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**VODONE LIMITED**

**第一視頻集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 82)**

## **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

After trading hours on 29 March 2011, the Company entered into (i) Subscription Agreement I with China Life Franklin Asset Management for the subscription of 80,000,000 new Shares and (ii) Subscription Agreement II with Evenstar and Geminis for the subscription of a total of 10,000,000 new Shares, each at the Subscription Price of HK\$2.26 per Subscription Share. The gross proceeds from the Subscription amounts to HK\$203.4 million and the net proceeds are estimated to be approximately HK\$203.3 million.

The Subscription Shares represent approximately 3.55% of the existing issued share capital of the Company and approximately 3.43% of the enlarged share capital of the Company immediately after the Subscription. The Subscription Shares will be issued under the General Mandate and will rank pari passu in all aspects among themselves and with the existing Shares in issue or to be issued by the Company on or prior to completion of the Subscription.

## **SUBSCRIPTION AGREEMENT I DATED 29 MARCH 2011**

### **Parties:**

Issuer : The Company

Subscribers : China Life Franklin Asset Management (subscribing for 80,000,000 new Shares)

## **SUBSCRIPTION AGREEMENT II DATED 29 MARCH 2011**

### **Parties:**

Issuer : The Company

Subscribers : Evenstar (subscribing for 9,150,000 new Shares)  
Geminis (subscribing for 850,000 new Shares)

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of the Subscription Agreements, the Subscribers and their respective associates (as defined in the Listing Rules) are parties independent of and not connected with the Company and the Directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules).

### **Number of Subscription Shares subscribed for:**

As at the date of this announcement, the Company has 2,535,574,784 Shares in issue. The Subscription Shares represent approximately 3.55% of the Company's existing issued share capital and approximately 3.43% of its enlarged issued share capital immediately after the Subscription. The aggregate nominal value of the Subscription Shares is HK\$900,000.

The salient terms and conditions under Subscription Agreement I and Subscription Agreement II are identical and are set out as follows:

### **Subscription Price:**

HK\$2.26 per Subscription Share, representing:

- (a) a discount of approximately 7% to the closing price of HK\$2.43 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 4.48% to the average closing price of HK\$2.366 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day; and
- (c) a discount of approximately 2.29% to the average closing price of approximately HK\$2.313 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the Last Trading Day.

The net proceeds from the Subscription, after deduction of expenses of the Company in connection with the Subscription, are estimated to be approximately HK\$203.3 million (representing a net Subscription Price of approximately HK\$2.259 per Subscription Share). The Subscription Price is determined after arm's length negotiation between the Company and the Subscribers with reference to the market price of the Shares, the financial position of the Company and current market conditions. The Directors consider that the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. The Subscription Price of the Subscription Shares will be paid to the Company at completion of the Subscription.

**Mandate to issue the Subscription Shares:**

The Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to the resolution of the Shareholders passed at the Company's annual general meeting held on 27 May 2010, at which the Board has been granted by the Shareholders a general mandate to allot, issue and deal with up to 473,876,999 Shares. As disclosed in the Company's announcements dated 19 July 2010, 6 September 2010, 14 November 2010 and 7 December 2010, a total of 137,135,788 Shares have been issued pursuant to such general mandate since the date of the said annual general meeting and up to the Last Trading Day.

**Ranking:**

The Subscription Shares, when issued and fully paid, will rank pari passu in all aspects among themselves and with all other Shares presently in issue or to be issued on or prior to the completion of the Subscription and at the time of issue and allotment of the Subscription Shares.

**Condition of the Subscription:**

Completion of the Subscription is conditional upon the granting of the listing of, and the permission to deal in, the Subscription Shares by the Listing Committee of the Stock Exchange (and such listing and permission not subsequently revoked prior to the allotment and issue of the Subscription Shares).

The issue of the Subscription Shares pursuant to the General Mandate is not subject to the approval of the Shareholders.

**If the above condition is not fulfilled within 14 days after the date of signing of the Subscription Agreements (or such other date as the Subscribers and the Company may agree), the Subscription Agreements will terminate and neither the Company nor the Subscribers shall have any claim against the other for costs, damages, compensation or otherwise.**

## Completion of the Subscription:

The Subscription will be completed on the third Business Day immediately after the date upon which the condition of the Subscription to be fulfilled shall have been fulfilled (or such other time and/or date as the parties may agree in writing).

## APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and the permission to deal in, the Subscription Shares.

## REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors believe that the Subscription can provide an opportunity to broaden the Shareholder base and strengthen the capital base and financial position of the Company for the Group's future business developments. Further, the Company considers that the Subscription is currently a preferred method of fund raising as compared with other equity fund raising exercises taking into account the time and costs involved. The Company will use the net proceeds of the Subscription in further expanding our PRC lottery business, in funding potential acquisition opportunities and as general working capital for the Group. The Directors consider the terms of the Subscription Agreements and the Subscription to be fair and reasonable and are in the best interests of the Company and its Shareholders as a whole.

	<b>Immediately before the Subscription</b>	<b>%</b>	<b>Immediately after the Subscription</b>	<b>%</b>
<b>Directors</b>				
Zhang Lijun	322,367,376	12.71%	322,367,376	12.28%
Wang Chun	14,500,000	0.57%	14,500,000	0.55%
Sin, Hendrick	19,500,000	0.77%	19,500,000	0.74%
Wang Linan	1,000,000	0.04%	1,000,000	0.04%
Wang Zhichen	1,000,000	0.04%	1,000,000	0.04%
<b>Subscribers</b>				
China Life Franklin Asset Management	0	0.00%	80,000,000	3.05%
Evenstar	0	0.00%	9,150,000	0.35%
Geminis	0	0.00%	850,000	0.03%
<b>Other public Shareholders</b>	<u>2,177,207,408</u>	<u>85.87%</u>	<u>2,177,207,408</u>	<u>82.92%</u>
	<u>2,535,574,784</u>	<u>100.00%</u>	<u>2,625,574,784</u>	<u>100.00%</u>

## **PUBLIC FLOAT**

The Company will be able to comply with the public float requirement under the Listing Rules immediately after completion of the Subscription.

## **FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company has not conducted any fund raising activity during the twelve months period preceding the date of this announcement.

## **DEFINITIONS**

In this announcement, the following terms shall, unless the context otherwise requires, have the respective meanings assigned to them below:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are open for business
“China Life Franklin Asset Management”	China Life Franklin Asset Management Co. Limited is the first overseas asset management company established by a PRC state-owned insurance company, China Life Insurance (Group) Company, with the approval of the China Insurance Regulatory Commission and is partly owned between China Life Asset Management Company Limited, Franklin Templeton Investments, and China Life Insurance (Overseas) Company Limited.
“Company”	VODone Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Evenstar”	Evenstar Master Fund SPC, on behalf of Evenstar Master Sub-Fund 1 Segregated Portfolio . Evenstar is a Hong Kong based investment fund launched in January 2005, and advised by Evenstar Advisors Limited, a licensed corporation to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the Hong Kong SFO.

“Geminis”	Geminis Funds SPC, on behalf of Geminis Greater China Opportunities Fund Segregated Portfolio. Geminis is a Hong Kong based investment fund focused on investing in Greater China region. Geminis is launched in January 2008, and advised by Geminis Advisors Limited, a licensed corporation to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the Hong Kong SFO.
“General Mandate”	the general mandate granted to the Directors pursuant to the resolution of the Shareholders passed at the Company’s annual general meeting held on 27 May 2010
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	29 March 2011, being the last Stock Exchange trading day immediately before the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Subscribers”	China Life Franklin Asset Management, Evenstar, Geminis
“Subscription”	the subscription by the Subscribers of the Subscription Shares pursuant to the terms and conditions of the Subscription Agreements
“Subscription Agreements”	Subscription Agreement I and Subscription Agreement II
“Subscription Agreement I”	the subscription agreement dated 29 March 2011 entered into between the Company and China Life Franklin Asset Management

“Subscription Agreement II”	the subscription agreement dated 29 March 2011 entered into between the Company, Evenstar and Geminis
“Subscription Price”	HK\$2.26 per Subscription Share
“Subscription Shares”	a total of 90,000,000 new Shares to be issued by the Company to the Subscribers pursuant to Subscription Agreement I and Subscription Agreement II
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board  
**VODone Limited**  
**ZHANG Lijun**  
*Chairman*

Hong Kong, 29 March 2011

At the date of this announcement, the Board comprises four executive Directors: Dr. Zhang Lijun (Chairman), Ms. Wang Chun, Mr. Sin Hendrick and Mr. Li Xiaohua and three independent non-executive Directors: Dr. Loke Yu alias Loke Hoi Lam, Mr. Wang Zhichen and Mr. Wang Linan.

\* *For identification purpose only*