



VMOTO NANJING MANUFACTURING FACILITY – A REALITY

ANNOUNCEMENT

2 SEPTEMBER 2008

- **Building construction completed on budget and on time**
- **Assembly line fitout in progress**
- **Final licensing and certification expected to be finalised and fully commissioned October**
- **First production runs of Vmoto SCARTT and T17 expected to commence late October**

Vmoto Limited (“Vmoto” or the “Company”) is pleased to confirm the completion of building construction of Stage 1 of its manufacturing plant in Nanjing, China. Construction of Stage 1, a 10,200 square metre assembly plant, has been completed on schedule and budget, with handover of the building occurring in the last week of August 2008.

It is envisaged that in-house production will commence late October, pending targeted legislative and logistical completion dates. The final pending measures required to commence production include:

- Final fitout along with assembly lines migration and installation
- Licensing and certification by the Chinese authorities
- Certification of European and Australian manufacturing standards for export

The factory is now undergoing full fitout and migration of the assembly lines of the Vmoto SCARTT production line and tooling from Spain (arrival into China expected within days), together with the rented engine manufacturing facility and the rented scooter assembly facility, both of which have now closed off current production and transported the assembly lines to Nanjing.

Full commissioning of the new factory will enable production to more than triple from current capacity and will provide significant production cost reductions by locating both operations at the one location. The factory, once commissioned, provides the foundation for Vmoto moving forward to protect the continuity of supply of its products as it continues to expand into international markets.

The acquisition of the land for the factory development (consideration USD \$750,000.00) was paid in its entirety in October 2007. Stage 1 costs of the factory, being USD \$1,200,000.00, have largely been met from cash flow.

The intrinsic value of this investment has been surpassed through double digit capital appreciation of the land and moves by the Chinese government to further accelerate the overall consolidation of the motorcycle industry.



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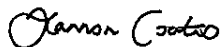
www.vmoto.com

It is understood that an embargo is being implemented to prohibit new factory licenses for the manufacture of scooters and small vehicles in the foreseeable future. This increased barrier for new entrants has unexpectedly added greater asset value to Vmoto, as well as its strategic significance.

Vmoto Managing Director, Patrick Davin, commented "The landmark event that shareholders, the Executive team and Board have been eagerly awaiting is now a reality. Vmoto has the genuine ability to provide world class products to its global client base, which provides a greater opportunity for successfully delivering the vision of total vertical integration of the Group. To see how quickly this project has developed from a few architectural drawings to a fully fledged manufacturing site is just incomprehensible in Australia or Europe. The project actually broke ground in December 2007 and handover took place in August, as planned. Before the end of this year, Vmoto expects to be delivering the SCARTT sport UTV to European markets at a fraction of the original price in real mass production scale. It is with great pride that I thank the investors, the global executive team and the Board of Directors for sharing this vision and enabling Vmoto to now make a quantum leap in its evolution."

Further updates on the commissioning of Nanjing will be forthcoming as and when they transpire.

AUTHORISED BY:



Shannon Coates
Company Secretary

About Vmoto

www.vmoto.com and 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 (ATV's) using state-of-the-art production facilities situated in China. Vmoto also operates an international scooter and ATV trading and distribution business in Shanghai China and a sales, distribution and design centre based in Barcelona Spain.

Conceptual renderings of Stage 1 development – 2007:



Nanjing - Reality August 2008:



The combined operations of the following three previously separate facilities will now be based in Nanjing.

T17 scooter assembly facility:



Engine manufacturing plant:



Vmoto Scartt assembly line and tooling in-transit from Spain:

