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**SHARE PLACING OF EXISTING SHARES
AND
SUBSCRIPTION FOR NEW SHARES
AND
RESUMPTION OF TRADING**

Placing Agent



SHARE PLACING AND SUBSCRIPTION

On 12 October 2009, the Vendor, the Company and the Placing Agent entered into the Share Placing and Subscription Agreement whereby the Vendor has appointed the Placing Agent and the Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Vendor, on a fully underwritten basis, purchasers for the Initial Sale Shares, being 80,000,000 Shares, at the Sale Price of HK\$1.43 per Share.

The Vendor has granted the Placing Agent the Option to require the Vendor to sell, in addition to the Initial Sale Shares, the Option Shares, that is up to a total of 12,000,000 Shares. The Option has been exercised.

AID and its associates have decided to participate in and become places under the Placing. Upon completion of the Placing, the right of AID to subscribe for new Shares at a subscription amount of not more than RMB100,000,000, as described in the announcement of the Company dated 9 October 2009, shall be relinquished.

Pursuant to the Share Placing and Subscription Agreement, the Vendor has also conditionally agreed to subscribe for, and the Company has agreed to allot and issue to the Vendor, the Subscription Shares, being the number of Sale Shares placed by the Placing Agent, at the Sale Price as soon as possible provided that completion shall take place on a date no later than a date falling 14 days after the date of the Share Placing and Subscription Agreement (or such other time and/or date as the Vendor and the Company may agree in writing). Completion of the Subscription is subject to the satisfaction of certain conditions as set out below, including completion of the Placing. If these conditions are not fulfilled, the Subscription will not proceed.

** for identification purpose only*

A total of 92,000,000 Sale Shares, as the Option has been exercised in whole, representing (i) approximately 4.45% of the Company's existing issued share capital as at the date of this announcement; and (ii) approximately 4.26% of the issued share capital of the Company of 2,157,658,663 Shares as enlarged by the Subscription.

As at the date of the Share Placing and Subscription Agreement, the Vendor held approximately 16.21% of the existing issued share capital of the Company. The shareholding of the Vendor in the issued share capital of the Company immediately after completion of the Placing but before completion of the Subscription will be reduced from approximately 16.21% to approximately 11.75%, and will then be increased to approximately 15.52% immediately after completion of the Placing and the Subscription.

The Placing and the Subscription are effected to raise funds for the long-term benefit of the Company. The Company intends to use HK\$40,000,000 of the estimated net proceeds of the Subscription for the Acquisition and the remaining balance of approximately HK\$88,500,000 as general working capital for the Company.

At the request of the Company, trading of the Shares have been suspended on the Stock Exchange from 9:30 a.m. on 12 October 2009 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 13 October 2009.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

SHARE PLACING AND SUBSCRIPTION AGREEMENT

Date: 12 October 2009

Parties:

- (1) The Company
- (2) The Vendor; and
- (3) The Placing Agent.

As at the date of this announcement, the Vendor held 334,767,376 Shares, representing approximately 16.21% of the existing issued share capital of the Company which comprises 2,065,658,663 Shares.

THE PLACING

Placing Agent

The Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Vendor, on a fully underwritten basis, purchasers for the Sale Shares.

The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules).

Number of Sale Shares

A total of 92,000,000 Sale Shares, as the Option has been exercised in whole, representing (i) approximately 4.45% of the Company's existing issued share capital as at the date of this announcement; and (ii) approximately 4.26% of the issued share capital of the Company of 2,157,658,663 Shares as enlarged by the Subscription. The aggregate nominal value of the Sale Shares is HK\$920,000.

Placees

It is expected that there will be not less than six Placees, and the Placees (and their ultimate beneficial owner(s), if applicable) will be third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Sale Price

HK\$1.43 per Sale Share, representing:

- (i) a discount of approximately 14.88% to the closing price of HK\$1.68 per Share as quoted on the Stock Exchange on 9 October 2009, being the last trading date prior to the date of the Share Placing and Subscription Agreement;
- (ii) a discount of approximately 13.86% to the average closing price of HK\$1.66 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 9 October 2009; and
- (iii) a discount of approximately 13.49% to the average closing price of HK\$1.653 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 9 October 2009.

The Sale Price was determined after arm's length negotiations among the Company, the Vendor and the Placing Agent with reference to recent trading prices of the Shares. The Board considers that the Sale Price is fair and reasonable.

The Company and the Vendor agree to pay all the costs and expenses of the Hong Kong seller as follows:

- (i) ad valorem stamp duty, fixed duty on the instruments of transfer and seller's Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.004% as may be payable in respect of the sale of the Sale Shares;
- (ii) costs and expenses of the Company's share registrars in Hong Kong in effecting the transfer of the Sale Shares;
- (iii) in the case of Shares not deposited in the CCASS (if any), the issue of share certificates to the Placees and where appropriate, the Placing Agent or any investor to whom the Placing Agent has on-sold any Sale Shares (if any);
- (iv) reasonable costs and expenses in connection with obtaining any necessary consents or authorizations in respect of the sale of the Sale Shares by the Vendor; and
- (v) other reasonable costs and expenses of the Placing Agent in relation to the Placing.

Assuming all the Sale Shares are placed under the Share Placing and Subscription Agreement, after deduction of the placing commission and other costs and expenses, the net proceeds from the Placing will be approximately HK\$128,500,000, and the net Sale Price will be approximately HK\$1.396 per Sale Share.

Rights

The Sale Shares are sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid after the date of the Share Placing and Subscription Agreement.

In addition to the Initial Sale Shares, the Vendor has granted the Option to the Placing Agent, whereby the Placing Agent can require the Vendor to sell, or procure the sale of, up to 12,000,000 Option Shares at the Sale Price. As the Option has been exercised, the Option Shares shall form part of the Sale Shares, the placing of which shall be in accordance with the Share Placing and Subscription Agreement.

The Sale Price shall not include any Hong Kong stamp duty, brokerage, Stock Exchange trading fee, the SFC transaction levy, CCASS transaction fee and any other costs incidental to the sale of the Option Shares payable by the purchasers.

Completion of the sale of the Option Shares shall take place at the same time as described in the “Completion of the Placing” section below.

Any Option Shares sold shall for all purposes be deemed to be delivered under and with the benefit of all rights, representations, warranties and undertakings applying under the Share Placing and Subscription Agreement, and the Placing Agent shall, for all such purposes, be deemed to have procured purchasers for, or failing which to purchase itself, any such Option Shares.

Independence of the Placing Agent and the Placees

To the best of the knowledge, information and belief of the Directors and the Vendor having made reasonable enquiries, as at the date of this announcement, the Placees and (where the Placee is a corporation) its ultimate beneficial owners:

- (i) are independent of and not connected with the Vendor and/or the Company, its directors, chief executive and substantial shareholders and/or any subsidiary of the Company, or any of their respective associates (as defined in the Listing Rules) and the purchaser of the Sale Shares are not directly or indirectly funded or backed by the Company or any connected person (as defined in the Listing Rules) of the Company; and
- (ii) are not a person who is accustomed to take instructions from or acting in concert with (within the meaning of the Takeovers Code) the Vendor or the Company or a connected person (as defined in the Listing Rules) of the Company in relation to the acquisition, disposal, voting or any other disposition of securities in the Company.

The Company confirms that the Placing Agent and its ultimate beneficial owners are not connected persons of the Company (as defined in the Listing Rules) and are independent of the Vendor and the Company.

Completion of the Placing:

The Placing is not subject to the fulfillment of any conditions.

Completion of the Placing shall take place on the Closing Date at

- (i) 10:00 a.m on the second Business Day after the Trade Date; or
- (ii) such time or date no later than the third Business Day after the Trade Date as notified by the Placing Agent on the first Business Day after the date of the Share Placing and Subscription Agreement or the Trade Date.

AID and its associates have decided to participate in and become placees under the Placing. Upon completion of the Placing, the right of AID to subscribe for new Shares at a subscription amount of not more than RMB100,000,000, as described in the announcement of the Company dated 9 October 2009, shall be relinquished.

Termination of the Share Placing and Subscription Agreement

The Placing Agent may terminate the Share Placing and Subscription Agreement without liability to the Vendor and the Company by giving notice in writing to the Vendor and the Company, if at any time on or prior to the Closing Date:

- (i) there shall develop, occur, exist or come into effect:
 - (I) any significant change (whether or not permanent) in local, national or international political, military, economic, financial, or market (including stock market) conditions which in the opinion of the Placing Agent is or may be or is likely to be materially adverse to the success of the Placing; or
 - (II) any change (whether or not permanent) in local, national or international financial, political, economic conditions, financial, banking, capital markets, currency exchange rates, credit default swap prices, secondary bond prices, exchange controls, or the occurrence of any event or series of events outside of the Placing Agent's control, in each case, which in the opinion of the Placing Agent is or may be or is likely to prejudice the success of the Placing or distribution of the Sale Shares or dealings in the Sale Shares in the secondary market, or makes it impracticable or inadvisable or inexpedient to proceed with the Placing; or
 - (III) trading generally having been suspended or materially limited on, or by, the stock exchanges of New York, London, Hong Kong and the PRC;
 - (IV) trading of any securities of the Company being suspended on any exchange or in any over the counter market;
 - (V) a material disruption in securities settlement, payment or clearance services in the United States, London, Hong Kong or the PRC not having occurred;
 - (VI) any moratorium on commercial banking activities not having been declared by any Federal or New York State, London, Hong Kong or the PRC authorities;

- (ii) there is any breach of any of the representations, warranties and undertakings by the Vendor or the Company set out under the Share Placing and Subscription Agreement or any event occurring or any matter arising on or after the date of the Share Placing and Subscription Agreement and prior to the Closing Date which, if it had occurred or arisen before the date of the Share Placing and Subscription Agreement, would have rendered any of such representations, warranties and undertaking untrue; or
- (iii) there is any such material adverse change in the general affairs, management, business, shareholders' equity or in the financial or trading position of the Group as a whole which in the opinion of the Placing Agent is or may be or is likely to be materially adverse to the success of the Placing.

The Placing Agent shall also have a right at any time to terminate the Share Placing and Subscription Agreement by notice in writing to the Vendor and the Company if any of the Sale Shares are not issued and delivered in accordance with the Share Placing and Subscription Agreement.

Upon termination by the Placing Agent, all obligations of each of the parties shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Share Placing and Subscription Agreement except (i) in relation to obligations, agreements and liabilities arising prior to termination; (ii) the Company and the Vendor shall remain liable for the payment of all costs, expenses and disbursements already or to be incurred by the Placing Agent in consequence of such termination and (iii) that the indemnity, representations, warranties and undertakings remain in full force and effect.

THE SUBSCRIPTION

Subscriber: The Vendor

Issuer: The Company

Number of Subscription Shares

92,000,000 new Shares, equal to the number of Sale Shares, representing 4.45% of the issued share capital of the Company as at the date of the Share Placing and Subscription Agreement and approximately 4.26% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there is no change in its issued share capital from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

The aggregate nominal value of the 92,000,000 Subscription Shares is HK\$920,000.

Subscription Price

The Vendor agrees to subscribe for, and the Company agrees to issue, the Subscription Shares at the Sale Price less all costs and expenses incurred by the Vendor in connection with the Placing. The Subscription and the consummation of the transactions contemplated by the Share Placing and Subscription Agreement shall be free of all liens, charges, security interests, encumbrances and adverse claims on the terms and subject to the conditions set out in the Share Placing and Subscription Agreement. The price of the Subscription was determined after arm's length negotiations between the Company and the Vendor with reference to the Sale Price of the Sale Shares.

The Subscription monies to be paid by the Vendor for the Subscription Shares shall be the sum as is the aggregate of the Sale Price (less all costs and expenses incurred by the Vendor in connection with the Placing) multiplied by the number of Subscription Shares by electronic funds transfer (or such other payment method as the Vendor and the Company may agree) in the amount thereof.

The total gross proceeds from the Subscription will be approximately HK\$131,560,000. The total net proceeds from the Subscription is expected to amount to approximately HK\$128,500,000 (after deduction of the estimated expenses) and the net proceeds per Subscription Share amounts to approximately HK\$1.396.

Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting of the Company held on 10 June 2009. As of the date of this announcement, the Directors are authorised to allot and issue up to 217,771,732 Shares under such general mandate. The Placing and the Subscription are not subject to approval by the shareholders of the Company.

Ranking of Subscription Shares

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

Conditions of the Subscription

Completion of the Subscription is conditional upon fulfillment of the following conditions:

- (a) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares allotted and issued to the Vendor);
- (b) completion of the Placing having occurred pursuant to the terms of the Share Placing and Subscription Agreement; and
- (c) if so required by the laws of Bermuda, the consents and approvals under Bermuda law in respect of the issue of the Subscription Shares.

Completion of the Subscription

Pursuant to the Share Placing and Subscription Agreement, the Vendor has also conditionally agreed to subscribe for, and the Company has agreed to allot and issue to the Vendor, the Subscription Shares, being 92,000,000 new Shares, at the Sale Price as soon as possible provided that completion shall take place on a date no later than a date falling 14 days after the date of the Share Placing and Subscription Agreement (or such other time and/or date as the Vendor and the Company may agree in writing.)

Changes in the Shareholding Structure as a result of the Placing and Subscription

Assuming all the Sale Shares are placed under the Share Placing and Subscription Agreement, the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Placing but before the Subscription, and (iii) immediately after completion of the Placing and the Subscription is summarized as follows:

	Immediately before the Placing and Subscription		Immediately after the Placing but before the Subscription		Immediately after the Placing and Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Placees	—	—	92,000,000	4.45	92,000,000	4.26
Executive Directors of the Company						
The Vendor	334,767,376	16.21	242,767,376	11.75	334,767,376	15.52
Wang Chun (<i>note 1</i>)	9,700,000	0.47	9,700,000	0.47	9,700,000	0.45
Other Directors (<i>note 2</i>)	3,350,000	0.16	3,350,000	0.16	3,350,000	0.16
Substantial Shareholders						
Och-Ziff Capital Management Group LLC, etc. (<i>note 3</i>)	208,400,000	10.09	208,400,000	10.09	208,400,000	9.66
Public	1,509,441,287	73.07	1,509,441,287	73.07	1,509,441,287	69.95
Total	<u>2,065,658,663</u>	<u>100.00</u>	<u>2,065,658,663</u>	<u>100.00</u>	<u>2,157,658,663</u>	<u>100.00</u>

Note 1

Ms. Wang Chun is the spouse of the Vendor

Note 2

Number of Shares

Yue Hong Chu, George	1,000,000
Sin Hendrick	1,000,000
Loke Yu (alias Loke Hoi Lam)	350,000
Wang Linan	1,000,000
	<u>3,350,000</u>

Note 3

Other details of shares held by Och-Ziff Capital Management Group LLC or its associates were stated in page 30 of the interim report of the Company for the 6-month period to 30 June 2009

REASON FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS OF THE SUBSCRIPTION

The Directors consider the Placing and the Subscription represent a favourable opportunity to raise capital for the Company whilst broadening the shareholder base and the capital base of the Company. Accordingly, the Directors consider that the Placing and Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

The Placing and the Subscription are effected to raise funds for the long-term benefit of the Company. The Company intends to use HK\$40,000,000 of the estimated net proceeds of the Subscription for the Acquisition and the remaining balance of approximately HK\$88,500,000 as general working capital for the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS OF THE COMPANY

Set out below is the fund raising activity conducted by the Company in the past twelve months prior to the date of this announcement:

Date of Announcement	Date of Closing	Event	Net Proceeds	Actual use of Proceeds
12 June 2009	23 June 2009	Subscription of 144,000,000 Shares at the subscription price of HK\$0.55 per Share	Approximately HK\$78,200,000	Applied as general working capital for the Group

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares was suspended on the Stock Exchange from 9:30 a.m. on 12 October 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares from 9:30 a.m. on 13 October 2009.

GENERAL

The Group is principally engaged in the new media and telecommunications services in the PRC.

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

Furthermore, the Company and the Vendor will, subject to compliance with the Listing Rules, take all necessary steps so that completion of the Placing and/or Subscription can take place as soon as practicable. Completion of the Placing and/or Subscription is subject to the satisfaction of certain conditions as set out in this announcement, including completion of the Placing. If these conditions are not fulfilled, the Subscription will not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	The acquisition of the shares in Dragon Joyce Limited, details of which are described in the announcement of the Company dated 9 October 2009
“AID”	AID Partners Interactive Investment Limited, a private equity investment holding company incorporated in the British Virgin Islands with limited liability
“Board”	the board of directors of the Company
“Business Day”	Any day (other than a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	Central Clearing and Settlement System in Hong Kong
“Closing Date”	Being the date of completion of the Placing at (i) 10:00 a.m on the second Business Day after the Trade Date; or (ii) such time or date no later than the third Business Day after the Trade Date as notified by the Placing Agent on the first Business Day after the date of the Share Placing and Subscription Agreement or the Trade Date.
“Company”	VODone Limited, a company incorporated in Bermuda and shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company, including independent non-executive directors
“Group”	The Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Initial Sale Shares”	80,000,000 Shares to be sold by the Vendor, representing approximately 3.87% of the total issued share capital of the Company at the date of the Share Placing and Subscription Agreement
“Listing Committee”	The Listing Committee of the Stock Exchange

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Option”	The option which the Vendor has granted to the Placing Agent and which the Placing Agent has exercised, whereby the Placing Agent has required the Vendor to sell, or procure the sale of, the Option Shares.
“Option Shares”	12,000,000 Shares which the Placing Agent has required the Vendor to sell pursuant to the Option
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Sale Shares pursuant to the Placing Agent’s obligations under the Share Placing and Subscription Agreement
“Placing”	the placing of the Sale Shares by the Placing Agent to the Placees pursuant to the terms of the Share Placing and Subscription Agreement
“Placing Agent”	BOCI Asia Limited, a licensed corporation to carry on type 1 regulated activity (dealing in securities) and type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	the People’s Republic of China
“Sale Price”	the price of HK\$1.43 per Sale Share
“Sale Shares”	The Initial Sale Shares and the Option Shares, representing approximately 4.45% of the total issued share capital of the Company at the date of the Share Placing and Subscription Agreement.
“SFC”	The Securities and Futures Commission
“Shares”	Ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Share Placing and Subscription Agreement”	The Share Placing and Subscription Agreement dated 12 October 2009 entered into between the Placing Agent, the Vendor and the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	The subscription of the Sale Shares by the Vendor on the terms and subject to the conditions of the Share Placing and Subscription Agreement
“Subscription Shares”	new Shares to be allotted and issued by the Company to the Vendor, and subscribed by the Vendor which shall be equal to the total number of Sale Shares placed by the Placing Agent pursuant to the Share Placing and Subscription Agreement

“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Trade Date”	The first Business Day after the date of the Share Placing and Subscription Agreement or where the trading of the Shares are suspended, the first Business Day on which dealings resume after suspension of dealings in the Shares on the Stock Exchange
“Vendor”	Zhang Lijun, an executive Director and substantial shareholder of the Company as at the date of this announcement

By Order of the Board
ZHANG Lijun
Chairman

Hong Kong, 12 October 2009

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Dr ZHANG Lijun (*Chairman*)

Ms WANG Chun

Mr YUE Hong Chu, George

Mr SIN Hendrick

Independent Non-executive Directors:

Dr LOKE Yu alias Loke Hoi Lam

Mr WANG Zhichen

Mr WANG Linan