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Interactive Entertainment China Cultural Technology Investments Limited
互娛中國文化科技投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8081)

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION:
DEEMED DISPOSAL AS A RESULT OF SUBSCRIPTION OF
APPROXIMATELY 22.28% ISSUED SHARE CAPITAL OF THE TARGET
BY THE SUBSCRIBERS**

On 6 October 2016, after trading hours, the Subscribers and the Guarantor (a director of the Target) entered into the Subscription Agreement with the Target, a non-wholly-owned subsidiary of the Company, pursuant to which the Subscribers have agreed to subscribe for, and the Target has agreed to allot and issue, the Subscription Shares (representing approximately 22.28% of the issued share capital of the Target as enlarged by the allotment and issue of the Subscription Shares) at the Subscription Price of approximately HK\$21,136,000, upon and subject to the terms and conditions of the Subscription Agreement.

GEM LISTING RULES IMPLICATIONS

As a result of the allotment and issue of the Subscription Shares to the Subscribers by the Target, which will take place upon Closing, the Group's equity interest in the Target Group will be diluted from approximately 64.98% to approximately 50.50% immediately after Closing. Such allotment and issue of the Subscription Shares to the Subscribers constitutes a deemed disposal of the Company under the GEM Listing Rules.

As one of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Subscription is more than 5% but less than 25%, the Subscription will constitute a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements of Chapter 19 of the GEM Listing Rules.

As (i) the Guarantor is a director of the Target, and Subscriber A is wholly-owned by the Guarantor; and (ii) Subscriber B is a substantial shareholder of the Target, each of the Subscribers and the Guarantor is a connected person of the Company at subsidiary level, and accordingly the Subscription constitutes a connected transaction for the Company for the purpose of the GEM Listing Rules.

As (i) the Subscription is on normal commercial terms; (ii) the Directors have approved the Subscription; and (iii) the independent non-executive Directors have confirmed that the terms of the Subscription are fair and reasonable, and the Subscription is on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Subscription is exempt from the circular, independent financial advice and shareholders' approval requirements according to Rule 20.99 of the GEM Listing Rules.

The Board wishes to announce that after trading hours on 6 October 2016, the Subscribers and the Guarantor (a director of the Target) entered into the Subscription Agreement with the Target, a non-wholly-owned subsidiary of the Company, pursuant to which the Subscribers have agreed to subscribe for, and the Target has agreed to allot and issue, the Subscription Shares (representing approximately 22.28% of the issued share capital of the Target as enlarged by the allotment and issue of the Subscription Shares) at the Subscription Price of approximately HK\$21,136,000, upon and subject to the terms and conditions of the Subscription Agreement. The major terms of the Subscription Agreement are set out below:

THE SUBSCRIPTION AGREEMENT

Date

6 October 2016

Parties

- Target : Luck Key Investment Limited, which is a company incorporated in the BVI with limited liability and a non-wholly-owned subsidiary of the Company
- Subscriber A : Joyful Honor Limited, which is a company incorporated in the BVI with limited liability and an investment holding company
- Subscriber B : Town Health Healthcare Services Limited, which is a company incorporated in the BVI with limited liability and an investment holding company
- Guarantor : Mr. Cho Kwai Yee, Kevin, as guarantor of Subscriber A

The Guarantor joins as a party to the Subscription Agreement to guarantee the performance of the obligations of Subscriber A under the Subscription Agreement.

As (i) the Guarantor is a director of the Target, and Subscriber A is wholly-owned by the Guarantor; and (ii) Subscriber B is a substantial shareholder of the Target (holding approximately 35.02% of the Target as at the date of this announcement), each of the Subscribers and the Guarantor is a connected person of the Company at subsidiary level.

Subject matter of the Subscription Agreement

The Subscribers have agreed to subscribe for, and the Target has agreed to allot and issue, the Subscription Shares (as to 3,054 Subscription Shares to be subscribed by Subscriber A and as to 1,645 Subscription Shares to be subscribed by Subscriber B) at the Subscription Price. The Subscription Shares will represent 22.28% of the issued share capital of the Target as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price for the Subscription Shares shall be approximately HK\$21,136,000, among which approximately HK\$13,737,000 shall be payable by Subscriber A and approximately HK\$7,399,000 shall be payable by Subscriber B. Subscriber A will settle the Subscription Price payable by it in cash, while Subscriber B will settle the Subscription Price payable by it as to approximately HK\$3,332,000 in cash and as to HK\$4,067,000 by setting off against the shareholder's loan due from the Target to it in the sum of HK\$4,067,000 in full, both upon Closing.

The Subscription Price was arrived at after arm's length negotiation between the Subscribers and the Target on normal commercial terms with reference to the unaudited consolidated net asset value of the Target Group as at 31 August 2016 of approximately HK\$73,716,000.

Closing

Closing will take place on 20 October 2016 (or such other date as the parties to the Subscription Agreement may agree in writing). Upon Closing, the Target will be held as to approximately 50.50% by the Group, approximately 35.02% by Subscriber B and approximately 14.48% by Subscriber A and the Target will continue to be a subsidiary of the Company. Accordingly, the assets, liabilities and financial results of the Target Group will continue to be consolidated into the financial statements of the Group.

Upon Closing, the Guarantor and Hong Kong Health Check and Medical Diagnostic Group Limited ("**Hong Kong Health Check**"), a wholly-owned subsidiary of the Target, will enter into an employment agreement ("**Employment Agreement**"), pursuant to which, among other things, the Guarantor will be employed as the chief executive officer and an executive director of Hong Kong Health Check for a term of 3 years from the Closing Date.

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in September 2009 under the laws of the BVI with limited liability and is an investment holding company. As at the date of this announcement, the Target is held as to approximately 64.98% by the Group and as to approximately 35.02% by Subscriber B.

The Target is engaged in investment holding. As at the date of this announcement, the Target has a number of subsidiaries, which are principally involved in the provision of medical diagnostic and health check services in Hong Kong.

The unaudited consolidated net profit of the Target Group for the two years ended 31 December 2014 and 2015 were as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net profit (before taxation)	7,429	15,313
Net profit (after taxation)	9,017	14,567

The unaudited consolidated total asset value and the unaudited consolidated net asset value of the Target Group as at 31 August 2016 were approximately HK\$101,212,000 and approximately HK\$73,716,000 respectively.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company and its subsidiaries are principally engaged in (i) mobile internet cultural business and provision of IT services; (ii) provision of hospitality and related services in Australia; (iii) provision of medical diagnostic and health check services; (iv) money lending business; and (v) assets investments business.

The Group recognises the importance of human resources to the continuous growth and development in its business in the healthcare industry. Subscriber A is wholly-owned by the Guarantor, being a member of the management team of the Target who supervises the operation of the Target Group, and is experienced in the management of the healthcare business. As such, the Subscription would enable the Group to retain the Guarantor as key management of the Target and to enhance the dedication of the Guarantor in the development and operation of the healthcare business of the Group.

The Subscription by Subscriber B is to maintain the shareholding of Subscriber B (i.e. approximately 35.02%) in the Target. As the Board would like to allocate the Group's resources to its other business segments, the Group does not intend to provide additional capital to the Target Group. It is expected the net cash proceeds of the Subscription of approximately HK\$17 million will be used by the Target Group for funding its capital expenditure such as replacement and/or enhancement of its medical equipment. The Subscription would enable the Target Group to raise funds for meeting its capital expenditure requirement and would reduce the reliance of the Target Group on the financial support from the Group.

Upon Closing, the Target will be owned as to approximately 50.50% by the Group and the Target will remain as a subsidiary of the Company. The Subscription will not result in a loss of control by the Group in the Target and the Subscription will be recorded as an equity transaction as defined in the Hong Kong Financial Reporting Standards and the accounting policies of the Group. Therefore, it is expected that the Group will not record any gain or loss from the Subscription in the consolidated income statement of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors had a material interest in the Subscription which required any of the Directors to abstain from voting on the Board resolution in relation to the Subscription.

GEM LISTING RULES IMPLICATIONS

As a result of the allotment and issue of the Subscription Shares to the Subscribers by the Target, which will take place upon Closing, the Group's equity interest in the Target Group will be diluted from approximately 64.98% to approximately 50.50% immediately after Closing. Such allotment and issue of the Subscription Shares to the Subscribers constitutes a deemed disposal of the Company under the GEM Listing Rules.

As one of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Subscription is more than 5% but less than 25%, the Subscription will constitute a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements of Chapter 19 of the GEM Listing Rules.

As (i) the Guarantor is a director of the Target, and Subscriber A is wholly-owned by the Guarantor; and (ii) Subscriber B is a substantial shareholder of the Target, each of the Subscribers and the Guarantor is a connected person of the Company at subsidiary level, and accordingly the Subscription constitutes a connected transaction for the Company for the purpose of the GEM Listing Rules.

As (i) the Subscription is on normal commercial terms; (ii) the Directors have approved the Subscription; and (iii) the independent non-executive Directors have confirmed that the terms of the Subscription are fair and reasonable, and the Subscription is on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Subscription is exempt from the circular, independent financial advice and shareholders' approval requirements according to Rule 20.99 of the GEM Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business

“BVI”	British Virgin Islands
“Company”	Interactive Entertainment China Cultural Technology Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Closing”	completion of the subscription of the Subscription Shares pursuant to the Subscription Agreement
“Closing Date”	the date of Closing, which shall be 20 October 2016 (or such other date as the parties to the Subscription Agreement may agree in writing)
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Cho Kwai Yee, Kevin, a director of the Target and the sole shareholder of Subscriber A
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Joyful Honor Limited, a company incorporated in the BVI with limited liability and wholly-owned by the Guarantor
“Subscriber B”	Town Health Healthcare Services Limited, a company incorporated in the BVI
“Subscribers”	collectively, Subscriber A and Subscriber B, and “Subscriber” shall mean either one of them
“Subscription”	the subscription of the Subscription Shares
“Subscription Agreement”	the subscription agreement dated 6 October 2016 entered into by and among the Subscribers, the Guarantor and the Target in relation to the Subscription
“Subscription Price”	the aggregate price payable by the Subscribers for the Subscription Shares

“Subscription Shares”	4,699 shares of US\$1.00 each in the share capital of the Target to be subscribed by the Subscribers (as to 3,054 Subscription Shares to be subscribed by Subscriber A and as to 1,645 Subscription Shares to be subscribed by Subscriber B) pursuant to the terms and conditions of the Subscription Agreement
“Target”	Luck Key Investment Limited, a company incorporated in the BVI with limited liability and a non-wholly-owned subsidiary of the Company
“Target Group”	the Target and its subsidiaries

On behalf of the Board
Interactive Entertainment China Cultural Technology Investments Limited
Zhang Xiongfeng
Chairman

Hong Kong, 6 October 2016

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Zhang Xiongfeng, Mr. Zhang Peiao, Mr. Hung Kenneth and Ms. Wu Mei Chu, and (ii) three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Leung Ting Yuk and Mr. Wang Zhiwei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for a minimum period of seven days from the date of its publication and on the website of the Company at <http://www.iechina.com.hk>.