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Cloud Investment Holdings Limited
雲信投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8129)

**MAJOR TRANSACTION:
DISPOSAL OF THE ENTIRE EQUITY INTEREST IN
CLOUD COMMUNICATIONS LIMITED**

THE FINANCIAL PR DISPOSAL

On 8 October 2018, the Financial PR Vendor, a wholly owned subsidiary of the Company, as vendor entered into the Financial PR Disposal Agreement with the Financial PR Purchaser and the Financial PR Guarantor pursuant to which the Financial PR Vendor has conditionally agreed to sell and the Financial PR Purchaser has conditionally agreed to acquire the Sale Shares and the Sale Loan for a consideration of HK\$3,000,000 (subject to adjustment). Upon Financial PR Disposal Completion, Cloud Communications will cease to be a subsidiary of the Company and the financial results of Cloud Communications will no longer be consolidated into the financial statements of the Group.

As certain applicable percentage ratios are more than 25% but all the applicable percentage ratios are less than 75%, the Financial PR Disposal constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement, circular and the Shareholders' approval requirements at the EGM.

A circular containing, among others, details of the Financial PR Disposal and the notice of EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 12 April 2018. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

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The Financial PR Disposal Agreement

Date : 8 October 2018

- Parties : (1) Vendor : the Financial PR Vendor
- (2) Purchaser : the Financial PR Purchaser
- (3) Guarantor : the Financial PR Guarantor

The Financial PR Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Financial PR Guarantor is an individual and the sole director of the Financial PR Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Financial PR Purchaser, its beneficial owner(s) and the Financial PR Guarantor is an Independent Third Party.

The Financial PR Vendor is a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company.

Assets to be disposed of

Pursuant to the Financial PR Disposal Agreement, the Financial PR Purchaser has conditionally agreed to acquire and the Financial PR Vendor has conditionally agreed to sell the Sale Shares, which represent the entire equity interest of Cloud Communications, and the Sale Loan.

Consideration

Subject to the adjustment as set out in the paragraph “Adjustment to the Financial PR Disposal Consideration” below, the Financial PR Disposal Consideration of HK\$3,000,000 (subject to adjustment) shall be settled in cash in the following manner (or such other manner as the parties thereto may agree in writing):

- (a) as to HK\$150,000 as deposit payable by the Financial PR Purchaser to the Financial PR Vendor upon the entering into of the Financial PR Disposal Agreement; and
- (b) as to the remaining balance of HK\$2,850,000 payable by the Financial PR Purchaser to the Financial PR Vendor upon Financial PR Disposal Completion.

In the event that any conditions precedent of the Financial PR Disposal Agreement have been not satisfied on or before the Financial PR Disposal Long Stop Date (as defined below) and/or the Financial PR Disposal Completion does not take place in accordance with the Financial PR Disposal Agreement, the Financial PR Vendor shall forthwith refund the deposit in the amount of HK\$150,000 in full without deduction to the Financial PR Purchaser and in full and final settlement of any liabilities of the Financial PR Vendor towards the Financial PR Purchaser under the Financial PR Disposal Agreement and vice versa and whereupon the parties shall not take any action to claim for damages or to enforce specific performance or any other rights and remedies.

In the event that all the conditions precedent have been satisfied but the Financial PR Disposal Completion does not take place in accordance with the Financial PR Disposal Agreement as a result of the sole default of the Financial PR Purchaser, the Financial PR Vendor shall be entitled to forthwith forfeit the deposit in the amount of HK\$150,000 as liquidated damages and in full and final settlement of any liabilities of the Financial PR Purchaser towards the Financial PR Vendor under the Financial PR Disposal Agreement and whereupon the parties shall not take any action to claim for damages or to enforce specific performance or any other rights and remedies.

Adjustment to the Financial PR Disposal Consideration

The Financial PR Disposal Consideration shall be adjusted in the following manner:

- (a) the Financial PR Vendor shall prepare the completion accounts of Cloud Communications (the “**Completion Accounts**”) and deliver the same to the Financial PR Purchaser no later than three (3) months after the Financial PR Disposal Completion Date; and

- (b) subject to the maximum upward adjustment amount of HK\$2,000,000 or the maximum downward adjustment amount of HK\$1,000,000 (as the case maybe), the Financial PR Disposal Consideration shall be adjusted:
- (i) upward in the event that the net asset value as shown in the Completion Accounts is higher than the net asset value as shown in the management accounts of Cloud Communications as at 30 September 2018 (the “**Management Accounts**”) for such difference on a dollar-to-dollar basis, and in such case, any shortfall of the Financial PR Disposal Consideration shall be paid by the Financial PR Purchaser to the Financial PR Vendor without interest and within five (5) Business Days after the date of the Completion Accounts is delivered; or
 - (ii) downward in the event that the net asset value as shown in the Completion Accounts is lower than the net asset value as shown in the Management Accounts for such difference on a dollar-to-dollar basis, and in such case, any excess paid on Financial PR Disposal Completion by the Financial PR Purchaser shall be returned to the Financial PR Purchaser without interest and within five (5) Business Days after the date of the Completion Accounts is delivered.

For the avoidance of doubt, if the net asset value as shown in the Completion Accounts is equal to the net asset value as shown in the Management Accounts, there will be no adjustment on the Financial PR Disposal Consideration.

Basis of the Financial PR Disposal Consideration

The Financial PR Disposal Consideration was arrived at based on normal commercial terms and after arm’s length negotiations among the parties to the Financial PR Disposal Agreement taking into account, among others, net segment asset value of Cloud Communications of approximately HK\$2,861,000 and HK\$2,970,000 as at 30 June 2018 and 31 December 2017 respectively according to the interim report of the Company for the six months ended 30 June 2018 and the annual report of the Company for the year ended 31 December 2017 respectively.

Based on the factors mentioned above, the Company considers the Financial PR Disposal Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Financial PR Disposal is conditional upon the satisfaction or waiver of the following:

- (a) all necessary approval from the Stock Exchange, the SFC (if applicable) and/or other regulatory authorities for the Financial PR Disposal having been obtained;

- (b) all necessary consents and approvals required to be obtained on the part of the Financial PR Purchaser, the Financial PR Vendor, and Cloud Communications in respect of the Financial PR Disposal Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (c) the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules at a general meeting of the Company to be convened and held of the necessary resolution(s) to approve the Financial PR Disposal Agreement and the transactions contemplated thereby, and all other consents and acts required to be obtained by the Financial PR Vendor under the GEM Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange; and
- (d) the Acquisition Agreement having become unconditional or completed.

The Financial PR Vendor may at any time at its absolute and sole discretion waive in writing the condition (d) (in whole or in part) set out above. The other conditions above are incapable of being waived. As at the date of this announcement, the Financial PR Vendor has no intention to waive any of the above conditions precedent.

If the conditions set out above have not been satisfied on or before the date falling fourteen (14) months from the date of the Financial PR Disposal Agreement or such other date as the parties to the Financial PR Disposal Agreement may agree in writing (the “**Financial PR Disposal Long Stop Date**”), the Financial PR Disposal Agreement shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other, save for refund of the deposit and any antecedent breaches of the terms of the Financial PR Disposal Agreement.

Financial PR Disposal Completion

Financial PR Disposal Completion shall take place on the fifth Business Day after all the conditions precedent under the Financial PR Disposal Agreement having been fulfilled or waived by the Financial PR Vendor (as the case may be) or such later time and date as the Financial PR Purchaser and the Financial PR Vendor may agree in writing, and in any event shall be on the same date as the completion date of the Acquisition Agreement.

Upon Financial PR Disposal Completion, the Company will cease to hold any interest in Cloud Communications and Cloud Communications will cease to be a subsidiary of the Company and the financial results of Cloud Communications will no longer be consolidated into the financial statements of the Group.

Guarantee by the Financial PR Guarantor

The Financial PR Guarantor has agreed to unconditionally and irrevocably guarantee to the Financial PR Vendor the due and punctual performance by the Financial PR Purchaser of all the obligations expressed to be imposed on or assumed by it in the Financial PR Disposal Agreement.

INFORMATION ON CLOUD COMMUNICATIONS

Immediately prior to the entering into of the Financial PR Disposal Agreement, Cloud Communications is wholly-owned by the Company. Upon Financial PR Disposal Completion, Cloud Communications will cease to be a subsidiary of the Company.

Cloud Communications is a company incorporated in Hong Kong with limited liability in 2008 and is principally engaged in the Financial PR Business since July 2017.

Set out below is the financial information of Cloud Communications for the year ended 31 December 2017:

	For the year ended 31 December 2017 HK\$'000 (Audited)
Revenue	3,410
Profit before tax	713
Profit after tax	601

As at 30 June 2018 and 31 December 2017, the net segment asset value of Cloud Communications amounted to approximately HK\$2,861,000 and HK\$2,970,000 respectively according to the interim report of the Company for the six months ended 30 June 2018 and the annual report of the Company for the year ended 31 December 2017 respectively.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the computer software and embedded systems development, sales and licensing of the software and systems, provision of financing services and provision of financial public relations services.

Based on the financial information of Cloud Communications, it is estimated that upon Financial PR Disposal Completion, the Group will not record a material gain or loss from the Financial PR Disposal. After deducting the expenses relating to the Financial PR Disposal, the net proceeds of approximately HK\$2,400,000 is expected to be applied towards the general working capital of the Group.

The Board is of the view that the Financial PR Disposal provides a good opportunity for the Group to realise its investment in Cloud Communications and reallocate its resources to develop the businesses to be acquired under the Acquisition Agreement.

Taking into consideration of the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the Financial PR Disposal Agreement are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION

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A circular containing, among others, details of the Financial PR Disposal and the notice of EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition Agreement”	the conditional sale and purchase agreement dated 1 June 2018 entered into between Lee Dong Gun (as vendor) and Zenith Lead Limited (a subsidiary of the Company) (as purchaser) in relation to the sale and purchase of the entire issued share capital of Win Talent Consultants Limited, details of which have been disclosed in the announcement of the Company dated 24 July 2018
“Board”	board of the Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Cloud Communications”	Cloud Communications Limited, a company incorporated in Hong Kong with limited liability
“Company”	Cloud Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be held and convened to approve the Financial PR Disposal
“Financial PR Business”	the Group’s business involving provision of financial public relations services
“Financial PR Disposal”	the disposal of the entire equity interest of Cloud Communications by the Group as contemplated under the Financial PR Disposal Agreement
“Financial PR Disposal Agreement”	the conditional sale and purchase agreement dated 8 October 2018 and entered into between the Financial PR Vendor, the Financial PR Purchaser and the Financial PR Guarantor in relation to the Financial PR Disposal
“Financial PR Disposal Completion”	completion of the Financial PR Disposal in accordance with the Financial PR Disposal Agreement
“Financial PR Disposal Consideration”	HK\$3,000,000 (subject to adjustment), being the aggregate consideration under the Financial PR Disposal Agreement
“Financial PR Guarantor”	Lau Yen Chun Fibe, the sole director of the Financial PR Purchaser and an Independent Third Party
“Financial PR Purchaser”	Leader Faith Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Financial PR Vendor”	Q9-Tech Energy Development Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company together with its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“PRC”	the People’s Republic of China
“Sale Loan”	all debts, liabilities and obligations of Cloud Communications owing or incurred by Cloud Communications to the Financial PR Vendor (whether actual, contingent or deferred and irrespective of whether or not the same is due and payable) as at the date of the Financial PR Disposal Completion
“Sale Shares”	1,500,000 shares in the issued share capital of Cloud Communications, representing the entire issued share capital of Cloud Communications
“SFC”	Securities and Futures Commissions
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Cloud Investment Holdings Limited
NG CHUNG YUEN FRANK
Executive Director

Hong Kong, 9 October 2018

As at the date of this announcement, the Board comprises Mr. Poon Yu Keung, Mr. Hung Ching Fung and Mr. Ng Chung Yuen Frank as executive Directors, Mr. Chow Wing Tung, Mr. Ko Wai Lun Warren and Mr. Yam Chiu Fan Joseph as independent non-executive Directors.

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 GEM website at <http://www.hkgem.com> on the “latest company announcements” page for at least 7 days from the day of its posting and on the Company’s website at www.cloud-grp.com.