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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)

SHARE TRANSACTION

FURTHER COOPERATION WITH HEILONGJIANG WELFARE LOTTERY CENTRE

The Board is pleased to announce that the Company has entered into the Cooperation Framework Agreement with Chinasatcom to transfer assets covering under the Lottery Centre Cooperation Agreement entered into between Chinasatcom and Heilongjiang Welfare Lottery Centre to the Company. The said assets include: paperless lottery platform, its related hardware, software technology, operating rights, trading rights, relating operating permits, authorize rights and all relating assets.

The purchase consideration will be satisfied by the payment of a cash consideration of HK\$2,275,000 and the issuance of 4,550,000 new Shares to Chinasatcom (or its nominee). The new Shares represent approximately 0.1919% of the issued share capital as at the date of this announcement and approximately 0.1916% of the issued share capital of the Company as enlarged by the issue of the new Shares.

Apart from the transfer of the above Lottery Centre Cooperation Agreement, VODone Telemedia, the exclusive business partner to the Company, has on the even date entered into a new cooperation agreement with Heilongjiang Welfare Lottery Centre, with effective period lasts until 30 April 2017. The agreement stipulates if the technology requirement and corresponding job requirements of Heilongjiang Welfare Lottery Centre are fulfilled, Heilongjiang Welfare Lottery Centre shall not, on itself or authorize other parties or individuals, to develop any other paperless lottery platform.

The sales system of Heilongjiang Welfare Lottery Centre is a self-developed system and is directly interfaced with the paperless lottery system and are under the same management. It has been a lottery sales system approved by the Ministry of Civil Affairs of the PRC and the China Welfare Lottery Management Centre, and a safety platform that has passed the technology authentication from the Ministry of Finance of the PRC. The Board believes that, through the further cooperation with the Heilongjiang Welfare Lottery Centre, it will broaden the income of the Group.

This announcement is made by VODone Limited (the “**Company**”, together with its subsidiaries (the “**Group**”) pursuant to Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Cooperation Framework Agreement

Date: 19 July 2010
Parties: Transferor: Chinsatcom
Transferee: The Company (or its subsidiary)

Assets to be transferred

The assets covering under the Lottery Centre Cooperation Agreement entered into between Chinasatcom and Heilongjiang Welfare Lottery Centre to be transferred to the Company including: paperless lottery platform, its related hardware, software technology, operating rights, trading rights, relating operating permits, authorize rights and all relating assets.

Apart from the transfer of assets under the Lottery Centre Cooperation Agreement, VODone Telemedia, the exclusive business partner of the Company, has on the even date entered into a new cooperation agreement with Heilongjiang Welfare Lottery Centre, effective period lasts until 30 April 2017. The new corporation agreement stipulates that if the technology requirement and corresponding job requirements of Heilongjiang Welfare Lottery Centre are fulfilled, Heilongjiang Welfare Lottery Centre shall not, on itself or authorize other parties or individuals, to develop any other paperless lottery platform.

CONSIDERATION AND PAYMENT TERMS

The purchase consideration will be satisfied by the payment a cash consideration of HK\$2,275,000 and the issuance of 4,550,000 new Shares by the Company to Chinasatcom (or its nominee). Based on the closing price of HK\$2.26 of the Company's Share on the Stock Exchange on 19 July 2010, the total purchase consideration amounts to approximately HK\$12,558,000. The basis of the consideration is determined by reference to the resources invested by Chinasatcom, the future estimated benefits generated to the Group and on an arm's length negotiation.

Payment terms

1. Upon the fulfillment of the following conditions precedents, the Company will pay 70% of the consideration:
 - a. One month from the date of the Agreement (or any other dates as agreed by all parties), transfer of the assets under the Agreement has obtained all necessary and effective affirmation, authorization, approval and permission, if any; and
 - b. The Group is satisfied with the inspection of the assets to be transferred, with respect to qualities, specification, quantities, extent of deterioration, possession (including ownership, rights of use, operating rights and relating approvals and authorization, etc.).
2. Three months after paying the 70% consideration, if the Company considers that the paperless lottery platform operates normally and satisfactory, with relating hardware, software are supporting the paperless platform running faultlessly, the Company will pay the second installment (the remaining 30%).

REASONS OF THE TRANSACTION AND THE BENEFITS

Technical Superiority

Heilongjiang Welfare Lottery Centre's paperless platform technology has its own unique advantages. Its welfare lottery sales system is developed by itself and approved by the Ministry of Civil Affair of the PRC and the China Welfare Lottery Management Centre. Heilongjiang Welfare Lottery Centre's paperless platform is seamless linked (interfaced) with welfare lottery main sales system and are under the same management. It is a safety platform that has passed the technology authentication from the Ministry of Finance of the PRC.

Market Advantages

The paperless platform provides a kind of self-service transaction. It is highly safety, maintains secrecy, user friendly and speedy. The transaction process is completed according to the pre-devised automatic system by the players and without any intervenes. It fully utilizes the advantage of the modern communication technology and allows the players to make their purchasing decision whenever and wherever without leaving their base locations.

The Board believes that, through the further cooperation with the Heilongjiang Welfare Lottery Centre, it will broaden the income of the Group.

EFFECT ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company immediately before and after the issue of the Consideration Shares are set out below:

	Number of shares held at the date of this announcement		Number of shares held immediately after the issue of Consideration Shares	
		%		%
Directors				
Zhang Lijun	329,867,376	13.91%	329,867,376	13.89%
Wang Chun	10,500,000	0.44%	10,500,000	0.44%
Sin, Hendrick	2,000,000	0.08%	2,000,000	0.08%
Wang Linan	1,000,000	0.04%	1,000,000	0.04%
Wang Zhichen	1,000,000	0.04%	1,000,000	0.04%
Chinasatcom	—	0.00%	4,550,000	0.19%
Public	<u>2,026,377,620</u>	<u>85.49%</u>	<u>2,026,377,620</u>	<u>85.32%</u>
	<u>2,370,744,996</u>	<u>100.00%</u>	<u>2,375,294,996</u>	<u>100.00%</u>

COMPLETION

Upon paying all the purchase consideration pursuant to the Agreement (or any other dates as agreed by all parties).

General Mandate to Issue the Consideration Shares

The Consideration Shares will be issued pursuant to the general mandate granted to the Directors by the Company's shareholders at the annual general meeting of the Company held on 27 May, 2010 which may be utilized up to 473,876,999 Shares. From the above date of the annual general meeting to the date of this announcement, no Shares has been issued under the general mandate.

Application for listing

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

Implications under the Listing Rules

The transaction contemplated under the Agreement constitutes a share transaction of the Company under the Listing Rules as the relevant percentage ratios for the transaction calculated in accordance with Rule 14.07 of the Listing Rules are all less than 5%.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Chinasatcom and Heilongjiang Welfare Lottery Centre are third parties independent of the Company and the connected persons as defined in the Listing Rules of the Company.

DEFINITIONS

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

“Agreement or Corporation Framework Agreement”	The Cooperation Framework Agreement entered into between the Company and Chinasatcom on 19 July 2010
“Chinasatcom”	Chinasatcom Technology Consultation Co. Ltd., a company incorporated in the PRC, which engages in the software development in the PRC.

“Company”	VODone Limited, a company incorporated in Bermuda and shares of which are listed on the main board of the Stock Exchange. The Company’s principal business engages in the new media and telecommunications services in the PRC.
“Consideration Share”	4,550,000 new Shares to be allotted and issued as part of the consideration for the transfer of assets contemplated under the Agreement
“Directors”	The directors of the Company
“Listing Committee”	The Listing Committee of the Stock Exchange
“PRC”	People’s Republic of China
“Shares”	Ordinary shares of a par value of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VODone Telemedia”	VODone Telemedia Co. Ltd, a company incorporated in the PRC. The Company’s principal business engages in the new media and telecommunications services in the PRC.

By Order of the Board of
VODone Limited
Zhang Lijun
Chairman

Hong Kong, 19 July 2010

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

Executive Directors:

Dr ZHANG Lijun (*Chairman*)
Ms WANG Chun
Mr SIN, Hendrick
Mr. Li Xiaohua

Independent Non-executive Directors:

Dr LOKE Yu alias Loke Hoi Lam
Mr WANG Zhichen
Mr WANG Linan

* *for identification purpose only*