orders for which are expected to flow though in future quarters. International sales are down on the previous quarter due to reduced international demand for low value, low performance electric two-wheel vehicle products. However, the Company is experiencing increased demand for high value, high performance electric two-wheel vehicle products, particularly in the Business to Business (B2B) sectors, validating the Company's strategy to focus on high value, high performance sales that provide better margins, especially in the delivery and scooter sharing sectors. The Company is also actively pursuing a number of deals and sales leads, having received positive feedback on its products and obtained additional sales leads from Intermot trade fair (see below).

During the quarter, Vmoto's customer, LOOPShare Ltd, www.loopscooters.com, commenced trial operations of a shared fleet of electric scooters in the city of Beirut, Lebanon. This is the first fleet of shared electric scooters utilising the LOOPShare technology worldwide and will determine operational parameters for a full scale rollout of the Loop service. LOOPShare aims to deploy field trials in other cities worldwide, followed by commercial rollouts planned for 2017. To date, LOOPShare has ordered 385 units from Vmoto.

Vmoto has recently launched a new online sales platform at www.vmotoonline.com that is offering state of the art electric bicycle products in Australia, and has also appointed dealers in Victoria and Western Australia. The Company is looking to appoint more dealers in other states of Australia to offer customers the option to buy Vmoto's electric bicycle products online and deliver to its door, and the option to walk in to a dealer store to touch, test and feel Vmoto's electric bicycle products before committing to purchase.

Industry news

On 13 October 2016, a major £35 million package to boost the uptake of ultra-low emission cars and zero emission electric motorcycles and scooters was unveiled by Transport Minister John Hayes of United Kingdom. The fresh funding commitment is expected to see thousands more electric vehicle chargepoints installed on streets and at workplaces across the UK, after the number of new ultra-low emission vehicles registered rose by 250% in just 2 years (Source: www.gov.uk). An initial £3.75 million is being made available for electric motorcycle and scooter riders who want to go green, providing them with up to 20% off the cost of an electric motorcycle or scooter. Buyers will be able to claim a maximum discount of £1,500. Unlike cars, electric motorcycles and scooters can be charged at home or work using normal plug sockets, which makes them more accessible.

In October 2016, the French government confirmed the introduction of a bonus with the purchase of an electric scooter. With effect from 1 January 2017, a €1,000 bonus capped at 27% of the price of an electric scooter will be available in France.

Exhibitions and Marketing

In October 2016, Vmoto marketed its products at the Intermot trade fair (www.intermot-cologne.com), one of the world's largest exhibitions and events for two-wheel vehicles. Intermot was held in Cologne, Germany during October 2016 and attracted 1,133 exhibiting companies from 40 countries, with an attendance of over 220,000 visitors from 95 countries. Vmoto exhibited its current and latest range of high performance electric scooter and motorcycle products. The Company secured over 80 quality leads for potential B2B and B2C distributors and customers across Europe. Management is excited about the future potential of sales in Europe and is now actively working with all interested parties to seek to secure orders.

In addition to Intermot, Vmoto's Malta distributor showcased Vmoto's electric scooter products at the Fiera Il-Kbira trade fair held in Malta during July 2016. The trade fair attracts over 130,00 visitors and has provided significant exposure for Vmoto's electric scooter products in Malta.

Financial

As at 30 September 2016, the Group had cash of A\$5.1 million, up from \$4.6 million at 30 June 2016 as a result of funds received from customers of the Chinese operations.

As at 30 September 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\$4.0 million).

Corporate

The Company has commenced a process to identify a strong non-executive Chairman with the appropriate qualifications and experience to further strengthen the Board and support the Company through its next phase of growth.

Outlook

The encouraging reaction from Intermot has given the Company confidence of the future sales potential in Europe, particularly in relation to B2B customers. Combined with feedback from various international key players and stakeholders in the electric two-wheel vehicle industry, and the recent government initiatives in France and the United Kingdom to boost the use of electric vehicles, the Company believes that the demand for electric vehicles in Europe will accelerate in future months and years.

Vmoto has the foundations in place to support increased demand, with two significant manufacturing facilities in China, including its owned manufacturing facility in Nanjing; a variety of products and technologies and a wide spread of customers. Combined with Vmoto's significant experience in the B2B and B2C electric vehicle sectors, the Company is confident production and sales across China and internationally will increase in line with global growth demand for quality electric two-wheel vehicles.

For further information, please contact:

Vmoto

Charles Chen, Managing Director

Olly Cairns, Non-Executive Director

+61 8 9226 3865

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.



Photo: The 3/4 wheel company (Vmoto interest 15%) participated and showcased its products in Jiangsu International New Energy Electric Two-Wheel Vehicle Show held in Nanjing, China during 21-23 October 2016

Photo: Vmoto's New Online Sales Platform at www.vmotoonline.com offering state of the art electric bicycle products in Australia



Photo: Vmoto's Electric Scooter Products Showcased at Il-Kbira Trade Fair in Malta



Photo: Vmoto's Electric Scooter Products in Operation to Deliver Domino's Pizza



Photo: Vmoto Exhibiting Booth at Intermot Trade Fair at Cologne, Germany



Photo: Visitors Showing Interests at Vmoto's Products at Intermot Trade Fair at Cologne, Germany

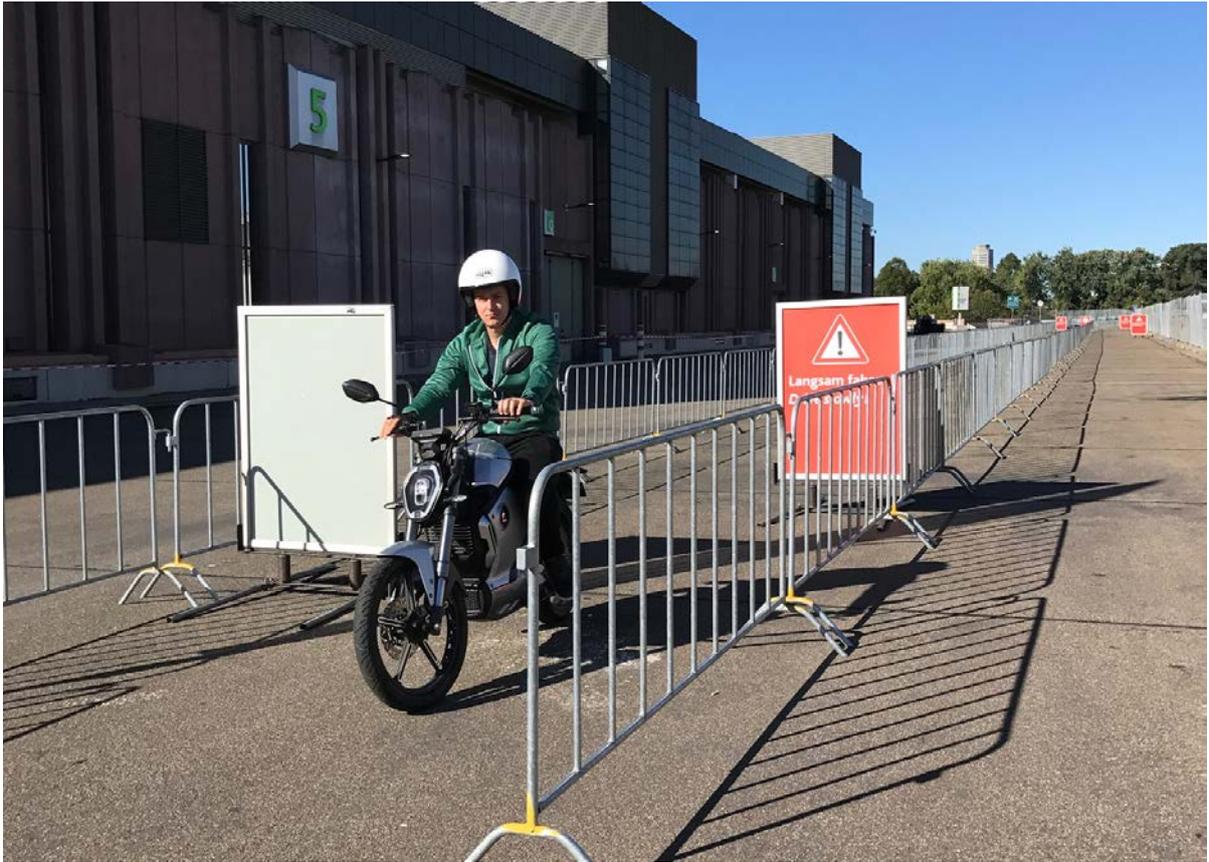


Photo: Test Rides of Vmoto's Electric Two-Wheel Vehicle Products by Visitors at Internot