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油電混合機車代理商商業計畫書
Hybrid Scooter Importership Business Plan

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中華民國一百年六月

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Abstract

Hybrid Scooter Importership Business Plan

By Victor J. Chow

This business plan has been prepared to provide the reader with information about IMBA Motors Limited (IML), including business structure, company goals, projected growth, venture capital requirements, start-up costs, an investment analysis and the industry trends.

IMBA Motors Limited has identified eco-friendly two-wheeled transportation as its primary interest and to that end the company has focused its efforts on the establishment of an importership that will import a complete line of hybrid scooters and develop retailer, sales and marketing, and after-sales service functions. We want to provide quality transportation for all socially responsible and environmentally conscious parties.

Focused on a quality, eco-friendly lifestyle, IMBA Motors Limited is a company primed to take advantage of an expanding and profitable scooter industry in Taiwan.

IMBA Motors Limited is seeking seed capital of NT\$ 60 million for initial company operations. IMBA Motors Limited projects gross sales of NT\$ 1.3 billion and a net income of NT\$78 million in year 3, with an NPV of NT\$ 50 million, a payback within 34 months and an IRR of 33%. The initial investor will receive an equity stake in the company and preferential rights to invest in subsequent equity rounds.

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Executive Summary

IMBA Motors Limited (IML) is to sign a long-term exclusive importership agreement with Aspes, a premium vintage Italian scooter company, and import the first hybrid scooters into the Taiwan market. As an importership that has retailer, sales and marketing, and after-sales service functions; we are ready to present the entire Italy-based imported hybrid Aspes line as a sustainable, innovative and economic mean of eco-friendly transportation in the Taiwan market. As people are becoming more socially responsible and conscious of the environment, hybrid scooters like the Aspes will gain popularity. IML prides itself on being a company with a commitment to quality, integrity and social responsibility and will lead by being the pre-eminent name in the socially responsible powered two-wheeler industry.

The market size of the scooter industry in Taiwan has been steadily growing and has sales of over 800,000 units per annum. We will be able to offer an Aspes hybrid vehicle in the 50, 125 and 150 CC market segments, respectively. Entering the largest scooter market segments allows a premium brand like the Aspes to have an opportunity to carve out a niche and attract consumers who yearn for a scooter that incorporates both an Italian brand design aesthetic and cutting-edge hybrid technologies.

Market analysis shows that the Aspes hybrid models have a strong chance of success in the Taiwan market as it combines the advantages of gasoline and battery engines while simultaneously reducing both fuel consumption and carbon dioxide emissions by more than 50%. The Aspes hybrid models offer the option of running in 'full electric' mode, which enables you to even ride around the city centre in areas where traffic may be restricted. In addition, the electric

motor greatly reduces noise pollution in comparison with traditional vehicles, because of the substantial use of the electric motor at idling and low speeds, which leads to reduced roadway noise.

While the Aspes hybrid models may initially cost more than a regular scooter, the additional costs are offset over time by the cash saved from purchasing less fuel and the government subsidy given due to its environmentally friendly status.

An integrated communication plan will be implemented during the launch of the Aspes hybrid models, including event marketing, BTL communication (e.g. lifestyle magazines, customer DM), new media communication and intensive public relations arrangements. These marketing initiatives are to increase brand image and awareness through effect communication, resulting in brand attractiveness and product desirability.

Retail showrooms and workshops are the contact point between product and consumer. Thus, a flagship showroom with workshop will be launched in Taipei, Taichung and Kaohsiung, the three largest metropolises in Taiwan. In addition, more dealers will be appointed in the first several years of operation. The goals of these showrooms are to quickly generate initial sales volume to build up market confidence and create customer loyalty through customer satisfaction. In addition, it is a priority to ensure dealer confidence to invest for further growth upon anticipated business profit.

IMBA Motors Limited is seeking seed capital of NT\$ 60 million for initial company operations. The initial investment of NT\$40 million will be used to set up the new business in Taipei. Formal operations will begin at the beginning of 2012. There is also an additional NT\$ 20 million in follow-on investment in dealer network expansion to Taichung and Kaohsiung.

IMBA Motors Limited projects gross sales of NT\$ 1.3 billion and a net income of NT\$78 million in year 3, with an NPV of NT\$ 50 million, a payback within 34 months and an IRR of 33%. The initial investor will receive an equity stake in the company and preferential rights to invest in subsequent equity rounds.

Mission

IMBA Motors Limited is the first Taiwanese company to focus on a line of mass-produced gas/electric hybrid scooter. We adhere to a Triple bottom line (TBL or 3BL) philosophy, which is basically an accounting standard containing environmental, social and economic factors. Our goal is to be the preeminent name in the socially responsible powered two-wheeler industry. The ultimate goal of IMBA Motors Limited is to be recognized for quality and innovation, a company that cares about social ethics as much as its bottom line. We accept the challenge of leading the charge of making clean and sustainable transportation the norm instead of the exception.

Company Management

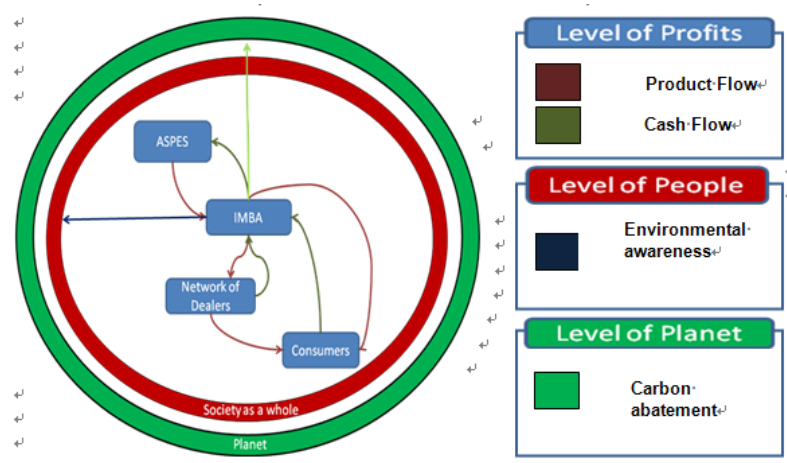
The management team behind IMBA Motors Limited is comprised executives with a commitment to quality, integrity and social responsibility. In particular, the Managing Director has over 10 years of direct experience in general management, finance, sales, marketing and operations. He also stands poised to earn an MBA with Distinction from the National Cheng Chi University International MBA program.

In addition, IMBA Motors Limited has many years of experience and understanding of the local market, with established connections and relations to execute all sales, marketing and aftersales endeavours. IMBA Motors Limited

will be able to utilize the Aspes line of hybrid scooters to enhance the overall competitiveness and increase its market share with the determined ambition to create a better future.

Keys to Success

IMBA Motors Limited offers a value added proposition to all associated parties, thus ensuring a maximum chance of success and prosperity. We adhere to a Triple bottom line (TBL or 3BL) philosophy, which is basically an accounting standard containing environmental, social and economic factors. We are the first company in Taiwan to offer a unique product, superior services and strong management principles. First, we offer the Taiwan market a differentiated “brand-able” product, the entire Aspes hybrid scooter line. Second, we have a comprehensive marketing effort aimed at promoting a revolutionary way of green transportation. Third, we offer the knowledge and ability to establish a retail network of showrooms and after-service stations that will eventually expand nationwide. IMBA Motors Limited has business dedication, industry experience and innovative marketing for successful scooter distribution, providing famed Italian scooter company Aspes a presence in the ever growing Asian scooter market.



Stakeholder	We Give	We Receive
Aspes	<ul style="list-style-type: none"> • Market knowledge • Business Development 	<ul style="list-style-type: none"> • State of the art technology • Premium quality • Exclusive distribution rights
Dealers	<ul style="list-style-type: none"> • Technical and marketing know how • Favorable terms 	<ul style="list-style-type: none"> • Extended presence • Mora manageable after sales services
Consumers	<ul style="list-style-type: none"> • Access to a superior product • Cost effectiveness in the long run • Feeling of contribution to Taiwan's carbon reduction effort 	<ul style="list-style-type: none"> • Profits
Society as a whole	<ul style="list-style-type: none"> • Environmental awareness 	<ul style="list-style-type: none"> • Government subsidy for our consumers
Planet	<ul style="list-style-type: none"> • Carbon abatement 	<ul style="list-style-type: none"> • Material and human resources

Product Overview

The Aspes Hybrid vehicles are bimodal hybrid scooters, which mean that they do not combine both engines for the entire spectrum of speed but rather, they differentiate between starting, slow ride, fast ride or extra urban. We will be the first to import a complete line of mass-produced gas/electric hybrid scooters (See Exhibit 1) that offers following benefits:

- Decreased CO₂ emission
- Substantial gas savings/ cost per mile
- Soundless starting

- Premium Italian history and design

The Aspes Hybrid vehicles utilize a unique hybrid technology that combines two different propulsion systems, a gasoline engine and one electric drive motor. The Aspes Hybrid scooters compliment their gas engine through two convenient ways of charging, internally through the use of the internal-combustion engine (automatic in-motion) without the need for cables, or externally, through the supplied battery charger. In other words, the battery will recharge during traditional combustion scooter operation. Hybrids get more MPG or miles per gallon than most traditional non-hybrid scooters and have very low tailpipe emissions. (See Exhibit 2)

It should be noted that the Aspes Hybrid scooters utilize a lithium-iron-phosphate battery that allows a fast recharging procedure (less than 4 hours) and a greater number of charge-discharge cycles without undergoing deteriorations and performance reductions: it is worth noting that a normal battery may be recharged up to 500-600 times, while a LiFePO₄ may reach as many as 3,000 recharging cycles. (See Exhibit 3)

Every Aspes Hybrid comes equipped with a traditional 4-stroke combustion engine with a catalytic converter. This is a state of the art combustion engine which is now more ecological and that allows the LiFePO₄ battery to recharge whilst moving.

As mentioned previously, the Aspes Hybrid scooters use two sources of energy to maximize efficiency. When the scooter is in operation, the electric motor only option is in effect until the scooter reaches approximately 18/25 km/hr. From 18/25 km/hr to 30/35 km/hr, both the electric motor and the combustion engine work together by simultaneously supplying energy, providing more useful

power to overcome obstacles in a safe manner. After exceeding this speed, the scooter is runs on the internal combustion engine only, switching the electric motor to a generator that recharges the battery. (See Exhibit 4)

According to the U.S. Environmental Protection Agency (EPA), driving a vehicle (car or scooter) is the single most polluting thing that most of us do. [1] Therefore, reducing vehicle emissions should be near the top of the green agenda. One of the main ways of reducing carbon dioxide is for every individual to look at their own carbon footprint and identify ways of reducing this. The lowering of vehicle emissions, for most people, is a way that a significant reduction in their own carbon footprint can be made. One of the priorities must be to reduce the amount of carbon dioxide, otherwise known as CO₂, emitted into the environment. The amount of emissions produced will of course vary by scooter type. However, the average Aspes hybrid scooter emits 60% less green house gases than other "traditional" scooters. This demonstrates the significant savings in emissions when comparing the Aspes hybrid scooter with a traditional one. With a total of 16,382 amount sold by year three, the total emissions savings would be around 518,915.70 Kg. (See Exhibit 5)

Due to the hybrid technology of the Aspes scooters, fuel consumption is reduced by approximately 75% when compared with “traditional” scooters, which translates into savings of NT\$0.68 for each kilometer driven. (See Exhibit 6)

The hybrid scooter has reduced noise pollution in comparison with traditional vehicles. This is because of the substantial use of the electric motor at idling and low speeds, which leads to reduced roadway noise. For example, the idle noise rate for a hybrid scooter is 0 decibels compared with the traditional scooters’ 50

decibels. Even at full speeds, the hybrid scooter is still 20 percent quieter than traditional scooters, making riding peaceful and harmonious. (See Exhibit 7)

External Market Analysis

Taiwan Scooter Market

Taiwan can be considered the scooter capital of the world and has the highest scooter density anywhere on this earth. There are 11 million scooters for the more than 23 million residents living in the 36 thousand square kilometer area. That is asserting that every two people own one scooter and that 88% of Taiwanese families have at least one scooter. There are more than 700,000 new scooters being purchased every single year. Additionally, the Taiwanese have developed a lifestyle centered on the scooter. The roads have been designed to be scooter-friendly and have constructed dedicated parking spaces for these two-wheeled vehicles along their road network. According to the Taiwan Environmental Protection Administration's statistical data, all the scooters emit 330 thousand tons of carbon monoxide (CO) and 90 thousand tons of hydrocarbons (HC) every year, making up 12% and 8% of the total pollutants, while 1.8 million tons of carbon dioxide (CO₂) is also emitted each year. With scooters' emissions as a major source of pollution, Taiwan has a great need for a hybrid scooter. [2]

When analyzing the total scooter market, approximately 35% of all scooters are imported and 65% are domestically manufactured scooters. It should be noted that imported scooters are generally more expensive than its domestic counterpart. Thus, potential customers are more accepting and understanding of imported goods like the Apres scooters.

The scooter market is further categorized by engine size. The four largest categories are the 125, 100, 150 and 50CC segments. In 2008, the 409,401 units of the 125CC were sold, 325,747 units of the 100 CC were sold, 64,580 units of the 150CC were sold and 19,327 units of the 50CC were sold, respectively.

Government Support

The Taiwan government is promoting the production and use of eco-friendly scooters in Taiwan and already allocated NT\$ 1.6 billion for a four- year subsidy plan (which was extended one additional year) in 2009 to encourage the public to purchase eco-friendly scooters. Subsidies of NT\$8,000 to 11,000 will be offered to buyers of electric/hybrid scooters, in order to encourage people to purchase environmentally friendly electric scooters and motorbikes. [3] In addition, there is a current 50% reduction on commodity taxes on hybrid and electric vehicles, with a commodity tax and license fee exemption for three years that is awaiting approval from the parliament. [4] There is a long-term plan to boost the eco-friendly vehicle industry, with planned measures for government vehicles, mass transportation and company vehicles.

SWOT Analysis

SWOT Analysis	
Internal Strengths	Internal Weaknesses
<ul style="list-style-type: none"> • First ever full line of hybrid scooters that is environmentally friendly. • First mover advantage, monopoly power in the short run. • Emits low pollution, is fuel efficient and is environmentally conscious. • European origins and Italian styling 	<ul style="list-style-type: none"> • Relatively high initial cost of the Aspes scooters when compared with its competitors. • While the Aspes brand is famous in Europe, substantial costs required as there may be insufficient brand/product awareness.

<p>of the Aspes Hybrid scooters create a positive country of origin effect.</p> <ul style="list-style-type: none"> • Direct association between Aspes scooters and Italy, a country known for its luxurious and exclusive brands. 	<ul style="list-style-type: none"> • Cost of educating consumers of the hybrid technology and its benefits to the environment and consumer may require substantial monetary resources.
<ul style="list-style-type: none"> • External Opportunities 	<ul style="list-style-type: none"> • External Threats
<ul style="list-style-type: none"> • Government subsidies and incentives that are given to both importers and consumers of green products. • Increasing level of crude oil prices vis a vis the global political situation in Iraq and Iran. Surge in crude prices will cause motorists to shift to more fuel efficient modes of transportation like the hybrid. • Big room for expansion island wide. 	<ul style="list-style-type: none"> • Well established and big competitors who have flooded the market with cheap scooters and have dominated the market. • Scooter market is saturated and mature, and the segments our products will be competing in the most competitive market segments. • Indirect competition comes from alternative methods of transport.

Competitor Analysis

The three dominant players in the scooter business are Kymco, San Yang Motors and Taiwan Motor Yamaha. As of 2008, Kymco has 38% of the market share, Taiwan Yamaha has 31% and San Yang has 26%, respectively. [2] There are also several niche players that have carved out a place in the market.

Top Three Locally Manufactured Scooter Competitors	
Kymco	<ul style="list-style-type: none"> • Founded in 1963, the largest scooter manufacturer in Taiwan. • Sold globally, the world's 5th largest manufacturer of scooters and motorcycles. • A leader in quality, versatility and fuel economy.

	<ul style="list-style-type: none"> • Consumer perception of having excellent gas mileage (between 55 and 65 MPG), durability and low price points. • Serves as OEM, with complete manufacturing control of all component parts.
Taiwan Motor Yamaha	<ul style="list-style-type: none"> • Began producing scooters in 1955, established Taiwan branch in 1986. • Yamaha Motor Taiwan is one of the main scooter production facilities in the world for Yamaha Motor Group. • Continuously refined scooters over the years to fit their end consumers, making their business very successful. • Has a broad line of models ranging from 50cc scooters to 249cc Virago. • Has great power and speed compared to Kymco's scooters but also have a steeper price point.
San Yang Motors (SYM)	<ul style="list-style-type: none"> • Founded in 1961, the first motorcycle company in Taiwan and a major player in the scooter market. • Targets high quality scooter products rather than the low end segment of the scooter industry. • Corporate culture pushes employees to produce the best products for their loyal consumers while focusing on being environmentally friendly with their manufacturing process. • One of the company's main goals is to move towards becoming a "Green Factory" and a "Green Corporation".

Market Segmentation

Taiwan is the scooter capital in the world. Most Taiwanese people own scooters as they are a practical means of transportation that is convenient and cost effective due to the densely populated urban areas in the island. According to the research made on the scooter retail market at the moment, scooters can be categorized in three main segments, entry-level, mid-segment and high-end.

Each scooter segment is based on the engine size [5], and we will have a scooter model represented in each. (See Exhibit 8)

	Engine Size	Price Range	Segment Size (units sold in 2008)	Characteristics
Entry-Level	50 cc	NT\$ 49,000 to NT\$ 75,000	19,327 units	<ul style="list-style-type: none"> • Great beginner scooter for new buyers. • Known for great gas mileage. • Great little errand runners and local commuters • Best suited for 40 kph (in town) roads. • Does not require a motorcycle specific license to operate, along with a minimal insurance charge. • Relatively less expensive than other scooters, they tend to have fewer features than those with larger engines.
IMBA Motors Limited has the Aspes Hybrid ‘Vega 50’ in the entry-level segment.				
Mid-Segment	100 cc 125 cc	NT\$ 59,000 to NT\$ 118,000	409,401 units <u>325,747 units</u> 735,148 units	<ul style="list-style-type: none"> • Efficiency and convenience for mid distance and city commuting. • By far the most common scooter size. • Best suited for

				speeds of 50-75 kph.
IMBA Motors Limited has the Aspes Hybrid ‘Vega 125’ in the mid-segment segment.				
High-End	150 cc	NT\$ 69,000 to NT\$ 148,000	64,580 units	<ul style="list-style-type: none"> • Power and longer-distance commuting. • Best suited for speeds of 80-97 kph. • Accelerates faster and more powerful when climbing uphill. • Ideal for occasional road trippers travelling on less crowded roads.
IMBA Motors Limited has the Aspes Hybrid ‘Perseo 150’ in the high-end segment.				

Target Audience

IMBA Motors Limited has imported the entire line of Aspes Hybrid scooters, with each scooter falling into the three largest segments. Within each segment, there is a specific target audience.

Demographics are very important when targeting consumers. The consumer is either male or female and between 30 or 50 years old (mid-life). They are affluent and well-informed and educated adults. Therefore they are in higher managerial, administrative or professional occupations and of upper middle class. Hence they are not only prepared to purchase environmentally-friendly but also able to pay more for it (higher disposable income). They either own their property or rent privately.

Within the demographic profile, three main mindsets of probable buyers could be identified using psychographics. The first group is known as early adopters/ technology pioneers. They are interested in the latest technology/ innovation, and must be the first on the block to own this technology and embrace it. This group is approximately 13.5% of the Taiwanese population, or 3,105,000 people. [6]

The second group is known as environmentally friendly LOHAS (Lifestyles of Health and Sustainability) 'leaders'. These LOHAS 'leaders' are highly committed and active participants in fully integrated healthier, more sustainable lives, recognize the environmental impact of motoring and would like to do something about it. This group comprises approximately 8% of the Taiwanese population, or 1,840,000 people. It should be noted that LOHAS 'learners', at 46%, stand at a largely untapped opportunity as they would like to do the 'right thing' but are not sure where to start. [7]

The third group is known as the luxury consumers, people who live in a very image conscious society. They are looking for goods that are perceived as premium, exclusive and different. This group is comprised of the richest 10% of the Taiwanese population, or 3,000,000 people, and has an average disposable income of approximately NT\$ 1.67 million. [8]

Price Strategy

The prices for the Aspes Hybrid scooter line are as follows:

The MSRP of the Aspes Hybrid Perseo 150 is approximately NT\$ 167,000 (4,250 EU). The MSRP of the Aspes Hybrid Vega 125 is approximately NT\$ 155,000 (3,950 EU). The MSRP of the Aspes Hybrid Vega 50 is approximately

NT\$ 123,000 (3,150 EU). With the current government subsidies, the prices to the end consumer are further reduced to NT\$ 156,000, 145,000 and 114,000, respectively. (See Exhibit 9)

These initial purchase prices are more expensive than that of their locally manufactured competitors. However, the Aspes Hybrid line is for a select group of consumers that are willing to pay a premium for an Italian scooter that can be considered a luxury good that is environmentally friendly, fuel efficient and technologically advanced.

Pricing strategy is an important strategic issue, because it positions the product. The Aspes Hybrid is a premium, high performance scooter with famous European roots. As a luxury good, we compete primarily on design, technology and quality, rather than price.

In phase 1, we plan on employing a market skimming price strategy, which involves charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a market. This is a suitable price strategy for a company that offers a revolutionary high-tech product like the Aspes Hybrid scooter line.

In phase 2, we will slowly reduce the price over time to capture the consumer surplus. As the demand of the first customers is satisfied, we lower the price to attract another, more price-sensitive segment. As this product life cycle closes, we plan on developing the next generation product to raise the ASP and maintain high profit margins.

It should be noted that we will utilize the risk reducing strategy of foreign currency hedging to minimize or minimize this currency risk as we will be

exposed to foreign currency exchange rate volatility and may be subject to change.

Product Strategy

When compared with other mass-manufactured scooters, IMBA Motors Limited will position its line of Aspes Hybrid scooters at a premium, as we believe our end-customer would pay the premium pricing for the special features and exclusive, premium brand power. We do not just offer a scooter like other companies. We offer an environmentally friendly way of life and a symbol of luxury, elegance and uniqueness. We will promote the line of Aspes hybrid scooters as high-end branded products to further enhance added value.

Promotion Strategy

A successful product means nothing unless the benefits can be communicated clearly to the target market. Our promotional strategy will initially rely heavily on event marketing, BTL communication (e.g. lifestyle magazines, customer DM), new media communication and intensive public relations arrangements. It is also important to implement continuous communication, event marketing and joint promotions to strengthen brand image and awareness. Relationship marketing through direct marketing/ internet/ owners magazines will also play an important part in promotions.

With regards to above the line marketing, the use of television advertisements will be the primary above the line marketing initiative, as it has wide reach and impact that is useful for showcasing the hybrid scooter. TV ads are quite costly, but we plan on targeting popular TV programs for maximum effectiveness.

We have a very complete promotion strategy which is necessary because of the type of product (high involvement) and its stage in the product life cycle (introduction). It should be noted that we will be running intensive public relations campaigns, with frequent test drives, press reports, press conferences and joint promotion and launch events. We will also be a major player in the various annual trade shows, including Taiwan International Motorcycle Show and Electric Vehicle Show, Taiwan Taitra Scooter Show and Taiwan Auto Show, an excellent regional platform to generate good business fortunes as its environment is conducive to displaying scooters and attaining additional exposure to potential customers and retailers. (See Exhibit 10)

Internally, we have several strategies that will help maximize product knowledge and sales. Personal selling is very important because a scooter is a high involvement product and affords more conviction for purchase which is given by personal selling. Thus, personal selling will be carried out by the local dealers who in advance should have been trained to be familiar with the Aspes hybrid scooter line (dealership launch material, conferences) and its advantages and how to overcome objections. Personal selling will also be of major importance when targeting the corporate/fleet buying segment, because these customers buy in bulk and they expect to be given a presentation by our representative to convince them that the hybrid scooter is suitable for their fleet.

Place/ Channel Strategy

The ultimate plan is to establish and develop a dealer network that covers all major metropolitan areas in Taiwan. IMBA Motors Limited has developed a three-year geographic expansion strategy that target areas which not only have favorable demographic profiles but which also could be serviced and supported

by the company's operations infrastructure. For each targeted region, IMBA Motors Limited has selected a large metropolitan city to serve as a "hub"; teams of professionals were located in hub cities to support the goal of appointed dealers. Once the multifunctional flagship store blanketed the hub, then the additional appointed dealers would have stores opened in smaller, surrounding "spoke" areas in the region. [9] To oversee the expansion process, IMBA Motors Limited will have district managers to direct the development of each region and to implement the Aspes scooters culture in the newly opened stores. All of the district managers recruited by IMBA Motors Limited will have extensive operating and marketing experience in chain-store retailing.

With this in mind, a multi-functional flagship store will be established in Taipei, Taichung and Kaohsiung in years 1, 2 and 3 respectively. They will serve as a location for both new scooter sales and servicing and maintenance. In addition, IMBA Motors Limited will utilize the a combination of the best real estate team, sophisticated system that includes Polk Study analysis to identify not only the most attractive individual city blocks but also the exact store location that was best.

Each flagship location will meet corporate identity and design regulations set up by IMBA Motors Limited, including the prominent display of famous Italian works of art. Selling the hybrid scooters through flagship stores will allow IMBA Motors Limited to control service quality while retaining its exclusive, premium image.

In addition to flagship stores, a limited number of dealers will be appointed island wide during each year of operation to increase points of contact for potential customers. Each appointed dealer will also have to comply with the

corporate identity and design regulations set up by IMBA Motors Limited. The strategy of expansion through licensing will allow us to grow rapidly while returning most of our earnings to shareholders. In year 1, there will be 6 appointed dealers in the greater Taipei area. In year 2, there will be 5 additional dealers appointed in the greater Taichung area. In year 3, there will be 3 additional dealers appointed in the greater Kaohsiung area.

Distribution Strategy

The Aspes hybrid scooters will be ordered from Italy, produced and shipped via sea freight. When the scooters arrive at Keelung Harbor, they go through a mandatory pre-delivery inspection (PDI), which is something that has to be done on every new scooter before it can be delivered to the customer. Then, they will be shipped via truck to the flagship store for sale. This process takes approximately 2-3 months.

Prior to marketing and sales of the hybrid scooter, scooter systems and their components need to have type approvals according to the official standards of Taiwan. Homologation, as this is known, is a 3-4 month process and needs to take place before the production scooters are shipped. Thus, a limited quantity of homologation scooters will be shipped via air freight before actual production scooters are ordered. The homologation and production scooter processes can be done concurrently to reduce the product's time to the market. (See Exhibit 11)

Sales Objectives by Market Segment

The overall sales objective is to achieve 0.4%, 0.7% and 1% in each market segment in the first three years operations, respectively.

		2012			2013			2014		
Type	Unit price	Unit	Sales in NT\$Mil	%	Unit	Sales in NT\$Mil	%	Unit	Sales in NT\$Mil	%
High-End	167,000	258	43	8%	452	75	8%	645	108	8%
Mid- Segment	155,000	2,940	456	90%	5,146	798	90%	7,351	1,139	90%
Entry-Level	123,000	67	8	2%	135	17	2%	193	24	2%
Total		3,265	507	100%	5,733	890	100%	8,189	1,271	100%

Based on the size of our market and our defined market area, we aim to capture 0.4% of the overall scooter marketshare with total sales of NT\$ 507 million in its 1st year of operation. For the second year of operations, our objective is to increase our marketshare to 0.7% with a sales of NT\$ 890 million. In year three, our objective is 1% of the marketshare with a sales of NT\$ 1.21 billion.

Financial Strategy

IMBA Motors Limited is seeking seed capital of NT\$ 60 million for company operations,

which are invested from venture capitalists in order to revolutionize the way people think about scooters and 2-wheeled transportation. The initial investment of NT\$40Million will be used to:

- Secure the long-term exclusive importership rights of the full line of Aspes scooters;
- Hire a seasoned CEO and management team;
- Establish a dedicated professional premium retail team;
- Continue negotiations with potential industrial partners and customers;
- Begin all pre-launch activities of product launch, including importing,

product shipping via freight, homologation, etc;

- Establish dealer network in Taipei, including the flagship location, and;
- Begin all pre-launch marketing and communications activities.
- Formal operations will begin at the beginning of 2012. An additional NT\$ 20 million in follow-on investment in years 1 and 2, respectively, to:
- Invest in dealer network expansion to Taichung and Kaohsiung;
- Continue intensive and regular training to maintain dealer network competency;
- Increase communication & joint promotion to strengthen brand image and awareness;
- Continue relationship marketing through direct marketing / internet / owners magazine and;
- Utilize event marketing to elevate brand image.

IMBA Motors Limited projects gross sales of NT\$ 1.3 billion and a net income of NT\$ 78 million in year 3, with an NPV of NT\$ 50 million, payback within 34 months and an IRR of 33%. The initial investor will receive an equity stake in the company and preferential rights to invest in subsequent equity rounds.

The financial strategy is contingent upon a number of key estimates and assumptions. Please see Exhibit 12 for the complete list of assumptions and all detailed financial statements.

Financial Statements

Amt: NT\$1000		IMBA Motors Limited			
Income Statement	2,011	2,012	2,013	2,014	
Sales	0	506,410	899,284	1,300,040	
Cost Of Goods	0	437,343	776,126	1,121,083	
Gross Profit Margin	0	69,068	123,158	178,957	
Operating Expense	11,357	50,308	64,786	74,138	
Staff Cost	3,010	17,108	27,776	38,444	
Business promotion plan	2,900	21,500	22,500	23,500	
Depreciation	53	1,100	2,070	2,954	
Others cost	5,393	11,700	14,510	12,194	
Operating Profit Margin	-11,357	18,760	58,372	104,819	
Net Income	-11,357	14,070	43,779	78,614	

Balance Sheet	2,011	2,012	2,013	2,014
Cash And Cash Equivalents	34,770	69,338	165,756	265,385
Account Receivable	-	39,338	17,570	25,072
Inventory	24,654	50,310	88,338	126,182
Total Current Assets	59,424	158,986	271,664	416,639
Property Plant and Equipment	1,547	4,347	7,127	8,593
Total Assets	60,970	163,332	278,791	425,232
Accounts Payable	12,327	100,619	176,677	252,365
Total Liabilities	12,327	100,619	176,677	252,365
Common Stock	60,000	60,000	60,000	60,000
Retained Earnings	(11,357)	2,713	46,492	125,106
Total Stockholder Equity	48,643	62,713	102,115	172,869
Total Liability & Equity	60,970	163,332	278,791	425,232

Cash Flow	2,011	2,012	2,013	2,014
Net Income/Starting Line	(11,357)	14,070	43,779	78,614
Depreciation	53	1,100	2,070	2,954
Account Receivable	0	39,338	(21,769)	7,502
Change/Inventory	24,654	25,656	38,029	37,844
Account Payable	12,327	88,292	76,058	75,688
Cash from Operating Activities	-23,630	38,468	105,647	111,910
Purchase of asset (furniture)	(1,600)	(3,900)	(4,850)	(4,420)
Cash from Investing Activities	-1,600	-3,900	-4,850	-4,420
Cash Stock Shares	60,000	0	0	0
Cash dividend	0	0	(4,378)	(7,861)
Cash from Financing Activities	60,000	0	-4,378	-7,861
Net Change in Cash	34,770	34,568	96,419	99,629
Beginning of Balance Cash Flow	0	34,770	69,338	165,756
Ending of Balance Cash Flow	34,770	69,338	165,756	265,385

Financial Assumptions

Item	Assumption
1.Scooter Sale Price	Importer and dealer: 17%, Importer: 10%, dealer 7%
2.Income tax rate	25%

3.Account Payable Period	beginning of business: 0.5 month, afterwards: 60 days
4.Amount Collected Period	30 days
5. Sales Proportion	IMBA flagship: 70%; other dealers:30%
6. Inventory	Year 0: 200 units, Year 1-3 1.5 months
7. Depreciation	5 years

Ratio Analysis

	2012	2013	2014
Sales Growth		78%	45%
Profitability Ratios			
Gross Margin	13.64%	13.70%	13.77%
Operating profit margin	3.70%	6.49%	8.06%
Net profit margin	2.78%	4.87%	6.05%
Return on Invested Capital			
Return on Assets	8.6%	15.7%	18.5%
Return on Equity	22.4%	42.9%	45.5%
Liquidity Analysis			
Current Ratio	1.58	1.54	1.65
Quick Asset Ratio	1.08	1.04	1.15
Cash Ratio	0.69	0.94	1.05
Activities Analysis			
Inventory turnover	11.7	11.2	10.5
Accounts receivable turnover	25.7	31.6	61.0
Accounts payable turnover	7.7	5.6	5.2



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Exhibit 1 Product Line (Technical Details)

	Vega Hybrid 50	Vega Hybrid 125	Perseo Hybrid 150
			
DIMENSIONS (Length / Width / Height):	1775 x 670 x 1105 mm	1775 x 670 x 1105 mm	1980 x 700 x 1160 mm
WHEELBASE:	1290 mm	1290 mm	1340 mm
DRY WEIGHT:	99 Kg	111 Kg	150 Kg
ENGINE:	1 cylinder, 4-stroke, air-cooled	1 cylinder, 4-stroke, air-cooled	1 cylinder, 4-stroke, air-cooled
ELECTRIC MOTOR:	48 V 600 W DC brushless	48 V 1000 W DC brushless	48 V 1000 W DC brushless
DISPLACEMENT:	49.5cc	125cc	151cc
STARTER SYSTEM:	Electric	Electric	Electric
BATTERY:	48V - 24Ah (LiFePO4 Lithium phosphate)	48V - 24Ah (LiFePO4 Lithium phosphate)	48V - 24Ah (LiFePO4 Lithium phosphate)
MAX SPEED ENGINE:	45 km/h	85 km/h	95 km/h
MAX SPEED ELECTRIC MOTOR:	30 km/h	35 km/h	45 km/h
MAX POWER:	2,8 kW - 7500 r/min	5,15 kW - 7500 r/min	7,6 kW - 6500 r/min
BRAKE SYSTEM:	Front disc brake / Rear drum brake	Front disc brake / Rear drum brake	Front disc brake / Rear drum brake
FUEL TANK CAPACITY:	5.5 L	5.5 L	6.7 L
ALLOWED PASSENGERS:	2	2	2
Total Cost to importer	NT\$102,217	NT\$128,810	NT\$138,783
Suggest MSRP NT\$	NT\$ 123,000	NT\$ 155,000	NT\$ 167,000

Exhibit 2 Hybrid Scooter Blueprint

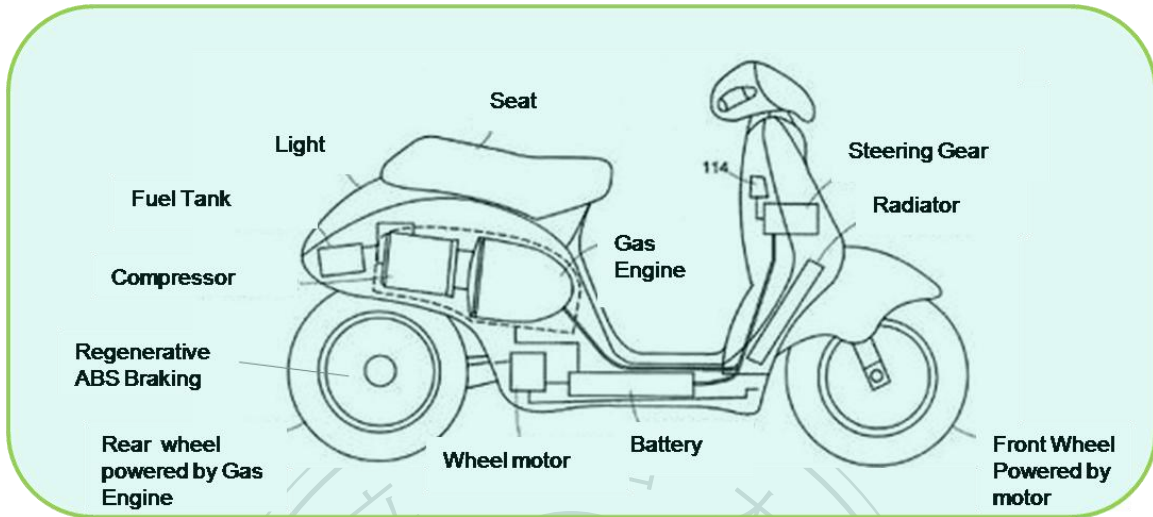
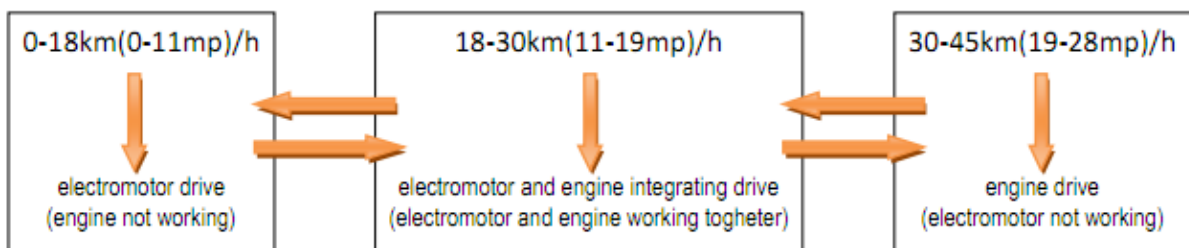


Exhibit 3 Comparison of Aspes Battery vs. Traditional Battery

Battery components	Lithium iron phosphate battery C-LiFePO ₄	Lithium Manganese battery LiMn ₂ O ₄
Safety and environmental requirements	The best security,during abuse test,not explosive,not fire,not smoke. And most correspond to the Environmental protection requirements, without any toxic, no scarce resources and heavy metals	Heavy metals included, during abuse test, easily lead to thermal runaway(Oxygen accelerant released at the same time).
Battery Life	At room temperature, around 1000, capacity retention 95% (Theoretical cycles 2000)	300 to 500
Energy density	Acceptable	Acceptable
The cost of long-term	The most economical	Higher
Temperature tolerance	Excellent(work well during -	Rapid decline above 50°C

Exhibit 4 Driving Modality



The Aspes Hybrid vehicles can cover about 40 Km in full electric endurance,

(this efficiency is obtained after ten recharges) and in an urban course with many stops and starts without emitting one microgram of CO₂ with a good acceleration and peak speed (more than 40 Km/h). In MOTOR mode, they are sheer electric vehicles.

Exhibit 5 Scooter Emissions

Scooter Emissions				
Carbon Emissions Due to Scooters (Tons)	Scooter Population	Average Foot Print per year per scooter (Tons)	Average Foot Print per year per scooter (Kg)	Carbon Abatement per hybrid (Kg)
330,000.00	11,000,000.00	0.03	27	16.2

	Volume of Sales	Abatement in kg	Cumulative
Year 1	8,191	132,694.2	132,694.2
Year 2	12,227	165,064.5	297,758.7
Year 3	16,382	221,157.0	518,915.7

Exhibit 6 Cost-Effectiveness

	Average conventional scooter	Aspes Vega 125 cc
KM per Liter	35 km per liter	140 km per liter
Current Price of Gasoline	31.7 NTD per liter	31.7 NTD per liter
Per KM Operating Cost	31.7 NTD / 35 km/l = 0.90 NTD per km	31.7 NTD / 140 KM/l = 0.22 NTD per km
Average Retailer Price	65,000 NTD	155,000 NTD

The Hybrid scooter would save 0.68 NTD per kilometer driven.

Exhibit 7 Noise Comparison between Hybrid and Conventional Vehicles

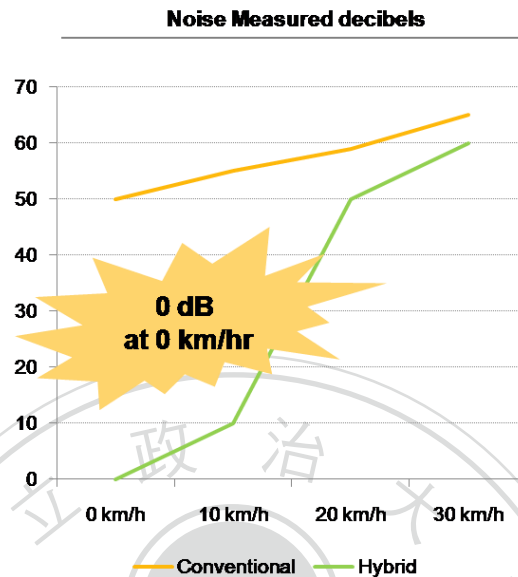


Exhibit 8 Scooter Pricing Benchmark

Brand/Model	Engine	MSRP (NT\$)
Entry-level 50 CC Scooter Benchmark		
Aspes Hybrid Vega 50	50	123,000
KWANG YANG Many 50	50	61,000
TAIWAN YAMAHA Fancy 50	50	52,000
TAIWAN YAMAHA Vino 50	50	56,500
Mid-segment 125 CC Scooter Benchmark		
Aspes Hybrid Vega 125	125	155,000
PIAGGIO X7 EVO 125	125	118,000
VESPA LX 125	125	98,000
GILERA NEXUS 125	125	158,000
SAN YANG Fighter 125	125	57,500
KWANG YANG GP 125	125	63,500
TAIWAN YAMAHA GTR 125	125	70,000
High-end 150 CC Scooter Benchmark		
Aspes Hybrid Perseo 150	150	167,000
PIAGGIO FLY 150	150	138,000
VESPA LX 150	150	148,000
SAN YANG Fighter 150	150	67,500
KWANG YANG G5 150	150	76,500

Exhibit 9 Cost Break Down of Aspes

	FOB	Commodity tax	Import Duty	Local logistics and freight	Business Tax	subtotal	Dealer Margin	Importer Margin
Aspes Hybrid Perseo 150	91,909	7,812	16,084	18,382	4,595	138,783	7%	10%
Aspes Hybrid Vega 125	85,305	7,251	14,928	17,061	4,265	128,810	7%	10%
Aspes Hybrid Vega 50	67,693	5,754	11,846	13,539	3,385	102,217	7%	10%

Assumptions

FOB : including CIF-cost, insurance, freight

Import tax is 17.5% of FOB

Local logistics and freight are 20% of FOB

Business Tax is 5%

Subtotal and Importer figures should be equal

The final MSRP includes a government subsidy of NT\$ 8,000 to 11,000

Exhibit 10 Promotion Budget

Business Promotion Plan															
Event	Dec-11	Jan.	Feb.	Mar.	Apr.	May	June	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total	Remark
MKT Grand Total	2,900	4,800	2,000	800	3,350	1,100	3,550	300	1,800	1,300	2,750	800	2,750	25,300	
ABOVE THE LINE	1,300	3,300	1,000	200	1,950	1,000	1,950	200	1,700	200	1,850	200	1,850	12,500	49.4%
TVC	1,000	3,000	2,000		1,500		1,500		1,500		1,500		1,500	12,500	
NP	100	100	150	100	150	100	150	100	100	100	100	100	100	100	0
MG & Others	100	100	150	100	150	100	150	100	100	100	100	100	100	100	0
Website	100	100	150		150		150				150			150	0
T-bar & Outdoor Bulletins															0
BELOW THE LINE	1,600	1,500	1,000	600	1,400	100	1,600	100	100	1,100	900	600	900	9,000	35.6%
Event	500	500	500		500		500			500	500	500	500	4,000	
Expo					300						300		300	300	
Product Launch		1,000	500		500		500							2,500	
Brochure & Ads Materials	500			500			500			500				1,500	
Owner Club Event				100	100	100	100	100	100	100	100	100	100	1,000	
WebSite production	600													0	
THEME	*Pre-sales	*Brand launch *Product Launch	*Promotion (125CC)		*Promotion (150CC)		*Promotion (50CC)			*Italian fashion festival	*Year-end campaign	*Product Preview			

Exhibit 11 Launch Time Table

	2010. JUN	2010. JULY	2010. AUG	2010. SEPT	2010. NOV	2010. NOV	2010. DEC
Homologation							
Production Car							
Motorcycles Order	■		■				
Production		■		■			
Air Freight			■				
Homologation			■				
Sea Freight					■		
Launch Target date : 2011 Q1							■

Exhibit 12 Highlights of Results

Item	2011	2012	2013	2014
Importer Sales				
Total market (unit)		819,055	819,055	819,055
Units sold		3,265	5,733	8,189
Brand share of total market (%)		0.4%	0.7%	1.0%
Sales		472,061,351	883,180,327	1,261,402,126
Average Unit selling price		144,582	144,582	144,582
Gross margin		50,705,002	94,863,428	135,488,593
Gross margin rate (%)		10.7%	10.7%	10.7%
Margin per unit-bike sales		15,530	16,547	16,545
Retail Operation				
Units sold		2,286	4,013	5,732
Scooter sales		381,678,500	670,187,700	957,294,100
Gross margin of scooter sales		16,620,436	23,153,901	33,085,243
Gross margin of scooter sales (%)		4.9%	4.9%	4.9%
Total Parts and Accessory sales		4,648,875	9,076,067	14,224,903
Gross margin		697,331	1,361,410	2,133,735
Gross margin rate (%) of total parts sales		15.0%	15.0%	15.0%
After-sales				
Sales (NT\$000)		5,224,000	18,895,800	41,248,800
Total Operating Profit		(11,303,333)	18,759,569	58,371,899
Headcount		5	30	55
Capex		1,600,000	3,900,000	4,850,000

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