



## MARKET UPDATE

ANNOUNCEMENT

2 JULY 2014

### EXECUTIVE SUMMARY

- Continued strong growth in demand for Vmoto's electric scooters with overall trading in line with expectations
- Continued growth in profitability with normalised NPAT of ~A\$193,000 for the month of May 2014 (unaudited)
- OEM production on track to achieve 64,800 units in FY14, with 19,059 units distributed from 1 January 2014 to the end of May 2014 (including traditionally quieter Chinese New Year period)
- Further growth in international sales pipeline
- 30,414 scooters sold from 1 January 2014 to the end of May 2014 including 10,932 from Vmoto's retail stores
- Delivered sample scooters to Hong Kong distributor to supply to DHL, a leading international delivery and courier group
- Exhibited in Post Expo Asia Pacific 2014 held in Hong Kong over May 20 - 21
- Delivered first container of scooters to Indonesian distributor
- Vietnamese distributor exhibited at Entech Hanoi 2014 held over May 21 - 23

Vmoto Limited (ASX/AIM: VMT) provides the following update.

#### **Vmoto continues to deliver on its growth strategy**

The Company continues to grow earnings, with normalised net profit (excluding one off share based expenses as a result of the issue of performance rights, shares and options following the Company's AGM on 20 May 2014) after tax generated for the month of May 2014 of approximately A\$193,000 (unaudited).

The Company's growing revenues and profits are a clear demonstration of the increasing traction Vmoto brands are achieving in key markets in China and Asia in general. The Company is becoming recognised for its premium electric scooter products and is delivering on its strategy off the back of this reputation.

The breakdown of unit sales (unaudited) to the end of May 2014 is set out below:



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Unit sales	Jan - Apr 2014	May 2014	Jan - May 2014
OEM	14,002	5,057	19,059
China retail stores	4,294	1,172	5,466
Other Chinese distributors	1,677	614	2,291
International and others	2,435	1,163	3,598
	<b>22,408</b>	<b>8,006</b>	<b>30,414</b>

## China

Production of OEM electric scooters is on track to achieve 64,800 units over FY14 under the Strategic Cooperation Agreement with PowerEagle. Year to date (to end of May 2014) 19,059 units had been distributed.

The Company's total retail store footprint currently stands at 16 retail stores. In addition, Vmoto has relationships with more than 10 distributors and dealers distributing Vmoto's products in China. In order to ensure the sustainable roll-out of Vmoto owned retail stores, the Company plans to slow down this roll-out to ensure staff and management within the company owned retail network are properly trained. At the same time Vmoto will be providing more support to existing dealerships to increase sales while also increasing the number of distributors and dealers to ensure the sales momentum continues.

The Company continues to receive significant interest from other electric vehicle distributors and parties for potential collaboration or joint venture opportunities. Discussions with these groups are ongoing and any material developments will be announced as and when they occur.

## Hong Kong

The Company has recently delivered sample electric delivery scooters to its Hong Kong distributor to supply to the Hong Kong branch of DHL, which is one of the world's largest international logistics companies. DHL is present in over 220 countries and this represents a significant potential opportunity for Vmoto. The feedback from the Hong Kong distributor has been positive to date.

The Company also exhibited at the Post Expo Asia Pacific held in Hong Kong over May 20 - 21. Guests at the Post Expo Asia Pacific 2014 included board-level and senior management executives from national postal operators, private postal and mailing companies, and parcel and courier companies from across Asia Pacific. Significant interest was generated in Vmoto's products from this Expo.

## Indonesia

The Company recently delivered the first container of its electric scooter products to its Indonesian distributor. Vmoto is hopeful that more orders from the Indonesian distributor will be received in the coming weeks.

Indonesia, after China, is the second largest market in the world for petrol motor scooters (Source: Pike Research) and represents a large potential market for Vmoto.

## **Vietnam**

After the shipment of the first container of its electric scooter products to Vietnam under the distribution agreement, the Company has received two further orders from its Vietnamese distributor.

Vmoto's Vietnamese distributor has also recently participated and exhibited in the 6<sup>th</sup> Entech Hanoi exhibition. Entech Hanoi 2014 is an international exhibition on environment and energy technology and was held from May 21-23. Over 180 booths exhibited in the exhibition which was attended by over 140,000 visitors.

## **Vmoto's New Website**

Vmoto is pleased to announce the release of its new website at [www.vmoto.com](http://www.vmoto.com). The new site reflects who we are as a company today, as well as our partners worldwide.

Sample Scooters Supplied to Hong Kong Distributor



**Vmoto Exhibited at Post Expo Asia Pacific 2014 in Hong Kong**



## Delivery of First Container to Vmoto's Indonesian Distributor



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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.