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CHINA CLOUD COPPER COMPANY LIMITED

中國雲銅股份有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 33)

PROPOSED REFRESHMENT OF GENERAL MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

A letter from the Board is set out on pages 3 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendations to the Independent Shareholders and the Independent Board Committee is set out on pages 13 to 24 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 19/F, One Hennessy, 1 Hennessy Road, Wan Chai, Hong Kong on Tuesday, 7 July 2020 at 12:00 noon is set out on pages 25 to 28 of this circular. Whether or not you propose to attend the meeting, you are advised to complete the form of proxy attached to the notice of the extraordinary general meeting in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the extraordinary general meeting or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

15 June 2020

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DEFINITIONS

In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:

“AGM”	the annual general meeting of the Company held on 18 June 2019 in which the Shareholders had approved, among other matters, the Existing General Mandate
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Cloud Copper Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at 19/F, One Hennessy, 1 Hennessy Road, Wan Chai, Hong Kong on Tuesday, 7 July 2020 at 12:00 noon for the purpose of considering and, if thought fit, approving the grant of the New General Mandate
“Existing General Mandate”	the general mandate granted at the AGM to the Directors to allot, issue and deal with up to 186,543,440 new Shares, being 20% of the total number of issued Shares on the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company, comprising all the independent non-executive Directors, to advise the Independent Shareholders on the grant of the New General Mandate
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to carry out Type 6 regulated activity as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the grant of the New General Mandate

DEFINITIONS

“Independent Shareholder(s)”	Shareholder(s) other than any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executives of the Company and all their respective associates
“Latest Practicable Date”	9 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New General Mandate”	the general mandate proposed to be granted to the Directors at the EGM to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of the EGM
“Placing”	the placing of the Company carried out pursuant to the placing agreement dated 26 February 2020 entered into between the Company and Nerico Brothers Limited, as the placing agent, the completion of which took place on 20 April 2020 and 181,463,440 new Shares have been allotted and issued
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



CHINA CLOUD COPPER COMPANY LIMITED

中國雲銅股份有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 33)

Executive Directors:

Mr. Ng Yu (*Chairman*)

Mr. Wei Weicheng

Mr. Chan Chi Ming

Mr. Lin Feng

Ms. Zhao Hong Mei

Registered office:

94 Solaris Avenue

Camana Bay

PO Box 1348

Grand Cayman KY1-1108

Cayman Islands

Non-executive Director:

Mr. Huang Shao Lung

Principal place of business

in Hong Kong:

Room A, 5/F

Chunghing Commercial Building

62–63 Connaught Road Central

Central

Hong Kong

Independent non-executive Directors:

Mr. Anthony Espina

Mr. Wang Jun Sheng

Mr. Lo Hang Fong

15 June 2020

To the Shareholders of the Company

Dear Sir or Madam,

INTRODUCTION

The purpose of this circular is to provide you with information relating to (i) the proposed grant of the New General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the proposed grant of the New General Mandate; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, on the proposed grant of the New General Mandate; and (iv) the notice of EGM, at which the necessary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the grant of the New General Mandate by way of poll.

LETTER FROM THE BOARD

EXISTING GENERAL MANDATE

At the AGM, Shareholders approved, among other things, an ordinary resolutions to grant to the Directors the Existing General Mandate to allot and issue not more than 186,543,440 Shares, being 20% of the total number of issued Shares as at the date of passing of the resolution at the AGM.

During the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate had been utilised as to 181,463,440 Shares (being 97.28% of Shares which can be allotted and issued under the Existing General Mandate) in association with completion of the Placing, details of which were set out in the announcements of the Company dated 26 February 2020 and 20 April 2020.

PROPOSED GRANT OF NEW GENERAL MANDATE

As at the Latest Practicable Date, the Existing General Mandate has almost been fully utilised. The Company will convene the EGM at which ordinary resolution will be proposed to the Independent Shareholders that:

- (i) the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing the relevant ordinary resolution at the EGM; and
- (ii) the New General Mandate be extended to Shares repurchased by the Company pursuant to the repurchase mandate granted to the Directors at the AGM.

The Company has not refreshed the Existing General Mandate since the AGM. The New General Mandate proposed will last until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any other applicable laws to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

As at the Latest Practicable Date, the Company had an aggregate of 1,119,260,640 Shares in issue. On the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company will be allowed under the New General Mandate to allot and issue up to 223,852,128 Shares, representing 20% of the aggregate number of the issued Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

REASONS FOR THE NEW GENERAL MANDATE

The Group is principally engaged in trading of security products and provision of security services, trading of party products and metals and minerals, securities brokerage and assets management, money lending business and credit guarantee and investment business.

Having reviewed the financial position of the Group, the Board considers that the Group has imminent need for funding because of the following reasons:

- (i) As at the Latest Practicable Date, the Company has outstanding repayment obligations in the total amount of approximately HK\$24,211,000 (the “**Repayment Obligations**”), including (i) approximately HK\$12,562,000 for settlement of payables; (ii) approximately HK\$2,610,000 for legal and professional fees; (iii) approximately HK\$63,000 for capital expenditure; (iv) approximately HK\$5,250,000 for settlement of accrued interest of convertible bonds; and (v) approximately HK\$3,726,000 for other expenses. Among the Repayment Obligations, (i) approximately HK\$20,211,000 have fallen due already; and (ii) the remaining amount of approximately HK\$4,000,000 will fall due by the end of August 2020.
- (ii) The proceeds from the Placing have almost been fully utilised. As at the Latest Practicable Date, part of the net proceeds from the Placing in the amount of approximately HK\$13,900,000 has been applied for repayment of the outstanding liabilities of the Group which have fallen due already and the remaining balance in the amount of approximately HK\$4,100,000 will be utilised by the Group shortly to settle part of the Repayment Obligations. Since the Repayment Obligations in the amount of approximately HK\$24,211,000 largely exceeds the unutilised proceeds from the Placing in the amount of approximately HK\$4,100,000, the Company is in imminent need of funding in the amount of approximately HK\$20,111,000 to settle the Repayment Obligations.
- (iii) On top of the need for funding to settle the Repayment Obligations as set out above, the Group has an additional funding need in the amount of approximately HK\$3 million (i.e. HK\$1 million per month) for its operating expenses prior to the next annual general meeting even after taking into account the operating cash inflows from the Group’s operation.

As a result of the Placing, the Existing General Mandate has almost been fully utilised. As disclosed in the announcement of the Company dated 29 April 2020, due to the outbreak of the COVID-19 in the PRC, the financial information preparation, especially in the PRC operations, was delayed. The audit procedures would only be completed on or before 30 June 2020 and the audited annual results announcement and the annual report for the year ended 31 December 2019 would be published on or before 30 June 2020. It is expected that the next annual general meeting of the Company will be held on or before 31 August 2020, which is about three months from the date of this circular. As set out above, the Company is in imminent need of cash to settle the Repayment Obligations and for its general working capital prior to the next annual general meeting of the Company and hence has an imminent need to refresh the Existing General Mandate. The grant of the New General Mandate will be able to provide the Group with a flexible alternative of financing to satisfy its immediate funding

LETTER FROM THE BOARD

needs. The Board also considers that the grant of the New General Mandate to be the most suitable financing alternative as compared with other types of financing alternatives such as debt financing, right issue, open offer or internal cash resources having considered the financial position, capital structure and cost of funding of the Group as well as the prevailing market condition as detailed below:

- (i) It is currently intended that the Repayment Obligations will be satisfied as far as possible by the proceeds raised from the utilisation of the New General Mandate by way of placing of new Shares to independent parties. As such the expected fundraising size will be approximately equal to the Repayment Obligations in the amount of approximately HK\$24,211,000. It is currently expected that the maximum discount of the price of the Shares to be placed will not be 20% or more to the benchmarked price of the Shares as stipulated by Rule 13.36(5) of the Listing Rules.

The Company is already in the progress of identifying suitable placing agent and has approached a number of licensed corporations to act as the placing agent. The Company understands from these licensed corporations that the grant of the New General Mandate to the Company will enable them to proceed with the placing of new Shares promptly by capturing the right market opportunities and securing suitable investors.

In view of (i) the imminence of the Repayment Obligations as the majority of which has fallen due already; and (ii) the fact that it would take time to secure suitable investors, the Company is of the view that time is of the essence and the grant of the New General Mandate is a more efficient and expeditious process than the use of the specific mandate to raise funds since the use of the New General Mandate avoids the need for lengthy formalities associated with holding an extraordinary general meeting to obtain the Shareholders' approval when the terms of the fundraising plan is finalised and the specific mandate may not be obtained in a timely manner to secure suitable investors especially given the volatility of the market. In any event, the Company intends to carry out the placing under the New General Mandate before it expires at the conclusion of the next annual general meeting of the Company, which is expected to be held by the end of August 2020.

Having considered (i) the grant of the New General Mandate will be subject to Independent Shareholders' approval which is more stringent than the grant of the specific mandate for which not only the Independent Shareholders can vote; (ii) the Shareholders are given information herein as far as possible for them to make an informed voting decision, including the intended use of the New General Mandate for placing of new Shares, the expected and maximum size of placing, the timing of placing and the maximum discount of the placing price of new Shares; (iii) the Shareholders will be fully informed of the terms and conditions of the placing since the Company will later disclose by way of announcement details of the placing as required under the Listing Rules when the terms of the placing are materialised; and (iv) the fairness of the placing will still be subject to scrutiny by the Stock Exchange in the granting of the listing approval of the new Shares to be placed, the Company is of the view that the grant of the New General Mandate will not put the

LETTER FROM THE BOARD

Shareholders in a more disadvantageous position than the grant of the specific mandate and is fair and reasonable to the Shareholders as a whole. Coupled with the fact that the grant of the New General Mandate will be a more expeditious solution for the Company's funding needs than the grant of the specific mandate, the Company is also of the view that the grant of the New General Mandate is in the best interest of the Shareholders as a whole.

- (ii) For debt financing, since the Company does not have any existing bank facilities, it may be subject to lengthy due diligence and negotiations as compared to the equity financing available to the Directors if the refreshment of the Existing General Mandate is granted. In addition, the interest incurred from debt financing will further worsen the net liabilities position of the Group.
- (iii) Rights issue or open offer may also involve substantial time and cost to complete as compared to equity financing by issuance of new Shares under general mandate. In addition, the potential dilution impact on the existing Shareholders may be greater than the allotment and issue of new Shares under the general mandate as the price of rights issues or open offer would normally involve a substantial discount to the market price and if the Shareholders choose not to subscribe for the Shares under the rights issue or open offer.
- (iv) Since the Group only has cash and cash equivalents of approximately HK\$27.1 million with net liabilities of approximately HK\$81.6 million as at 18 May 2020, it would not be possible for the Group to satisfy its funding needs with its internal resources.

As set out in the section below, the Company has completed the allotment and issuance of new Shares under general mandate in July 2019 and the Placing in April 2020 and the total proceeds raised in the total sum of approximately HK\$22.9 million have almost been fully utilised. Having considered that (i) the unutilised proceeds raised from the Placing will not be sufficient to settle the Repayment Obligations; (ii) the immediate funding needs of the Group and the funding requirement for the Group's operation before the upcoming annual general meeting largely exceed its existing financial resources; (iii) the New General Mandate allows the Company to capture any fund raising opportunities promptly without the need to wait for the next annual general meeting; (iv) equity financing does not create any interest paying obligations on the Group which would further worsen the net liabilities position of the Company; (v) the grant of the New General Mandate will be subject to Independent Shareholders' approval which is a fair and reasonable arrangement to all Shareholders; (vi) the potential dilution impact on the existing Shareholders may be even greater for rights issues and open offer as the price of rights issues or open offer would normally involve a substantial discount to the market price and if the Shareholders choose not to subscribe for the Shares under the rights issue or open offer; and (vii) the shareholding of the existing Shareholders will be diluted proportionally to their respective shareholdings upon any utilisation of the New General Mandate, the Board considers that (i) the flexibility offered by the New General Mandate outweighs to an reasonable extent the aggregated dilution impact on the minority

LETTER FROM THE BOARD

Shareholders upon completion of the Company's fundraising activities in the past twelve months and the potential utilisation of the New General Mandate; and (ii) the grant of the New General Mandate is in the best interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Set out below is the fund raising activities of the Company in the past twelve months immediately prior to the Latest Practicable Date:

Date(s) of initial announcement	Event	Net proceeds (approximate)	Intended use of net proceeds	Actual use of proceeds up to the Latest Practicable Date	Actual use of net proceeds	Unutilised proceeds as at the Latest Practicable Date
26 February 2020	Placing of new shares under general mandate	HK\$17,965,000	As general working capital of the Group	approximately HK\$13,900,000	As general working capital of the Group	Approximately HK\$4,100,000
18 March 2019, 15 July 2019	Issue of new shares under general mandate	HK\$4,900,000	As general working capital of the Group	HK\$4,900,000	As general working capital of the Group	Fully utilised

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

POTENTIAL DILUTION ON SHAREHOLDINGS

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the New General Mandate (assuming no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to and including the date of the EGM), for illustrative and reference purpose:

Shareholders	(i) As at the Latest Practicable Date		(ii) Upon full utilization of the New General Mandate	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Ng Yu (<i>Note 1</i>)	612,000	0.05	612,000	0.05
Neo Tech Inc. (<i>Note 2</i>)	265,368,000	23.71	265,368,000	19.75
Existing public shareholders	853,280,640	76.24	853,280,640 (<i>Note 3</i>)	63.53
Maximum number of new Shares that can be issued under the New General Mandate	—	—	223,852,128	16.67
Total	1,119,260,640	100	1,343,112,768	100

LETTER FROM THE BOARD

Notes:

1. Mr. Ng Yu is the chairman and an executive Director of the Board.
2. Neo Tech Inc. is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Ng Yu. Mr. Ng Yu is therefore deemed to be interested in 265,368,000 Shares for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
3. This excludes the allottees of the new shares allotted and issued under the New General Mandate

Assuming that (i) the grant of the New General Mandate is approved at the EGM; and (ii) no Shares will be repurchased and issued from the Latest Practicable Date up to the date of the EGM (both dates inclusive), upon full utilisation of the New General Mandate, 223,852,128 Shares can be issued, which represents 20% and approximately 16.67% of the aggregate number of the issued Shares as at the Latest Practicable Date and the aggregate number of the enlarged issued Shares respectively. The aggregate shareholding of the existing public Shareholders will be diluted from approximately 76.24% as at the Latest Practicable Date to approximately 63.53% upon full utilisation of the New General Mandate, representing a potential maximum dilution in public shareholding by approximately 12.71%.

THE WINDING UP PETITION

Reference is made to the announcements of the Company on 7 January 2020 and 3 June 2020. On 3 January 2020, the Company received a winding up petition (the “**Petition**”) filed by Access Partner Consultancy & Appraisals Limited against the Company under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) in the High Court of Hong Kong. The Company has fully settled the outstanding amount under the Petition on 17 January 2020 prior to the petition hearing originally scheduled to take place on 29 January 2020. Due to the closure of court out of the public health considerations, the petition hearing was adjourned to a later date to be fixed and a consent summons seeking leave to withdraw the Petition was filed on 14 April 2020. The High Court of Hong Kong eventually ordered that the Petition be withdrawn on 1 June 2020. As the outstanding amount under the Petition has been fully settled and the Petition has been ordered by the High Court to be withdrawn, there will not be any winding up order against the Company and the Company did not apply for any validation order for the transfers of the Company’s shares. Based on the above, the Board is of the view that the validity of the Company’s proposed issue of new shares under the New General Mandate would not be affected.

EGM

Pursuant to Rule 13.36(4) of the Listing Rules, the grant of the New General Mandate will be subject to Independent Shareholders’ approval at a general meeting of the Company. Any controlling Shareholders and their respective associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions to approve the grant of the New General Mandate. As at the Latest

LETTER FROM THE BOARD

Practicable Date, there is no controlling Shareholder, and Mr. Ng Yu, the executive Director, chairman of the Board and a substantial Shareholder (as defined under the Listing Rules) is required to abstain from voting in the EGM.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, except Mr. Ng Yu and Neo Tech Inc. which is wholly and beneficially owned by him, no Shareholder is required to abstain from voting on the proposed resolutions on the grant of the New General Mandate at the EGM.

Any vote of the Independent Shareholders at the EGM will be taken by poll and the results of the EGM will be made after the EGM.

A notice convening the EGM to be held at 19/F, One Hennessy, 1 Hennessy Road, Wan Chai, Hong Kong on Tuesday, 7 July 2020 at 12:00 noon is set out on pages 25 to 28 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend and vote at the EGM, you are requested to complete the form of proxy and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprises Mr. Anthony Espina, Mr. Wang Jun Sheng and Mr. Lo Hang Fong, all being independent non-executive Directors. It has been established to advise the Independent Shareholders on the grant of the New General Mandate.

Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the New General Mandate.

RECOMMENDATIONS

The Directors consider that the grant of the New General Mandate is in the interests of the Company and the Independent Shareholders and so recommend the Independent Shareholders to vote in favour of the grant of the New General Mandate to be proposed at the EGM.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the grant of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the grant of the New General Mandate.

LETTER FROM THE BOARD

Your attention is drawn to the letter of advice from the Independent Financial Adviser set out in pages 13 to 24 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the grant of the New General Mandate and the letter from the Independent Board Committee set out on page 12 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of the New General Mandate.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

By Order of the Board
China Cloud Copper Company Limited
Mr. Ng Yu
Chairman and Executive Director



CHINA CLOUD COPPER COMPANY LIMITED

中國雲銅股份有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 33)

PROPOSED REFRESHMENT OF GENERAL MANDATE

15 June 2020

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company dated 15 June 2020 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the proposed refreshment of the Existing General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Rainbow Capital has been appointed as the independent financial adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and the advice of, Rainbow Capital as set out in its letter of advice to us on pages 13 to 24 of the Circular, we are of the opinion that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the refreshment of the Existing General Mandate.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Anthony Espina
*Independent non-executive
Director*

Mr. Wang Jun Sheng
*Independent non-executive
Director*

Mr. Lo Hang Fong
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the grant of the New General Mandate, which has been prepared for the purpose of incorporation in this circular.

Rainbow Capital (HK) Limited

15 June 2020

To the Independent Board Committee and the Independent Shareholders

China Cloud Copper Company Limited
Room A, 5/F
Chunghing Commercial Building
62–63 Connaught Road Central
Central
Hong Kong

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the grant of the New General Mandate, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 15 June 2020 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The Existing General Mandate was granted to the Directors to allot and issue not more than 186,543,440 Shares, being 20% of the total number of issued Shares as at the date of passing of the relevant resolution at the AGM held on 18 June 2019. As at the Latest Practicable Date, the Existing General Mandate was almost fully utilised, where a total of 181,463,440 Shares, representing approximately 97.28% of the Shares which can be allotted and issued under the Existing General Mandate, were issued pursuant to the Placing. Therefore, the Board proposes to refresh the general mandate for the Directors to allot and issue new Shares up to 20% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolutions at the EGM.

Pursuant to Rule 13.64(4) of the Listing Rules, as the grant of the New General Mandate is proposed to be made before the next annual general meeting of the Company, it will be subject to Independent Shareholders’ approval by way of an ordinary resolutions at the EGM. Any controlling Shareholders and their respective associates, or where there is no controlling

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions to approve the grant of the New General Mandate.

As at the Latest Practicable Date, there was no controlling Shareholder, and Mr. Ng Yu, an executive Director, the chairman of the Board and a substantial Shareholder, and his associates are required to abstain from voting at the EGM. Save as Mr. Ng Yu and Neo Tech Inc. which is wholly and beneficially owned by him, no Shareholder is required to abstain from voting on the proposed resolution on the grant of the New General Mandate at the EGM.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Anthony Espina, Mr. Wang Jun Sheng and Mr. Lo Hang Fong, has been established to advise the Independent Shareholders on whether the grant of the New General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and advise the Independent Shareholders as to voting. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group. Accordingly, we are qualified to give independent advice in respect of the grant of the New General Mandate.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

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We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or their respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation in respect of the grant of the New General Mandate, we have taken into account the principal factors and reasons set out below:

1. Background of the grant of the New General Mandate

The Directors are authorised to, among other things, allot and issue not more than 186,543,440 Shares, being 20% of the total number of issued Shares as at the date of passing of the relevant resolution at the AGM. As a result of completion of the Placing of 181,463,440 new Shares on 20 April 2020, the Existing General Mandate has almost been fully utilised.

As disclosed in the announcement of the Company dated 29 April 2020, the audited annual results announcement and the annual report for the year ended 31 December 2019 would be published on or before 30 June 2020 due to the delay in the financial information preparation in relation to the PRC operations and therefore completion of the audit procedures caused by the outbreak of the novel coronavirus. It is therefore expected that the next annual general meeting of the Company (the “**2020 AGM**”) will be held on or before 31 August 2020, which is about three months from the date of the Circular. To provide the Company with the flexibility and ability to capture any capital raising or investment opportunity as and when it arises prior to the 2020 AGM, the Board proposes to seek the approval of the Independent Shareholders to grant the New General Mandate at the EGM.

As at the Latest Practicable Date, the Company had an aggregate of 1,119,260,640 Shares in issue. On the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the grant of the New General Mandate would allow the Directors to allot and issue up to 223,852,128 Shares, representing 20% of the aggregate number of issued Shares as at the Latest Practicable Date.

The New General Mandate, if granted, will last until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any applicable laws to be held; or

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- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

2. Background of the Group

The Group is principally engaged in trading of security products and provision of security services, trading of party products and metals and minerals, securities brokerage and assets management, money lending business, credit guarantee and investment business.

Set out below is a summary of the consolidated financial information of the Group for the two years ended 31 December 2019 (“FY2018” and “FY2019”, respectively) as extracted from the Company’s unaudited annual results announcement for the year ended 31 December 2019 (the “2019 Annual Results”):

(i) *Financial performance*

	For the year ended 31 December	
	2018	2019
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(audited)	(unaudited)
Revenue	66,933	137,797
— Securities brokerage and assets management	1,211	612
— Money lending business	12,514	12,001
— Credit guarantee and investment business	212	—
— Trading of party products	51,479	40,965
— Trading of security products and provision of security services	1,517	84,219
Cost of sales and services	(50,556)	(100,515)
Gross profit	16,377	37,282
Loss from operations	(80,101)	(11,261)
Finance costs	(7,428)	(15,693)
Other non-operating (expenses)/income	(10,070)	7,060

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	For the year ended 31 December	
	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
Impairment loss	(5,300)	(295,153)
— Impairment loss on goodwill	—	(3,000)
— Impairment loss on intangible assets	—	(18,388)
— Impairment loss on interest in an associate	—	(8,861)
— Impairment loss on loan receivables, net	(13,707)	(173,883)
— Impairment loss on trade receivables, net	(1,308)	(15,497)
— (Impairment loss)/reversal of impairment loss on other receivables, net	9,715	(75,524)
Loss before tax	(102,899)	(315,047)
Income tax expense	(432)	(1,973)
Loss for the year attributable to the Shareholders	(103,031)	(322,787)

Revenue of the Group was approximately HK\$137.8 million in FY2019, representing an increase of approximately 105.9% as compared to approximately HK\$66.9 million in FY2018. Such increase was mainly attributable to the increase in revenue of trading of security products and provision of security services to approximately HK\$84.2 million in FY2019, after completion of the acquisition of two subsidiaries engaged in such business in December 2018. Gross profit in FY2019 was approximately HK\$37.3 million, representing an increase of approximately 127.6% from approximately HK\$16.4 million in FY2018. Such increase was in line with the increase in revenue of trading of security products and provision of security services as stated above.

The Group recorded loss attributable to the Shareholders of approximately HK\$322.8 million in FY2019, as compared to approximately HK\$103.0 million in FY2018, primarily attributable to (a) the impairment loss on goodwill and intangible assets of approximately HK\$21.4 million; (b) the impairment loss on interest in an associate of approximately HK\$8.9 million; and (c) the impairment loss on loan receivables, trade receivables and other receivables of the Group of approximately HK\$264.9 million, in FY2019, as their recoverability was severely undermined by the social unrest in Hong Kong in 2019 and the outbreak of the novel coronavirus throughout the world since January 2020.

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As disclosed in the 2019 Annual Results, the outbreak of the novel coronavirus has had a material adverse impact on the Group's business due to the worsened economic atmosphere in the PRC and globally, and such downtrend is expected to continue in the first quarter or even in the first half of 2020.

(ii) *Financial position*

	As at 31 December	
	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
Non-current assets	224,273	135,499
Current assets	298,006	122,921
— Cash and cash equivalents	22,910	16,723
Total assets	522,279	258,420
Non-current liabilities	52,350	58,956
— Convertible bonds	45,600	52,890
— Lease liabilities	—	733
— Deferred tax liabilities	6,750	5,333
Current liabilities	177,311	220,078
— Trade payables	6,483	6,787
— Accruals and other payables	57,272	61,044
— Lease liabilities	—	10,160
— Other loan	13,000	18,594
— Convertible bonds	99,095	108,601
— Tax payables	1,461	5,444
— Provisions	—	9,448
Total liabilities	229,661	279,034
Net current assets/(liabilities)	120,695	(97,157)
Current ratio	1.68	0.56
Total net assets/(liabilities)	292,618	(20,614)
Gearing ratio (<i>Note</i>)	31.5%	114.4%

Note: being the sum of other loan and convertible bonds less cash and cash equivalents (the “**net debts**”) and divided by the sum of total equity and net debts

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As at 31 December 2019, total assets of the Group amounted to approximately HK\$258.4 million, representing a decrease of approximately 50.5% as compared to that as at 31 December 2018. Such decrease was mainly attributable to the decrease in loan receivables and prepayments, deposits and other receivables.

As at 31 December 2019, total liabilities of the Group amounted to approximately HK\$279.0 million, representing an increase of approximately 21.5% as compared to that as at 31 December 2018. Such increase was primarily attributable to the increase in the outstanding principal amount and accrued interest of the convertible bonds, other loan, lease liabilities and the provision in relation to the outstanding fees and expenses claimed by Market Speed Limited and Li Yee Man Anly (trading as Ming Fai Marine Service) in respect of a vessel held by the Group.

As at 31 December 2019, the Group had net current liabilities of approximately HK\$97.2 million with a current ratio of approximately 0.56, indicating that the Group may not have sufficient liquid assets to cover its short-term liabilities. The Group turned to a net liability position of approximately HK\$20.6 million with a gearing of approximately 114.4% as at 31 December 2019.

Taking into account (i) that the Group has been incurring losses from operations in the last two years; (ii) that the novel coronavirus outbreak is expected to continue to affect the Group's financial performance in the first half of 2020; (iii) the net current liabilities and net liabilities position of the Group; and (iv) that the Existing General Mandate has almost been fully utilised and can only be renewed (if not refreshed now) at the 2020 AGM expected to be held on or before 31 August 2020, we consider that the Group's liquidity position is under pressure in the near term. We consider that the grant of the New General Mandate would provide the Company with an additional financing option to raise further capital to ease such liquidity pressure prior to the 2020 AGM.

3. Reasons for the grant of the New General Mandate

As disclosed in the Letter from Board, given that the Existing General Mandate has almost been fully utilised and the 2020 AGM is expected to be held on or before 31 August 2020 due to the delay in publication of the audited annual results of the Company for the year ended 31 December 2019 caused by the novel coronavirus outbreak, the Board proposes to seek the approval of the Independent Shareholders to grant the New General Mandate at the EGM such that should funding needs arise or attractive terms for investment become available prior to the 2020 AGM, the Board will be able to respond to the market and such investment opportunities promptly.

Based on the 2019 Annual Results, the Group had cash and cash equivalents of approximately HK\$16.7 million with net current liabilities of approximately HK\$97.2 million as at 31 December 2019. The Company has raised net proceeds of approximately HK\$18.0 million from the Placing completed on 20 April 2020, in which approximately HK\$13.9 million has been utilised as general working capital of the Group as at the Latest Practicable Date. As advised by the Directors, it is expected that the remaining proceeds from the Placing of approximately HK\$4.1 million shall be used up soon in view of the larger amount of immediate repayment obligations of the Group including payables, legal

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and professional fees, accrued interests of convertible bonds of the Company and other expenses. Although the Company had no concrete fundraising plan as at the Latest Practicable Date, a decision in respect of any fundraising opportunities is often required to be made within a very short period of time. As such, we concur with the Directors that the grant of the New General Mandate will allow the Company to capture any suitable fundraising opportunities in a timely manner that may arise before the 2020 AGM in order to meet its short-term liabilities.

In assessing whether the Company has an imminent need to refresh the Existing General Mandate now prior to the 2020 AGM which is expected to be approximately three months away from the date of the Circular, we have reviewed (i) the unaudited consolidated management accounts of the Group for the four months ended 30 April 2020; (ii) the payments made by the Company during the period from 1 May 2020 to 18 May 2020; (iii) the breakdown of the immediate repayment obligations of the Group as at 18 May 2020; and (iv) the breakdown of the monthly operating expenses of the Group. Based on our review and discussion with the management of the Group, we noted that (i) the Group had cash and cash equivalents of approximately HK\$27.1 million with net current liabilities of approximately HK\$81.6 million as at 18 May 2020; (ii) the Group had outstanding payments in an aggregate amount of approximately HK\$24.2 million as at 18 May 2020, of which approximately HK\$20.2 million has already fallen due, including payables of approximately HK\$12.6 million, interest on convertible bonds of approximately HK\$5.3 million, legal and professional fees of approximately HK\$2.6 million and other expenses, and the remaining amount of HK\$4 million shall fall due by the end of August 2020; (iii) the Group currently does not have any banking facilities; and (iv) the estimated operating expenses of the Group of approximately HK\$3 million (i.e. HK\$1 million per month) prior to the 2020 AGM. The Company's liquidity would be under pressure in the short run. On this basis, we consider that the Company has an imminent need to refresh the Existing General Mandate now prior to the 2020 AGM. As at the Latest Practicable Date, the Company was in the progress of identifying suitable placing agent and has approached a number of licensed corporations to act as the placing agent. Should suitable fundraising opportunities on favorable terms arise prior to the 2020 AGM, the Company can utilise the New General Mandate for the proposed equity financing and the proceeds from which may be used for the repayment of its short-term liabilities which have already become due and/or general working capital.

As stated in the section headed "2. Background of the Group — (i) Financial performance" above, the financial performance of the Group in FY2019 was adversely affected by the impairment losses on receivables caused by the social unrest in Hong Kong in 2019 and the outbreak of the novel coronavirus since January 2020. In addition, as disclosed in the 2019 Annual Results, the material adverse impact of the novel coronavirus outbreak on the Group's business is expected to continue in the first quarter or even in the first half of 2020. Given the uncertainties associated with the social incidents in Hong Kong, novel coronavirus outbreak and United States-Mainland trade tensions, we consider that having the fundraising capability through the grant of the New General Mandate is a prudent approach in maintaining the financial flexibility of the Group during the current economic downturn and therefore sufficient cashflow for the normal operation of the Group.

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Furthermore, as compared to issuing Shares under general mandate, issuing Shares under specific mandate when the relevant terms regarding the fundraising plan is finalised will involve extra time and cost, arising from the preparation, printing and dispatch of the relevant circular and notice of extraordinary general meeting as well as the holding and convening of extraordinary general meeting for each occasion. The Directors consider that if the Company is able to identify any suitable fundraising opportunities with attractive terms prior to the 2020 AGM, the Board will be able to respond to the market promptly with the New General Mandate. As compared to obtaining specific mandate, the process of issuing Share under general mandate for fundraising is simpler and less lengthy which would allow the Company to avoid the uncertainties in such circumstances where approval for specific mandate may not be obtained in a timely manner.

In relation to the winding up petition (the “**Petition**”) filed by Access Partner Consultancy & Appraisals Limited against the Company in the High Court of Hong Kong as disclosed in the announcements of the Company dated 7 January 2020 and 3 June 2020, given that (i) the outstanding amount under the Petition was fully settled on 17 January 2020; (ii) a consent summons seeking to withdraw the Petition was filed on 14 April 2020; and (iii) the Petition has been ordered by the High Court of Hong Kong to be withdrawn on 1 June 2020, we concur with the Directors that the validity of the Company’s proposed issue of new Shares under the New General Mandate would not be affected.

Taking into account (i) that the Existing General Mandate has been substantially utilised as at the Latest Practicable Date; (ii) the existing financial resources of the Group; (iii) the immediate repayment obligations of the Group; and (iv) the funding requirement of the Group’s normal operation prior to the 2020 AGM, we consider that the grant of the New General Mandate would provide the Company with more financial flexibility and options to raise further capital for the operation of the Group without seeking further approval from the Shareholders, which is in the interests of the Company and the Shareholders as a whole. As advised by the Directors, the Company had no concrete fundraising plan to utilise the New General Mandate as at the Latest Practicable Date.

4. Other financing alternatives

As set out in the Letter from the Board, the Directors have considered other financing alternatives apart from equity financing such as debt financing, rights issue, open offer or internal cash resources to meet the financial requirements of the Group, if appropriate, taking into account the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition.

The Directors are of the view that debt financing may be subject to lengthy due diligence and negotiations as compared to the equity financing available to the Directors if the refreshment of the Existing General Mandate is granted. Given the time to negotiate with the banks or other lenders and that further debt financing will incur additional

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interest burden on the Group, we consider debt financing to be comparatively costly, uncertain and time-consuming as compared to equity financing, such as placing of new Shares, for the Group to obtain additional funding.

As regards rights issue or open offer, the Directors consider that they may involve substantial time and cost to complete as compared to equity financing by issuance of new Shares under general mandate. In our view, although both rights issue and open offer would allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, the discount to market price needed to be offered would have been higher for a rights issue or open offer, as compared to a share placement. In addition, substantial underwriting costs may be involved and there is a lack of certainty in the successful implementation of a rights issue or open offer with their longer timetable.

The Directors have confirmed that they would exercise due and careful consideration when choosing the optimal financing method available to the Group to the best of their knowledge and belief.

In addition, the grant of the New General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have flexibility and discretion in deciding the financing methods for its operation and business development. As a result, we concur with the Directors that raising funds through issue of new Shares under the New General Mandate can better control the completion risk and is more cost-effective and time-efficient.

5. Potential dilution effect to the existing public Shareholders

The utilisation of the New General Mandate would dilute shareholding of existing Shareholders. The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) for illustrative purpose, upon full utilisation of the New General Mandate (assuming no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to and including the date of the EGM):

Shareholders	As at the Latest Practicable Date		Upon full utilisation of the New General Mandate	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Ng Yu (<i>Note 1</i>)	612,000	0.05	612,000	0.05
Neo Tech Inc. (<i>Note 2</i>)	265,368,000	23.71	265,368,000	19.75
Existing public shareholders	853,280,640	76.24	853,280,640	63.53
Maximum number of new Shares that can be issued under the New General Mandate	—	—	223,852,128	16.67
Total	<u>1,119,260,640</u>	<u>100.00</u>	<u>1,343,112,768</u>	<u>100.00</u>

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Notes:

1. Mr. Ng Yu is an executive Director and the chairman of the Board.
2. Neo Tech Inc. is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Ng Yu. Mr. Ng Yu is therefore deemed to be interested in 265,368,000 Shares for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As illustrated above, the shareholding of the existing public Shareholders would be diluted from approximately 76.24% to approximately 63.53% upon full utilisation of the New General Mandate. In the last twelve months immediately prior to the Latest Practicable Date, the Company completed two share placements in July 2019 and April 2020, respectively, under general mandate with total net proceeds raised of approximately HK\$22.9 million, of which approximately 82.2% was utilised as general working capital of the Group as at the Latest Practicable Date. We consider that the aggregate dilution impact on the existing Shareholders to be acceptable as compared to pre-emptive fundraisings such as rights issue or open offer after taking into account that (i) the potential dilution impact on the existing Shareholders may be even greater as the price for a rights issue or open offer would normally involve a substantial discount to market and if the Shareholders choose not to subscribe for their own entitlements under the rights issue or open offer; (ii) the new Shares cannot be allotted and issued at more than 20% discount to market under the New General Mandate; and (iii) the New General Mandate will provide the Group with more financial flexibility and options to raise further capital for the Group's operation as the Company is able to respond to any fundraising opportunities with favorable terms in a timely manner whereas there is a lack of certainty in the successful implementation of a rights issue or open offer with their longer timetable.

In conducting any share placement to be made pursuant to the New General Mandate, the Directors would have a fiduciary duty to negotiate fair terms that are in the interest of the Company and the Shareholders as a whole. In deciding whether to use the New General Mandate, the Directors would take into account, among other things, the immediate funding need of the Group, the time and cost involved, and the potential dilution of shareholding of existing Shareholders that may be brought by any share placement. In considering any proposed share issue, the Directors would also consider the pricing and availability of opportunities for other financing alternatives such as debt financing or internal resources, with the aim to achieve an efficient capital structure of the Company. Based on the above and given the volatility of the capital market, we consider that the refreshment of the Existing General Mandate is in the interest of the Company and the Shareholders as a whole as it would provide the Directors with the flexibility to capture any suitable equity fundraising opportunities that may arise from time to time in a timely manner.

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OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the grant of the New General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the grant of the New General Mandate.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activity under the SFO. He has over ten years of experience in the corporate finance industry.

NOTICE OF EGM



CHINA CLOUD COPPER COMPANY LIMITED

中國雲銅股份有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 33)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of China Cloud Company Limited (the “**Company**”) will be held at 19/F, One Hennessy, 1 Hennessy Road, Wan Chai, Hong Kong on Tuesday, 7 July 2020 at 12:00 noon for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the general mandate granted to the directors of the Company (“**Directors**”) to allot, issue and deal with the unissued shares of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 18 June 2019 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
- (b) subject to paragraph (d) below, pursuant to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with the authorised and unissued shares in the capital of the Company (each a “**Share**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (c) the approval in paragraph (b) above shall authorise the Directors to make or grant offers, agreements and options, during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF EGM

- (d) the total number of Shares allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (b) above, otherwise than pursuant to:
- (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company; and
 - (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company,

shall not exceed 20% of the aggregate number of issued Shares as at the date of the passing of this resolution and the number of Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the number of issued Shares as at the date of the annual general meeting of the Company held on 18 June 2019 (the “AGM”), pursuant to the resolution passed at the AGM) and the authority pursuant to paragraph (b) of this resolution shall be limited accordingly and if, after the passing of this resolution, the Company conducts a share consolidation or subdivision, the number of Shares subject to the aforesaid limit shall be adjusted to the effect that the number of Shares subject to such limit as a percentage of the total number of issued Shares immediately before and after such consolidation or subdivision shall be the same;

- (e) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any other applicable laws to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”

NOTICE OF EGM

2. “**THAT** conditional upon the passing of resolution no. 1 above, the mandate granted to the Directors at the AGM to extend the general mandate to allot and issue Shares to Shares repurchased by the Company be and is hereby revoked and replaced by the mandate **THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (b) of resolution no. 1 above in respect of the number of Shares of the Company not exceeding 20% of the aggregate number of issued Shares as at the date of the passing of this resolution and the number of Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the number of issued Shares as at the date of the AGM, pursuant to the resolution passed at the AGM).”

By Order of the Board
China Cloud Copper Company Limited
Ng Yu
Chairman and Executive Director

Hong Kong, 15 June 2020

Registered Office:
94 Solaris Avenue
Camana Bay
PO Box 1348
Grand Cayman KY1-1108
Cayman Islands

*Head office and principal place of
business in Hong Kong:*
Room A, 5/F
Chunghing Commercial Building
62–63 Connaught Road Central
Central
Hong Kong

Notes:

1. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the EGM will be 4:30 p.m., on Tuesday, 30 June 2020. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 30 June 2020.
2. Any member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him or her to attend and vote on his or her behalf. In case of a recognized clearing house (or its nominees(s) and in each case, being a corporation), it may authorize such persons as it thinks fit to act as its representatives at the meeting and vote in its stead.
3. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or materially certified copy of such powers of attorney or authority, must be deposited with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjourned EGM.
4. Completion and return of the proxy form shall not preclude a member of the Company from attending and voting in person at the meeting or any adjournment thereof if he so desires and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.

NOTICE OF EGM

5. If two or more persons are jointly registered as holders of a share, the vote of the senior person who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders. For this purpose seniority shall be determined by the order in which the names stand on the Company's register of shareholders in respect of the relevant shares.
6. A shareholder holding more than one share entitled to attend and vote at the EGM need not cast the votes in respect of such shares in the same way on any resolution and therefore may vote a share or some or all such shares either for or against a resolution and/or abstain from voting a share or some or all of the shares and, subject to the terms of the instrument appointing any proxy, a proxy appointed under one or more instruments may vote a share or some or all of the shares in respect of which he is appointed either for or against a resolution and/or abstain from voting.

As at the date of this notice, the Board comprises five executive Directors, namely Mr. Ng Yu, Mr. Wei Weicheng, Mr. Chan Chi Ming, Mr. Lin Feng and Ms. Zhao Hong Mei; one non-executive Director, namely Mr. Huang Shao Long; and three independent non-executive Directors, namely Mr. Anthony Espina, Mr. Wang Jun Sheng and Mr. Lo Hang Fong.