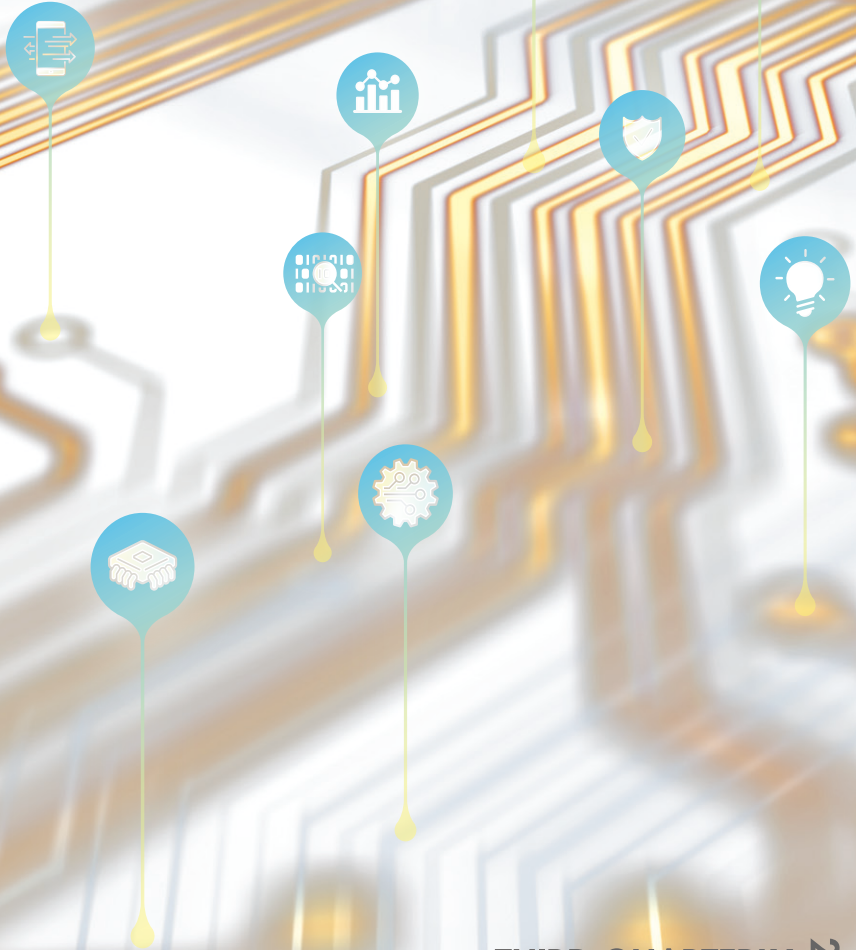




Cloud Investment Holdings Limited
雲信投資控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8129)



THIRD QUARTERLY 2018
REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Cloud Investment Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report 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 report misleading.

FINANCIAL HIGHLIGHTS

The Group recorded turnover of approximately HK\$16,590,000 for the nine months ended 30 September 2018, representing a dramatic increase of 179.8% from the corresponding period of previous year (nine months ended 30 September 2017: HK\$5,929,000).

The Group recorded loan interest income of approximately HK\$9,057,000 from the provision of financing services for the nine months ended 30 September 2018, representing a considerable increase of 283.3% from the corresponding period of previous year (nine months ended 30 September 2017: HK\$2,363,000).

The Group recorded revenue of approximately HK\$1,424,000 from sales and licensing of software and embedded systems through online platform for the nine months ended 30 September 2018, representing an increase 33.3% from the corresponding period of previous year (nine months ended 30 September 2017: HK\$1,068,000).

Packaged software sales for the nine months ended 30 September 2018 was approximately HK\$1,678,000, representing an increase of 11.2% from the corresponding period of previous year (nine months ended 30 September 2017: HK\$1,509,000). The Group generated revenue of approximately HK\$579,000 from the provision of IT services for the nine months ended 30 September 2018 (nine months ended 30 September 2017: HK\$130,000).

The Group recorded revenue of approximately HK\$3,852,000 from the provision of financial public relations services for the nine months ended 30 September 2018, representing a substantial increase of 348.4% from the corresponding period of previous year (nine months ended 30 September 2017: HK\$859,000).

The Group's total operating expenses for the nine months ended 30 September 2018 were approximately HK\$12,014,000 representing an increase of 18.8% as compared to nine months ended 30 September 2017 (nine months ended 30 September 2017: HK\$10,115,000 (restated)).

The Group recorded a net loss attributable to owners of the Company for the nine months ended 30 September 2018 of approximately HK\$730,000 (nine months ended 30 September 2017: loss of HK\$3,633,000). Loss per share attributable to the owners of the Company for the nine months ended 30 September 2018 was HK0.02 cent (nine months ended 30 September 2017: HK0.13 cent).

The unaudited consolidated results for the nine months ended 30 September 2018 and the comparison with last year are set out in the accompanying table.

NINE MONTHS RESULTS (UNAUDITED)

The board (the "Board") of directors (the "Directors") of Cloud Investment Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and nine months ended 30 September 2018, together with the unaudited comparative figures for the corresponding periods in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2018

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited) (Restated)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited) (Restated)
Revenue	4	4,974	3,155	16,590	5,929
Cost of revenue		(484)	(79)	(2,729)	(114)
Gross profit		4,490	3,076	13,861	5,815
Other income, gains and losses	5	22	23	45	878
Impairment losses recognised in respect of loan and interest receivables		(2,180)	–	(2,180)	–
Share of loss of associates		–	(282)	–	(211)
Loss on disposal of available-for-sale investments		–	(781)	–	(781)
Selling and distribution expenses		(312)	(424)	(937)	(612)
Research and development expenses		(388)	(374)	(1,170)	(1,113)
General and administrative expenses		(3,602)	(2,917)	(9,907)	(7,603)
Loss on disposal of property, plant and equipment		–	(6)	–	(6)
Loss before tax	6	(1,970)	(1,685)	(288)	(3,633)
Income tax credit (expenses)	7	134	–	(442)	–
Loss for the period		(1,836)	(1,685)	(730)	(3,633)
Loss per share for the period	8				
– Basic (HK cents)		(0.06)	(0.05)	(0.02)	(0.13)
– Diluted (HK cents)		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2018

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Loss for the period	(1,836)	(1,685)	(730)	(3,633)
Other comprehensive (expense) income, net of income tax				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(41)	27	(45)	77
Decrease in fair value of available-for- sale investments	-	(469)	-	(781)
Reclassification of change in fair value of available-for-sale investments to profit or loss	-	781	-	781
	<u>(41)</u>	<u>339</u>	<u>(45)</u>	<u>77</u>
Other comprehensive (expense) income for the period				
	<u>(41)</u>	<u>339</u>	<u>(45)</u>	<u>77</u>
Total comprehensive expense for the period	<u>(1,877)</u>	<u>(1,346)</u>	<u>(775)</u>	<u>(3,556)</u>
Total comprehensive expense attributable to owners of the Company	<u>(1,877)</u>	<u>(1,346)</u>	<u>(775)</u>	<u>(3,556)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Reserves							Sub-total HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Capital redemption reserve HK\$'000	Reorganisation reserve HK\$'000 (Note b)	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000		
At 1 January 2017 (Audited)	24,822	163,243	46,670	37	3,000	(301)	(212,926)	(277)	24,545
Loss for the period	-	-	-	-	-	-	(3,633)	(3,633)	(3,633)
Other comprehensive income for the period	-	-	-	-	-	77	-	77	77
Total comprehensive expense for the period	-	-	-	-	-	77	(3,633)	(3,556)	(3,556)
Lapse of share options (Note a)	-	-	(29,864)	-	-	-	29,864	-	-
Issue of ordinary shares upon placing	4,900	44,100	-	-	-	-	-	44,100	49,000
Transactions cost attributable to issue of ordinary shares upon placings	-	(1,110)	-	-	-	-	-	(1,110)	(1,110)
At 30 September 2017 (Unaudited)	<u>29,722</u>	<u>206,233</u>	<u>16,806</u>	<u>37</u>	<u>3,000</u>	<u>(224)</u>	<u>(186,695)</u>	<u>39,157</u>	<u>68,879</u>
At 1 January 2018 (Audited)	29,722	206,233	16,806	37	3,000	(216)	(184,834)	41,026	70,748
Loss for the period	-	-	-	-	-	-	(730)	(730)	(730)
Other comprehensive expense for the period	-	-	-	-	-	(45)	-	(45)	(45)
Total comprehensive expense for the period	-	-	-	-	-	(45)	(730)	(775)	(775)
At 30 September 2018 (Unaudited)	<u>29,722</u>	<u>206,233</u>	<u>16,806</u>	<u>37</u>	<u>3,000</u>	<u>(261)</u>	<u>(185,564)</u>	<u>40,251</u>	<u>69,973</u>

Notes:

- During the nine months ended 30 September 2017, the Group reversed the share options reserve of approximately HK\$29,864,000 upon the lapse of 177,840,000 share options.
- The amount represented the reserve arising from group reorganisation of the Company during the year ended 31 December 2000.

Notes:

1. General information

The shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in sales and licensing of the software and embedded systems and provision of IT services, provision of financing services and the provision of financial public relations services. There were no significant changes in the Group's operations during the nine months ended 30 September 2018.

The unaudited condensed consolidated third quarterly financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000") unless otherwise stated.

2. Summary of significant accounting policies

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules").

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these unaudited condensed consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of Hong Kong Accounting Standard ("HKAS") 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company (the "Audit Committee").

The accounting policies and basis of preparation adopted for the preparation of the unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 are consistent with those adopted by the Group in its audited consolidated financial statements for the year ended 31 December 2017, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The HKICPA has issued a number of revised HKFRSs which are generally effective for accounting periods beginning on or after 1 January 2018. The Group has adopted the following revised standards for the first time for these unaudited condensed consolidated financial statements for the nine months ended 30 September 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Interpretation ("Int") 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfer of Investment Property
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycles

The Group has not applied any new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The Group has commenced an assessment of the impact of these new standards and amendments, but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

3. Suspension of trading

The trading in shares of the Company has been suspended with effect from 9:00 a.m. on 12 April 2018, please refer to the Company's announcements dated 28 July 2017, 2 August 2017, 31 October 2017, 13 November 2017, 22 December 2017, 2 January 2018 and 11 April 2018 for details of the listing status of the Company. Pursuant to the decision letter from the Listing Appeals Committee, the Company is required to submit a resumption proposal to demonstrate that it has a sufficient level of operations or assets as required by the GEM Listing Rule 17.26 at least 10 business days before the expiry of a period of six months from the date of the decision letter of the Listing Appeals Committee (i.e. 10 October 2018). If the Company fails to submit a viable resumption proposal by the aforesaid deadline, the Stock Exchange will proceed with cancellation of the Company's listing.

The Company has submitted the first resumption proposal to the Stock Exchange in accordance with the GEM Listing Rules on 20 July 2018. On 9 October 2018, the Company had submitted a revised resumption proposal (the "Resumption Proposal") to the Stock Exchange in addressing the Stock Exchange comments on the resumption proposal dated 20 July 2018. Since additional time is required for the Company to prepare the reverse takeovers circular in relation to the Acquisition as indicated in the Resumption Proposal, the Company applied for an extension of time to allow it to have sufficient time to comply with all relevant requirements for the reverse takeover circular. As at the date of this report, the Company is preparing reply to the Stock Exchange to supplement the application for the extension of time as discussed above, and the Resumption Proposal is still pending approval by the Stock Exchange.

4. Revenue and segment information

i. Revenue

An analysis of the Group's revenue by major products and services for the three months and nine months ended 30 September 2018 are as follows:

	Unaudited			
	Three months ended 30 September 2018		Nine months ended 30 September 2018	
	HK\$'000	2017 HK\$'000	HK\$'000	2017 HK\$'000
Sales and licensing of software and embedded systems through packaged software	790	511	1,678	1,509
Sales and licensing of software and embedded systems through online platform	688	370	1,424	1,068
IT platform development and maintenance service income	–	130	579	130
Interest income	2,877	1,285	9,057	2,363
Financial public relations services income	619	859	3,852	859
	<u>4,974</u>	<u>3,155</u>	<u>16,590</u>	<u>5,929</u>

ii. **Segment information**

Information reported to the Board, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance, focus on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and specifically focuses on the Group’s operating divisions. No operating segments identified by the CODM has been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable segments under HKFRS 8 are as follows:

- (a) Sales and licensing of software and embedded systems (“Software Business”) and provision of I.T. services
- (b) Provision of financing services (“Financial Business”)
- (c) Provision of financial public relations services (“Financial PR Business”)

a. **Segment revenue and results**

The following is an analysis of the Group’s revenue and results by reportable and operating segments for the nine months ended 30 September 2018:

	Unaudited Nine months ended 30 September							
	Sales and licensing of software and embedded systems and provision of I.T. services		Provision of financing services		Provision of financial public relations services		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue								
External sales	<u>3,681</u>	<u>2,707</u>	<u>9,057</u>	<u>2,363</u>	<u>3,852</u>	<u>859</u>	<u>16,590</u>	<u>5,929</u>
Result								
Segment results	<u>655</u>	<u>126</u>	<u>5,327</u>	<u>1,118</u>	<u>286</u>	<u>471</u>	<u>6,268</u>	<u>1,715</u>
Interest income							36	19
Other income							9	12
Write back of other payables and accrued expenses							-	847
Share of loss of associates							-	(211)
Loss on disposal of available-for-sale investments							-	(781)
Unallocated expenses							<u>(6,601)</u>	<u>(5,234)</u>
Loss before tax							<u>(288)</u>	<u>(3,633)</u>

Segment results represented the profit earned by each segment without allocation of central administration costs, directors' emoluments, interest income and interest income from held-to-maturity investments. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

There were no inter-segment sales during the nine months ended 30 September 2018 and 30 September 2017.

b. Geographical information

For the nine months ended 30 September 2018 and 30 September 2017, all of the Group's revenue and non-current assets are derived from customers and operations based in Hong Kong, and accordingly, no further analysis of the Group's geographical information is disclosed.

5. Other income, gains and losses

	Unaudited			
	Three months ended 30 September 2018		Nine months ended 30 September 2017	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	2	1	3	3
Interest income from held- to-maturity investments	11	6	33	16
Sundry income	9	-	9	-
Dividends from available- for-sale investments	-	12	-	12
Write back of other payables and accrued expenses	-	4	-	847
	<u>22</u>	<u>23</u>	<u>45</u>	<u>878</u>

6. Loss before tax

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before tax is arrived at after charging:				
Depreciation of property, plant and equipment	61	21	176	49
Cost of inventories recognised as expenses	29	26	67	61
Finance cost recognised as cost of revenue	34	8	794	8
Loss on disposal of available-for-sale investments	–	781	–	781
Loss on disposal of property, plant and equipment	–	6	–	6
	<u>–</u>	<u>6</u>	<u>–</u>	<u>6</u>

7. Income tax (credit) expenses

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong Profits Tax				
Current period	<u>(134)</u>	<u>–</u>	<u>442</u>	<u>–</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the nine months ended 30 September 2018. For the nine months ended 30 September 2017, no provision for taxation in Hong Kong has been made as certain group entities did not generate any assessable profits arising in Hong Kong and assessable profits of certain group entities were wholly absorbed by tax losses brought forward.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both periods ended 30 September 2018 and 2017.

No profits taxes have been provided for the subsidiaries which are operating outside Hong Kong as these subsidiaries have not generated any assessable profits in the respective jurisdictions for both periods ended nine months ended 30 September 2018 and 2017.

8. Loss per share

The calculation of the basic loss per share attributable to the owners of the Company is based on the unaudited consolidated loss for the three months and the nine months ended 30 September 2018 attributable to the owners of the Company of approximately HK\$1,836,000 and HK\$730,000 respectively (three months and nine months ended 30 September 2017: HK\$1,685,000 and HK\$3,633,000 respectively) and the weighted average number of shares of 2,972,150,000 (three months and nine months ended 30 September 2017: 2,972,150,000 and 2,701,490,659 respectively) ordinary shares of the Company in issue during the respective periods.

Diluted loss per share for the three months and nine months ended 30 September 2018 and 30 September 2017 were not presented because the exercise of the outstanding share options would have anti-dilutive effect on the basic loss per share.

9. Interim dividend

The Board does not recommend the payment of interim dividend for the nine months ended 30 September 2018 (nine months ended 30 September 2017: Nil).

BUSINESS REVIEW AND PROSPECTS

Overall performance

The consolidated turnover for the Company and its subsidiaries for the nine months ended 30 September 2018, amounted to approximately HK\$16,590,000, representing a dramatic increase of 179.8% from the corresponding period of previous year. Net loss attributable to owners of the Company for the nine months ended 30 September 2018 was approximately HK\$730,000 (nine months ended 30 September 2017: HK\$3,633,000). Loss per share attributable to the owners of the Company for the nine months ended 30 September 2018 was HK0.02 cent (nine months ended 30 September 2017: HK0.13 cent).

The Group recorded loan interest income of approximately HK\$9,057,000 from the provision of financing services for the nine months ended 30 September 2018, representing a considerable increase of 283.3% from the corresponding period of previous year (nine months ended 30 September 2017: HK\$2,363,000).

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Packaged software sales for the nine months ended 30 September 2018 was approximately HK\$1,678,000, representing an increase of 11.2% from the corresponding period of previous year (nine months ended 30 September 2017: HK\$1,509,000). The Group generated revenue of approximately HK\$579,000 from the provision of IT services for the nine months ended 30 September 2018 (nine months ended 30 September 2017: HK\$130,000).

The Group recorded revenue of approximately HK\$3,852,000 from the provision of financial public relations services for the nine months ended 30 September 2018, representing a substantial increase of 348.4% from the corresponding period of previous year (nine months ended 30 September 2017: HK\$859,000).

The Group's total operating expenses for the nine months ended 30 September 2018 were approximately HK\$12,014,000 representing an increase of 18.8% as compared to nine months ended 30 September 2017 (nine months ended 30 September 2017: HK\$10,115,000 (restated)).

Business development

Considering the Group has been in a loss position for years and in order to improve the financial performance of the Group, the Company has commenced the financial business which involves provision of financing services since June 2013 and the financial public relations business since July 2017. Despite the above, the Group still recorded loss for the year ended 31 December 2017. In light of the above, the management of the Group intends to further diversify its business through the Acquisition for broadening its income stream so as to strengthen its financial position. Meanwhile, the Group has entered into agreements to dispose of the Software Business and the Financial PR Business on 8 October 2018. The Group also intends to scale down the Financial Business.

The Acquisition constitutes a very substantial acquisition and reverse takeover on the part of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the Company will be treated as if it were a new listing applicant under Rule 19.54 of the GEM Listing Rules and the Acquisition is therefore subject to the approval by the GEM Listing Committee of the new listing application to be made by the Company. As at the date of this report, the Company has engaged the sponsor in respect of the new listing application to initiate the new listing application process. As at the date of this report, the new listing application has not yet been submitted to the Stock Exchange.

Events after the reporting period

- (i) On 8 October 2018, Zenith Lead Limited, a directly wholly-owned subsidiary of the Company, as purchaser (the "Purchaser") and Mr. Lee Dong Gun as vendor (the "Vendor") entered into a supplemental letter (the "Supplemental Letter") to amend certain terms of the Sale and Purchase Agreement dated 1 June 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition. The Vendor executed a deed of indemnity (the "Deed of Indemnity") in favour of the Purchaser in relation to the Acquisition on the same date. Details of the Acquisition, Supplemental Letter and the Deed of Indemnity were disclosed in the announcements of the Company dated 24 July and 9 October 2018.

- (ii) On 8 October 2018, Q9-Tech Energy Development Limited, a wholly owned subsidiary of the Company, as vendor (the “Financial PR Vendor”) entered into the conditional sale and purchase agreement (the “Financial PR Disposal Agreement”) with Leader Faith Group Limited as purchaser (the Financial PR Purchaser”) and Ms. Lau Yen Chun Fibe (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 entire issued share capital of Cloud Communications Limited and the Sale Loan for a consideration of HK\$3,000,000 (subject to adjustment) (the “Financial PR Disposal”). 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 of the Company approval requirements at an extraordinary general meeting of the Company. Details of the Financial PR Disposal was disclosed in the announcement of the Company dated 9 October 2018.
- (iii) On 8 October 2018, the Company as vendor and Xinhua Gold Net International Company Limited as purchaser (the “Software Purchaser”) entered into the conditional sale and purchase agreement (the “Software Disposal Agreement”) pursuant to which the Company has conditionally agreed to sell and the Software Purchaser has conditionally agreed to acquire the entire issued share capital of Q9 Technology (BVI) Limited and the entire issued share capital of Q9-Tech Energy Development Limited for a consideration of HK\$3,100,000 (subject to adjustment) (the “Software Disposal”). The Software 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 of the Company approval requirements at an extraordinary general meeting of the Company. Details of the Software Disposal was disclosed in the announcement of the Company dated 9 October 2018.

ADVANCE TO AN ENTITY

Pursuant to Rule 17.15 of the GEM Listing Rules, a disclosure obligation arises when advance to an entity form the Company exceeds 8% of the total assets of the Company. As at 30 June 2018, the Company's total assets were approximately HK\$78,623,000. Pursuant to Rule 17.22 of the GEM Listing Rules, details of the advance which remained outstanding as at 30 September 2018 were set out below:

Loan Agreement A

Date of Agreement	:	10 July 2017
Lender	:	Fortune Credit Limited ("FCL"), an indirect wholly-owned subsidiary of the Company
Borrower	:	Customer A, an individual and a third party independent of the Company
Principal	:	HK\$6,300,000
Interest rate	:	23% per annum
Term	:	Six months
Repayment	:	Customer A shall pay the interest accrued on the loan on a monthly basis and shall repay the principal amount of the loan together with any outstanding interest accrued thereon on the due date of the loan
Collateral	:	Personal guarantee provided by Guarantor B

Loan Agreement B

Date of Agreement	:	25 September 2017
Lender	:	FCL
Borrower	:	Customer C and Customer D, each of them is an individual and a third party independent of the Company
Principal	:	HK\$10,500,000
Interest rate	:	16% per annum
Term	:	Three (3) years
Repayment	:	Both Customers C and D shall pay the interest accrued on the loan on a monthly basis and shall repay the principal amount of the loan together with any outstanding interest accrued thereon on the due date of the loan
Collateral	:	A second legal charge in respect of a property located in Hong Kong

Loan Agreement C

Date of Agreement	:	30 September 2017
Lender	:	FCL
Borrower	:	Customer E, an individual and a third party independent of the Company
Principal	:	HK\$10,000,000
Interest rate	:	16% per annum
Term	:	Two (2) years
Repayment	:	Customer E shall pay the interest accrued on the loan on a monthly basis and shall repay the principal amount of the loan together with any outstanding interest accrued thereon on the due date of the loan

It is required under Rule 17.17(3) of the GEM Listing Rules to disclose the identities of the Customer A, Guarantor B, Customer C, Customer D and Customer E (collectively, the "Customers"). As each of the Customers is unwilling to disclose his identity to public and also for other commercial considerations, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 17.17(3) of the GEM Listing Rules to disclose the identities of the Customers.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2018, save for the interests of the Directors in share options as below, neither the Directors nor the chief executive of the Company had interests and/or short positions in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO; or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

Share Option

As at 30 September 2018, there were a total of 3,400,000 outstanding share options of the Company granted to the Directors, details of which are summarised in the following table:

Directors	Date of grant	Options to subscribe for shares of the Company				Outstanding as at 30 September 2018	Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period				
Poon Yu Keung	10/1/2014	1,200,000	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	0.04%
Hung Ching Fung	10/1/2014	1,200,000	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	0.04%
Chow Wing Tung	10/1/2014	1,000,000	-	-	-	1,000,000	10/1/2014 to 9/1/2024	HK\$0.147	0.03%
Total		<u>3,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,400,000</u>			

Note: The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 30 September 2018, all options have been vested.

Save as disclosed above, none of the Directors or the chief executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 September 2018.

SHARE OPTION SCHEMES

On 27 April 2007, a new share option scheme (the "New Share Option Scheme") was adopted by the shareholders of the Company and the share option scheme adopted by the Company on 30 April 2002 (the "Old Share Option Scheme") was terminated accordingly on the same date. No share option was outstanding under the Old Share Option Scheme.

As at 30 September 2018, options to subscribe for up to an aggregate of 240,490,000 shares of HK\$0.01 each had been granted by the Company under the New Share Option Scheme. Details of the share options which had been granted under the Share Option Scheme are as follows:

Category of participant	Date of grant	Options to subscribe for shares of the Company				Outstanding as at 30 September 2018	Option exercise period	Exercise price per share
		Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period			
Directors	10/1/2014	3,400,000	-	-	-	3,400,000	10/1/2014 to 9/1/2024	HK\$0.147
Consultants	10/1/2014	237,090,000	-	-	-	237,090,000	10/1/2014 to 9/1/2024	HK\$0.147
Total		<u>240,490,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,490,000</u>		

Notes:

- (i) The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 30 September 2018, all options have been vested.
- (ii) During the nine months ended 30 September 2018, no options were lapsed, exercised or cancelled.

Details of options granted to Directors under the Share Option Scheme are set out in the sub-section headed "Long Position in Underlying Shares of the Company" under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2018, according to the register of interests kept by the Company under Section 336 of the SFO and so far as was known to the Directors, the Directors are not aware of any other party (save for those disclosed above in respect of the Directors and chief executives) who had interests or short positions in the shares or underlying shares of the Company which were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

INTERESTS IN COMPETING BUSINESS

Mr. Chow Wing Tung ("Mr. Chow"), an independent non-executive Director, held share interests in Great Harvest Finance Limited which is principally engaged in the business of hire purchase car financing. Mr. Chow was therefore considered to have interests in businesses which compete or are like to compete with the businesses of the Group pursuant to the GEM Listing Rules.

As the businesses of the Company and the above entity are operated under separate management with no reliance (whether financial or business) on each other, the Group is able to operate its businesses independently of, and at arm's length from, the competing entity.

Save as disclosed above, none of the Directors and their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not redeem any of its listed securities during the nine months ended 30 September 2018. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the nine months ended 30 September 2018.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the nine months ended 30 September 2018.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance. Maintaining a good and solid framework of corporate governance will ensure the Company to run its business in the best interests of the shareholders of the Company. Throughout the nine months ended 30 September 2018 under review, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 15 of the GEM Listing Rules, with the exception of deviation set out below.

Under Code Provision A.2.1, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. During the nine months ended 30 September 2018 under review, the Company has not appointed a chairman, and the roles and functions of a chairman have been performed by all the executive Directors collectively.

Under Code Provision A.6.7, independent non-executive director and non-executive director should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Mr. Chow and Mr. Ko Wai Lun Warren, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 14 June 2018 due to their respective other important engagements elsewhere.

AUDIT COMMITTEE

The Audit Committee, with written terms of reference in compliance with Code Provision C.3.3 of the Code as set out in Appendix 15 of the GEM Listing Rules, currently comprises three independent non-executive Directors, namely Mr. Chow, Mr. Ko Wai Lun Warren and Mr. Yam Chiu Fan Joseph. Mr. Chow is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal control procedures. The Group's unaudited condensed consolidated results for the nine months ended 30 September 2018 have been reviewed by the Audit Committee together with management, which was of the opinion that the preparation of such results were complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board on 12 November 2018.

By Order of the Board
Cloud Investment Holdings Limited
Ng Chung Yuen Frank
Executive Director

Hong Kong, 12 November 2018

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

This report will remain on the GEM website at <http://www.hkgem.com> on the "latest company report" page for at least 7 days from the day of its posting and on the Company's website at www.cloud-grp.com.