



VMOTO ESTABLISHES STRATEGIC ALLIANCE TO FAST TRACK ZERO EMISSION SCOOTER DEVELOPMENT

ANNOUNCEMENT

10 DECEMBER 2009

Vmoto Limited ("Vmoto") is pleased to announce that it has signed a Heads of Agreement to enter into a strategic alliance with the shareholders of one of the world's leading electric scooter companies, E-Max Ev's Germany Ltd ("E-Max").

E-Max is a German company based in Oberhaching, near Munich in Germany. The company's main focus is the development of advanced electric technologies, with the aim of making the daily use of electric vehicles practical, cost-effective and comfortable for the customer. E-Max is one of the few companies that provide a scooter with technologically advanced Li/Ion batteries and a matching battery management system, or BMS.

E-Max's design function was undertaken by Paolo Valcic in Italy and the company has development departments located in both Germany and Italy. Production, which is under German management, is located in Wuxi, near Shanghai, China.

Subject to the satisfactory completion of due diligence by Vmoto, Vmoto and E-max will form a new company which will acquire certain assets and intellectual property from E-Max. The new company will be based at Vmoto's manufacturing facility in Nanjing, China ("Nanjing Facility") and will utilise Vmoto's existing manufacturing and export licence, providing increased manufacturing capacity to satisfy the existing demand for electric scooters that E-Max is currently unable to fulfil.

Vmoto will own 60% of the new company, following a payment of €1.0million (AUD\$1,640,000) to the existing E-Max shareholders and a €2.5million (AUD\$4,100,000) capital injection to the new company.

The 40% balance of the new company will be owned by the existing major shareholders of E-Max. Approximately 5 million Vmoto shares will be issued to some minority shareholders of E-Max, which will be escrowed for a period of 12 months.

To facilitate the transaction, Vmoto further advises it has received firm commitments to raise AUD\$6,000,000 via a placement of 30,000,000 shares at an issue price of \$0.20 each, to institutional and sophisticated investors. This price is at a premium to the market price of Vmoto shares prior to it entering trading halt on 8 December 2009.

The establishment of the new company will provide Vmoto with immediate access to 4 electric scooter models (see examples below), enabling it to fast track its electric scooter



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program by at least 12 months and coincide with worldwide increasing demand for zero emission vehicles. The new company is expected to be immediately EPS accretive to VMT.

In commenting on the deal, Vmoto's Managing Director Patrick Davin today stated: "This is a great deal for both Vmoto and E-Max. The new company will allow Vmoto to take advantage of the significant technologies and experience that E-Max has gained over years in electric scooters. Coupled with our world class production facility in Nanjing, this will enable large scale production to meet the huge demand that is coming for zero emission vehicles.

"The previously announced Stage Two of Vmoto's Nanjing Facility will now be fast tracked to absorb the increase in demand from Vmoto's Petrol Scooter, Electric Scooter and Scartt Divisions.

"It is a pleasant coincidence that the new company will come into being at a time when our world leaders are sitting around tables in Copenhagen trying to come up with solutions to global warming.

"This new deal advocates the policy of everyone at Vmoto, and also within the soon to be established new company, to become part of the pollution solution as we move into the next decade, one which I think will see a benchmark change to electric forms of transport for the world."

Due diligence on the transaction is substantially complete and an initial, refundable amount of AUD\$765,000 had been paid to E-Max. Signing of the formal agreement is expected to take place when Vmoto's Managing Director travels to China next week.



AUTHORISED BY:

A handwritten signature in black ink that reads "Shannon Coates".

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.