



MARKET UPDATE

ANNOUNCEMENT

17 MARCH 2014

HIGHLIGHTS

- **3 more retail stores opened in China during January and February 2014 taking the total to 13 Vmoto stores**
- **PowerEagle and Chinese retail trading continues in line with management expectations**
- **Initial orders of 150 units supplied to Brazilian distributor for Correios (Brazilian Postal Service)**
- **Progressing new market entry opportunities, including Italy, Hong Kong and Vietnam**
- **Chinese Government policies further supporting electric vehicle market**

Vmoto Limited (ASX: VMT) is pleased to provide the following market update on trading and progress for the first two months of 2014.

CHINA

Despite January and February historically being quieter months due to the Chinese New Year, production for PowerEagle was over 4,000 units and over 2,000 Vmoto scooters were sold through the Company's retail stores and distributors. This is an encouraging start to the year, being up 20.3% from the same period in 2013 which is in line with management expectations.

Vmoto opened three new retail stores in Hongnan town, Nanjing, Haikou and Xinjiang. The Company now has 13 retail stores in China with more locations continually being assessed.

The Company has also commenced discussions with potential manufacturers and distributors in the north of China where Vmoto has yet to establish a significant presence and therefore has the potential to increase Vmoto scooter sales.

Vmoto was recently showcased in one of China's prestigious electric two-wheel vehicle magazines – *Yingshang Electric Two-Wheel*. This magazine covers the global electric two-wheel vehicle market, and Vmoto's exposure has generated new interest and leads from a number of parties globally.

BRAZIL

Vmoto received initial orders for 150 units of its electric "delivery" scooters from its Brazilian distributor in January 2014 and delivered 112 units in March 2014 with the remaining units expected to be delivered in the coming weeks. These scooters are being supplied to Correios, Brazil's national postal service. Correios has publically stated that at least half of their 14,000 petrol motorbikes will be replaced with electric scooters by 2017.



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ITALY

Vmoto's Italian distributor is currently negotiating with TNT Post Italia and has supplied trial electric scooters. Customer feedback received to date has been positive, and the Company is expecting to receive firm orders should the trial be completed satisfactorily.

HONG KONG

Vmoto's Hong Kong distributor is currently negotiating to supply the Company's electric "delivery" scooters to the Hong Kong branch of one of the largest delivery and courier groups globally. Sample scooters have been provisionally approved by Hong Kong's Transport Department.

VIETNAM

A group of Vietnamese customers visited Vmoto's Nanjing Manufacturing Facility in February 2014 and have placed orders for samples of Vmoto's E-Max electric scooters for further evaluation and testing. The Company is very excited by the opportunity that this relationship represents.

ELECTRIC VEHICLE MARKET IN CHINA

The Chinese government has become increasingly focused on environmental protection to reduce pollution through alternative energy and clean technology. This was highlighted in the 2014 Chinese Government Work Report from the Chinese People's Political Consultative Conference annual session concluded on 12 March 2014.

Chinese Government policies providing subsidies to purchasers of alternative energy vehicles, accelerating the construction of public electric charging stations, and encouraging greater investment in electric car technology are reflective of the Government's greater focus in this sector. While a number of the new policies are centred on China's electric car market, Vmoto is monitoring developments closely as the Company expects to benefit from new Government policies and initiatives that encourage the use of 4 wheel and 2 wheel electric vehicles.

For further enquiries, please contact:

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About Vmoto

Vmoto Limited (ASX: VMT) is a global scooter manufacturing and distribution group. The Company specialises in high quality “green” electric powered scooters 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 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.