



MARKET UPDATE

ANNOUNCEMENT

2 FEBRUARY 2017

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 31 December 2016 (4Q16).

Highlights

- **23,897 units sold in 4Q16 (4Q15: 23,362)**
- **International unit sales up 176% on 3Q16 and 254% on 4Q15**
- **Vmoto customer, LOOPShare Ltd, launched trial of fleet of Vmoto electric scooters in Okinawa, Japan**
- **Appointed new exclusive distributor in Spain**
- **Progressed significant new market entry, distribution and customer opportunities in Austria, Australia, Columbia, Cyprus, Denmark, France, Germany, Guatemala, Japan, Korea, Lebanon, Malaysia, Mexico, Netherlands and Switzerland**
- **Search for an appropriate Australian based Chairman continuing**
- **Cash at end of quarter of A\$4.4m**

4Q16 Sales Performance

Unit sales for 4Q16 totalled 23,897 units (4Q15: 23,362), comprising:

Chinese customers and distributors (JV 100%)	20,463
International customers and distributors	3,434
Total	23,897

China

20,463 units were sold to Chinese customers and distributors during 4Q16, down 6% on 3Q16 and 9% on 4Q15 due to continuing consumer nervousness resulting from some regional governments in several Chinese cities implementing stricter rules on the use of electric two-wheel vehicles.

The JV with PowerEagle (Vmoto 51%) has been operational at its facilities in Shanghai for over 12 months. The JV is now strategically placed in 2017 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 into other cities.



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Production and sales of the 3/4 wheel company (Vmoto interest 15%) have been in line with management's expectations.

International

3,434 units were sold to international customers and distributors during 4Q16, up 176% on 3Q16 and 254% on 4Q15. These sales included new and repeat orders from existing customers. As is a constant throughout the year, a number of existing and new customers visited the factory to undertake trials and discuss future requirements, orders for which are expected to flow through during 2017.

In October 2016, Vmoto exhibited 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 and secured over 80 quality leads for potential B2B and B2C distributors and customers across Europe.

In 4Q16, the Company received deposits and delivered samples to new customers in Austria, Columbia, Cyprus, Denmark, France, Germany, Guatemala, Korea, Lebanon, Mexico, Spain and Switzerland. Progress with these customers have been positive to date and bode well for future volumes.

Financial

As at 31 December 2016, the Group had cash of A\$4.4 million. The decrease from the cash balance of A\$5.1 million at the end of 3Q16 was largely due to investment into inventory for future orders, expenditure on research & development and marketing.

As at 31 December 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).

In line with its announcement on 24 November 2016, the Company expects to achieve an underlying net loss of between \$1 million and \$1.2 million for FY16.

Corporate

The Company is continuing its diligent process of identifying an Australian based 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

Whilst 2016 will be seen as a difficult year for Vmoto, Q4 demonstrated that the fruits of spending time and money on product development and international sales and marketing are beginning to pay off. The Company has been encouraged by the reaction from existing and potential international customers (where margins are higher) and will look to consummate as many of these as possible to increase sales across the group during 2017 and in future years.

Vmoto has the foundations and infrastructure in place at its facilities in Nanjing and Shanghai to support this increased demand as the electric vehicle market for both B2B and B2C customers continues to grow on a global basis. The outlook for increased sales growth in 2017 is encouraging and management looks forward to reporting key developments throughout the year.

The Company will release its preliminary results for FY2016 on or before 28 February 2016.

For further information, please contact:

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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.



Photo: Potential Customer Test Ride Vmoto Soco Electric Motorcycle Product



Photo: Vmoto Electric Scooters at Montevideo, Uruguay



Photo: Vmoto customer, LOOPShare Ltd, launched trial of fleet of Vmoto electric scooters in Okinawa, Japan



Photo: Vmoto's Electric Bicycle Product in Australia, Vmoto Enduro