



VMOTO SIGNS MOU FOR ACQUISITION OF CSR MOTORCYCLES IN SPAIN AND ESTABLISHES EUROPEAN OPERATIONS

ANNOUNCEMENT

2 APRIL 2008

Vmoto Limited (“Vmoto” or the “Company”) is pleased to announce the establishment of a European beach head in Barcelona, Spain following the signing of a Memorandum of Understanding (“MOU”) to acquire key assets of CSR Motorcycles SrL Spain (“CSR”). CSR is a Barcelona based motorcycle, ATV and scooter company with in-house design, distribution and production facilities. This proposed acquisition is in-line with Vmoto’s previously announced strategy of becoming a fully integrated global motorcycle, ATV and scooter company, which includes the development of a strong positioning in the very large European scooter market.

The European market for scooters is the largest and most mature, representing approximately 6 million unit sales in CY2007 (equating to approximately \$11.2 billion) and growing at an average rate of 9.7% per annum. Spain, along with Italy, is one of the largest components of the European market, where scooters are a well accepted means of alternative transport, suited also to the warmer Mediterranean climate. Spain is also a recognised centre of innovation and design for the European scooter market.

The proposed CSR acquisition, planned to take effect from the end of April 2008, is subject to final due diligence and documentation. It represents the first step in establishing a European presence and is being completed in conjunction with other acquisition opportunities currently under review following Managing Director Patrick Davin’s most recent trip to Europe. The new Vmoto European operation will also house a business development unit dedicated to increased OEM sales for the Chinese scooter and engine manufacturing department.

The Proposed CSR Acquisition

CSR was formed in 2004 and is a profitable distributor of its own high quality branded scooters and ATV’s which are manufactured in China. CSR currently has a major retail distribution network throughout Spain. The head office and primary distribution centre is based in Barcelona.

Key management and staff will be retained by Vmoto as part of the proposed acquisition, including CSR Managing Director, Mr Carlos Sotelo. Carlos Sotelo is a respected figure in the European motorcycle market, from both an industry and motorsport perspective. Mr Sotelo has competed in 5 Paris Dakar motorcycle races and is a former champion Spanish



ASX CODE: VMT

A B N 3 6 0 9 8 4 5 5 4 6 0

Level 12
251 Adelaide Terrace
PERTH WA 6000

Telephone: (61-8) 9221 6175
Facsimile: (61-8) 9325 5313

www.vmoto.com

Motocross racer. He has also gained attention from the global motorcycle industry through the creation of the SCARTT, a new category of off-road recreational UTV vehicle, which is manufactured in Spain and distributed by CSR. Mr Sotelo will assume a General Manager role in Europe for Vmoto.

Under the terms of the MOU, Vmoto proposes to acquire key assets of the CSR business through a new Vmoto subsidiary in Europe, which will be established during the course of April. Amongst the key assets being acquired, Vmoto will gain complete ownership of the SCARTT intellectual property, the NKT “naked” cafe racing style motorcycle and other products in various stages of development. CSR’s proprietary motorcycle design has been spearheaded by Mr Sotelo, utilising his competition experience and technical expertise to create high performance product with cutting edge design aesthetic.

In addition to the intellectual property, Vmoto will gain a significant distribution centre in Barcelona that houses a sales, marketing and technical support team servicing Europe and North Africa. CSR has developed a strong presence in Spain and has recently gained limited distribution throughout the European Union (“EU”) with its motorcycle and scooter range.

Under the MOU, Vmoto has an exclusivity period to complete its due diligence and the sale documentation. The final acquisition price has not been determined and this and other material terms will be advised once finalised.

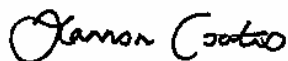
Vmoto Managing Director, Mr. Patrick Davin commented:

“On behalf of the Board, Executive team and shareholders I welcome Carlos Sotelo and the CSR team to the Vmoto Group. Vmoto has worked in close collaboration with CSR previously on various projects to great benefit for both companies. This union, once formalised, will provide a platform for increased penetration of the Vmoto brand and design capability to create a new generation of motorcycles, ATVs and scooters and a distribution operation to service our largest market, the EU, with the highest levels of sales, marketing and technical support. “

CSR Managing Director and major shareholder, Mr Carlos Sotelo commented:

“The proposed transaction between Vmoto and CSR is very exciting. The increased sales & marketing, design and technical support for Europe and the Chinese manufacturing capability will elevate Vmoto Ltd as a serious player in the global motorcycle, scooter and ATV industry. The ability to manufacture our groundbreaking SCARTT in the Vmoto Nanjing manufacturing facility will significantly increase global production capacity in line with our expected demand. This increased capacity, coupled with the reduced production cost associated with the Chinese manufacturing base will allow the SCARTT to enter the global markets as a very price competitive product.”

Yours faithfully



Shannon Coates
Company Secretary

Contacts:

Vmoto Patrick Davin, Managing Director	+61 8 9322 6175
Kevin Skinner, Field Public Relations	+61 8 8234 9555

About Vmoto

www.vmoto.com

www.vmotoltd.com

Australian based Vmoto Limited is a global integrated scooter manufacturing and distribution group listed on the Australian Securities Exchange. Vmoto specialises in high quality motor scooters and All Terrain Vehicles (ATVs) using state-of-the-art production facilities situated in China. Vmoto also operates an international scooter and ATV trading and distribution Company based in Shanghai, with sales in over 100 countries.

About CSR

www.csrmoto.com

www.scartt.com

CSR Motorcycles is a privately held motorcycle, scooter and ATV distribution company based in Barcelona Spain. CSR was founded in 2004 by Carlos Sotelo, former Paris Dakar Endurance racer. The focus of the business initially was based on the importation of Chinese-made scooters, ATV's and motorcycles branded as CSR. In 2005, the company began to design proprietary motorcycles and was a pioneer in the development of the SCARTT recreational UTV. CSR has a strong presence in the domestic Spanish and Portuguese markets, with limited distribution in the European Union of the SCARTT. CSR also houses a motorcycle design team, production facility and warehousing operation in Barcelona.