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## **GCL Technology Holdings Limited**

**協鑫科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3800)**

### **CONTINUING CONNECTED TRANSACTION PROCUREMENT FRAMEWORK AGREEMENT**

**Independent Financial Adviser**

**VINCO** 

**Vinco Financial Limited**

#### **PROCUREMENT FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 18 November 2021 in relation to the Procurement Framework Agreement. Pursuant to the Procurement Framework Agreement, Jiangsu Zhongneng, a wholly-owned subsidiary of the Company (as seller), agreed to sell a total of not less than 97,500 metric tonnes of polysilicon materials and granular silicon to Wuxi Shangji and Hongyuan New Materials (as purchasers) for a term of five years commencing from 1 January 2022 and ending on 31 December 2026.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Wuxi Shangji is a substantial shareholder of Inner Mongolia Xin Yuan, a non-wholly-owned subsidiary of the Company established on 2 April 2021, and Hongyuan New Materials is a subsidiary of Wuxi Shangji. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Inner Mongolia Xin Yuan were less than 10% for the period from 2 April 2021 (date of incorporation) to 31 December 2021, Inner Mongolia Xin Yuan was an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, Wuxi Shangji and Hongyuan New Materials were not connected persons of the Company under the Listing Rules.

Based on the annual results announcement of the Company for the financial year ended 31 December 2022, which was published by the Company on 30 March 2023, the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Inner Mongolia Xin Yuan exceeded 10% for the financial year ended 31 December 2022, and Inner Mongolia Xin Yuan has ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, each of Wuxi Shangji and Hongyuan New Materials has become a connected person of the Company at the subsidiary level under the Listing Rules.

Taking into account the above, as at the date of this announcement, the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In addition, the Group (as seller) had entered into the Transactions Outside the Framework Agreement with Hongyuan New Materials (as purchaser), which were completed as at the date of this announcement. Subsequently, Hongyuan New Materials will procure polysilicon materials and granular silicon from the Group pursuant to the Procurement Framework Agreement until 31 December 2026. At the time when the Transactions Outside the Framework Agreement were entered into, Hongyuan New Materials did not constitute a connected person of the Company under the Listing Rules. As the Transactions Outside the Framework Agreement and the transactions contemplated under the Procurement Framework Agreement were entered into by the Group with the same party and are of a similar nature, the Transactions Outside the Framework Agreement and the transactions contemplated under the Procurement Framework Agreement shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. However, since (i) each of Wuxi Shangji and Hongyuan New Materials is a connected person of the Company at the subsidiary level; (ii) the Directors (including the independent non-executive Directors) have approved the Procurement Framework Agreement and the transactions contemplated thereunder (including the Annual Caps); and (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Procurement Framework Agreement are fair and reasonable, are on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole, the Procurement Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are subject to the reporting, announcement and annual review requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, as the term of the Procurement Framework Agreement exceeds three years, the Company has appointed the Independent Financial Adviser to explain why a term longer than three years is required and to confirm that it is normal business practice for agreements of this type to be of such duration. The opinion of the Independent Financial Adviser is set out in the section headed "OPINION OF THE INDEPENDENT FINANCIAL ADVISER" in this announcement.

None of the Directors has any material interest in the Procurement Framework Agreement and the transactions contemplated thereunder, and therefore none of the Directors were required to abstain from voting on the board resolution approving the Procurement Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

## **PROCUREMENT FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 18 November 2021 in relation to the Procurement Framework Agreement. Pursuant to the Procurement Framework Agreement, Jiangsu Zhongneng, a wholly-owned subsidiary of the Company (as seller), agreed to sell a total of not less than 97,500 metric tonnes of polysilicon materials and granular silicon to Wuxi Shangji and Hongyuan New Materials (as purchasers) for a term of five years commencing from 1 January 2022 and ending on 31 December 2026.

The principal terms of the Procurement Framework Agreement are summarised below:

### **Date**

18 November 2021

### **Parties**

- (1) Jiangsu Zhongneng (as seller)
- (2) Wuxi Shangji and Hongyuan New Materials (as purchasers)

As at the date of this announcement, Wuxi Shangji is a substantial shareholder of Inner Mongolia Xin Yuan, a non-wholly-owned subsidiary of the Company. Hongyuan New Materials is a subsidiary of Wuxi Shangji. Based on the annual results announcement of the Company for the financial year ended 31 December 2022, which was published by the Company on 30 March 2023, as the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Inner Mongolia Xin Yuan exceeded 10% for the financial year ended 31 December 2022, Inner Mongolia Xin Yuan has ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. As such, as at the date of this announcement, each of Wuxi Shangji and Hongyuan New Materials is a connected person of the Company at the subsidiary level under the Listing Rules.

### **Term**

The term of the Procurement Framework Agreement is for a term of five years commencing from 1 January 2022 and ending on 31 December 2026.

### **Subject matter**

The Procurement Framework Agreement serves as a framework agreement between the Parties, pursuant to which Jiangsu Zhongneng (by itself or through its subsidiaries) shall sell a total of not less than 97,500 metric tonnes of polysilicon materials and granular silicon to the Purchasers during the Term.

Pursuant to the Procurement Framework Agreement, the Purchasers shall place monthly order(s) with Jiangsu Zhongneng to procure polysilicon materials and granular silicon based on the Purchasers' needs from time to time during the Term. The actual volume of polysilicon materials and granular silicon to be sold by Jiangsu Zhongneng to the Purchasers from time to time during the Term shall be determined between the Parties based on the actual monthly order(s) placed, subject to monthly and annual minimum order quantities as set out in the Procurement Framework Agreement. The annual minimum order quantities during the relevant period as set out in the Procurement Framework Agreement are as follows:

<b>Relevant period</b>	<b>Minimum order quantity of polysilicon materials and granular silicon</b>
1 January 2022 to 31 December 2022	Not less than 33,500 metric tonnes
1 January 2023 to 31 December 2023	Not less than 16,000 metric tonnes
1 January 2024 to 31 December 2024	Not less than 16,000 metric tonnes
1 January 2025 to 31 December 2025	Not less than 16,000 metric tonnes
1 January 2026 to 31 December 2026	Not less than 16,000 metric tonnes
<b>Total:</b>	<b>Not less than 97,500 metric tones</b>

If the Purchasers are unable to meet the minimum order quantity for the relevant period or if Jiangsu Zhongneng is unable to supply the minimum order quantity for the relevant period for any reason beyond their control (for example, government orders, market fluctuations or large-scale suspension or reduction in production), the relevant Party shall notify the other Party in writing, and if the relevant Party is able to meet 70% of the minimum order quantity for the relevant period, this shall not constitute a breach of the Procurement Framework Agreement. However, if the relevant Party is subsequently unable to meet 70% of the minimum order quantity for the relevant period, this shall constitute a breach of the Procurement Framework Agreement, and the non-defaulting Party shall have the right to make a claim against the defaulting Party for a default payment in an amount equal to 20% of the total price for the shortfall between the minimum order quantity and the actual order quantity sold and purchased (unless otherwise mutually agreed between the Parties).

## Consideration and basis of consideration

The price of the polysilicon materials and granular silicon to be sold by Jiangsu Zhongneng to the Purchasers pursuant to the monthly order(s) placed in accordance with the Procurement Framework Agreement from time to time during the Term shall be negotiated between the Parties each month according to the prevailing market conditions during the relevant period and with reference to the Reference Price. The Parties will negotiate the price of the polysilicon materials and granular silicon for each month on or before the 25th day of each calendar month. Such price shall be fair, reasonable and on normal commercial terms. In the event that the Parties are unable to agree on the price, the price shall be determined based on the Reference Price.

## Payment terms

Pursuant to the Procurement Framework Agreement, Hongyuan New Materials (for and on behalf of the Purchasers) shall make the following prepayments to Jiangsu Zhongneng for all order(s) to be placed in the relevant period as follows:

<b>Relevant period in which order(s) are to be placed</b>	<b>Prepayment date</b>	<b>Prepayment amount</b>
1 January 2022 to 31 December 2022	On or before 30 December 2021	RMB130 million
1 January 2023 to 30 June 2023	On or before 30 December 2022	RMB60 million
1 July 2023 to 31 December 2023	On or before 30 June 2023	RMB60 million
1 January 2024 to 30 June 2024	On or before 30 December 2023	RMB60 million
1 July 2024 to 31 December 2024	On or before 30 June 2024	RMB60 million
1 January 2025 to 30 June 2025	On or before 30 December 2024	RMB60 million
1 July 2025 to 31 December 2025	On or before 30 June 2025	RMB60 million
1 January 2026 to 30 June 2026	On or before 30 December 2025	RMB60 million
1 July 2026 to 31 December 2026	On or before 30 June 2026	RMB60 million

The actual price payable by the Purchasers to Jiangsu Zhongneng for the actual monthly order(s) placed each month during the relevant period may be set-off from such prepayment amounts at the end of the relevant month in accordance with the Procurement Framework Agreement. If there is any remaining amount after setting off the aggregate price for the order(s) placed in the relevant year against the prepayment amount, such remaining amount shall be evenly distributed to each month of the subsequent year for the set-off arrangement.

## **HISTORICAL TRANSACTION AMOUNTS**

Based on the audited consolidated results of the Company for the financial year ended 31 December 2022, the aggregate historical transaction amounts for the sale of polysilicon materials and granular silicon by Jiangsu Zhongneng (by itself or through its subsidiaries) to the Purchasers pursuant to the Procurement Framework Agreement during the period from 1 January 2022 to 31 December 2022 were approximately RMB1,807,325,020.

In addition, the Group (as seller) had entered into the Transactions Outside the Framework Agreement with Hongyuan New Materials (as purchaser) in respect of the sale of polysilicon materials from time to time pursuant to separate individual orders during the period from 1 January 2022 to the date of this announcement. At the time when the Transactions Outside the Framework Agreement were entered into, Hongyuan New Materials did not constitute a connected person of the Company under the Listing Rules, and no framework agreement was entered into by the Group and Hongyuan New Materials for the Transactions Outside the Framework Agreement. The Transactions Outside the Framework Agreement were completed as at the date of this announcement. Subsequently, Hongyuan New Materials will procure polysilicon materials and granular silicon from the Group pursuant to the Procurement Framework Agreement until 31 December 2026. Based on the audited consolidated results of the Company for the financial year ended 31 December 2022, the aggregate transaction amounts for the sale of polysilicon materials by the Group to Hongyuan New Materials pursuant to the Transactions Outside the Framework Agreement during the period from 1 January 2022 to 31 December 2022 were approximately RMB977,088,190.

## **ANNUAL CAPS UNDER THE PROCUREMENT FRAMEWORK AGREEMENT**

As disclosed in the announcement of the Company dated 18 November 2021, it was anticipated that, with reference the updated announcement of PV InfoLink as at the date of such announcement, the total estimated amount under the Procurement Framework Agreement is expected to be approximately RMB26.2 billion (including tax) as at the date of such announcement. Given the current market conditions and upward fluctuation in the per unit price of polysilicon materials and granular silicon since 2021, and taking into account the factors set out below, the Board considers that the Annual Caps for the sale of polysilicon materials and granular silicon by Jiangsu Zhongneng pursuant to the Procurement Framework Agreement are as follows:

<b>For the year from 1 January 2023 to 31 December 2023</b>	<b>For the year from 1 January 2024 to 31 December 2024</b>	<b>For the year from 1 January 2025 to 31 December 2025</b>	<b>For the year from 1 January 2026 to 31 December 2026</b>
RMB3,520,000,000	RMB3,520,000,000	RMB3,520,000,000	RMB3,520,000,000

The Annual Caps were determined after taking into account (i) the expected growth of the industry and the business potential of the Group; (ii) the sourcing plan of Jiangsu Zhongneng to procure quality polysilicon materials and granular silicon from a diversified pool of reliable suppliers during the Term in order to meet the minimum order quantities; (iii) the market price of polysilicon materials and granular silicon as determined with reference to the latest Reference Price (being the average of the price of polysilicon materials and granular silicon available on various third party industry reference websites) as at the date of this announcement and relevant market information for comparable products and suppliers in the industry, the potential price movements and estimated price trends of polysilicon materials and granular silicon during the Term; and (iv) the historical transaction amounts for the orders placed under the Procurement Framework Agreement and the Transactions Outside the Framework Agreement during the periods as set out in the section headed “HISTORICAL TRANSACTION AMOUNTS” in this announcement.

## **OPINION OF THE INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 14A.52 of the Listing Rules, as the term of the Procurement Framework Agreement exceeds three years, the Company has appointed the Independent Financial Adviser to explain why a term longer than three years is required and to confirm that it is normal business practice for agreements of this type to be of such duration.

### **Reasons for the Procurement Framework Agreement having a term exceeding three years**

In assessing the reasons and formulating its opinion as to why the Procurement Framework Agreement should have a term exceeding three years, the Independent Financial Adviser has considered that:

- (i) Wuxi Shangji is a joint stock company with limited liability listed on the Shanghai Stock Exchange (stock code: 603185). The principal business of Wuxi Shangji is engaging in the production of specialised photovoltaic grinders and other equipment and monocrystalline silicon products;
- (ii) Hongyuan New Materials is a company established in the PRC with limited liability and a subsidiary of Wuxi Shangji. The principal business of Hongyuan New Materials is engaging in the production of monocrystalline silicon products;



- (iii) the Procurement Framework Agreement enhances stable sales of polysilicon and granular silicon products in the ordinary course of business of the Company, promotes wide application of products and enhances the market share of the Company, which are in line with the development strategies of the Group, and further enhances the Company's position in the new energy industry;
- (iv) the establishment of stable customer relationships is important to the development of the Group, particularly in the highly competitive market in which the Group operates. The Procurement Framework Agreement serves to secure customer demand for the Company in respect of the polysilicon materials and granular silicon and is expected to generate stable demand and income for the Company;
- (v) the polysilicon and granular silicon products are the main materials for Wuxi Shangi and Hongyuan New Materials (as purchasers) to produce goods for their customers, they could also benefit from the long-term agreements to secure smooth access to the polysilicon materials and granular silicon for their business; and
- (vi) the Procurement Framework Agreement provides minimum sales order of approximately 16,000 metric tonnes of polysilicon materials and granular silicon in each of the four years ending 31 December 2026.

#### **Whether a term exceeding three years is normal business practice**

In considering whether it is normal business practice to have a term exceeding three years, the Independent Financial Adviser have reviewed not less than eleven announcements related to the sale or procurement of similar products as those under the Procurement Framework Agreement published in 2022 in the Shanghai Stock Exchange and the Shenzhen Stock Exchange (the "**Comparable Transactions**"), details of which were published on the websites of the Shanghai Stock Exchange and the Shenzhen Stock Exchange. The Independent Financial Adviser considered the Comparable Transactions are sufficient to justify the fairness of the terms of the Procurement Framework Agreement. The Independent Financial Adviser noted that the duration of the Comparable Transactions ranged from approximately four years to eight years and the duration of the Procurement Framework Agreement falls within the range of the durations of the Comparable Transactions. In addition, there are samples of procurement agreements in relation to the procurement of similar products as those under Procurement Framework Agreement entered into between the wholly-owned subsidiary of the Company and the independent third parties in the recent two years. The Independent Financial Adviser found the duration of those agreements are approximately five years. Accordingly, the duration of the Procurement Framework Agreement is similar to the durations of the above independent third party transactions.



## **Opinion of the Independent Financial Adviser**

Based on the analysis mentioned above, the Independent Financial Adviser is of the view and confirms that (i) the Procurement Framework Agreement requires a term exceeding three years; and (ii) it is normal business practice for agreements of this type to be of such duration. Taking into account the Independent Financial Adviser's review on the information provided by the Company, the Independent Financial Adviser is of the view that the Procurement Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) were negotiated on arm's length basis, were entered into in the ordinary and usual course of business of the Group, are fair and reasonable, and are on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS**

In order to ensure that each of the transactions contemplated under the Procurement Framework Agreement (including the Annual Caps) are consistent with the pricing policies and connected transaction policies of the Group and the terms of the Procurement Framework Agreement, the Group has adopted the following internal control measures:

- (a) the financial department of Jiangsu Zhongneng will conduct regular checks to monitor, review and assess the transactions contemplated under the Procurement Framework Agreement and report to the Board, in particular, including but not limited to the following:
  - (i) to regularly update and make reference to the Reference Price and relevant market information for comparable products and suppliers in the industry to ensure the prices are consistent with the pricing policies and connected transaction policies of the Group and the terms of the Procurement Framework Agreement, and to ensure such transactions are within the Annual Caps;
  - (ii) the financial department of Jiangsu Zhongneng will regularly monitor the transactions under the Procurement Framework Agreement and will report on, among other things, the number of order(s) placed and the transaction amounts to the financial management department of the Company each month, which will then ensure sufficient information is provided to the Board, the independent non-executive Directors and/or external auditors of the Company for review; and
  - (iii) the Board, the independent non-executive directors and/or external auditors may make recommendations from time to time to enhance the Group's procedures and systems and to ensure the internal control measures of the Group are complete and effective for monitoring the continuing connected transactions going forward;

- (b) the audit committee of the Group will convene annual meetings to discuss and assess the implementation of the continuing connected transactions of the Group (including those transactions contemplated under the Procurement Framework Agreement and the Annual Caps);
- (c) the independent non-executive Directors will conduct an annual review of the continuing connected transactions of the Group (including those transactions contemplated under the Procurement Framework Agreement and the Annual Caps) and provide annual confirmations that the relevant transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the relevant agreement, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole; and
- (d) the Company's external auditors will also conduct an interim and annual review of the continuing connected transactions of the Group (including those transactions contemplated under the Procurement Framework Agreement and the Annual Caps) to confirm the relevant transactions have been approved by the Board, are in accordance with the pricing policies of the Group and the relevant agreements, and have not exceeded the relevant annual caps.

## **REASONS FOR AND BENEFITS OF THE PROCUREMENT FRAMEWORK AGREEMENT**

The Board believes that the Procurement Framework Agreement enhances stable sales of polysilicon and granular silicon products in the ordinary course of business of the Company, promotes wide application of products and enhances our market share, which are in line with the development strategies of the Group, and further enhances our position in the new energy industry. The establishment of stable customer relationships is important to the development of the Group, particularly in the highly competitive market in which the Group operates. The Procurement Framework Agreement serves to secure customer demand for the Company in respect of the polysilicon materials and granular silicon and is expected to generate stable demand and income for the Company.

Based on the above reasons and having considered all relevant factors, the Directors (including the independent non-executive Directors) are of the view that the Procurement Framework Agreement and the transactions contemplated thereunder were negotiated on arm's length basis, were entered into in the ordinary and usual course of business of the Group, are fair and reasonable, and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Company is a company incorporated in the Cayman Islands with limited liability. The principal business of the Company is investment holding. The Group is principally engaged in the manufacturing and sale of polysilicon and wafer products, as well as developing, owning and operating solar farms.

### **Jiangsu Zhongneng**

Jiangsu Zhongneng is established in the PRC with limited liability and a wholly-owned subsidiary of the Company. The principal business of Jiangsu Zhongneng is manufacturing and sale of polysilicon.

### **Wuxi Shangji**

Wuxi Shangji is a joint stock company with limited liability listed on the Shanghai Stock Exchange (stock code: 603185). The principal business of Wuxi Shangji is the production of specialised photovoltaic grinders and other equipment and monocrystalline silicon products.

### **Hongyuan New Materials**

Hongyuan New Materials is a company established in the PRC with limited liability and a subsidiary of Wuxi Shangji. The principal business of Hongyuan New Materials is the production of monocrystalline silicon products.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Wuxi Shangji is a substantial shareholder of Inner Mongolia Xin Yuan, a non-wholly-owned subsidiary of the Company established on 2 April 2021, and Hongyuan New Materials is a subsidiary of Wuxi Shangji. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Inner Mongolia Xin Yuan were less than 10% for the period from 2 April 2021 (date of incorporation) to 31 December 2021, Inner Mongolia Xin Yuan was an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, Wuxi Shangji and Hongyuan New Materials were not connected persons of the Company under the Listing Rules.

Based on the annual results announcement of the Company for the financial year ended 31 December 2022, which was published by the Company on 30 March 2023, the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Inner Mongolia Xin Yuan exceeded 10% for the financial year ended 31 December 2022, and Inner Mongolia Xin Yuan has ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, each of Wuxi Shangji and Hongyuan New Materials has become a connected person of the Company at the subsidiary level under the Listing Rules.

Taking into account the above, as at the date of this announcement, the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In addition, the Group (as seller) had entered into the Transactions Outside the Framework Agreement with Hongyuan New Materials (as purchaser), which were completed as at the date of this announcement. Subsequently, Hongyuan New Materials will procure polysilicon materials and granular silicon from the Group pursuant to the Procurement Framework Agreement until 31 December 2026. At the time when the Transactions Outside the Framework Agreement were entered into, Hongyuan New Materials did not constitute a connected person of the Company under the Listing Rules. As the Transactions Outside the Framework Agreement and the transactions contemplated under the Procurement Framework Agreement were entered into by the Group with the same party and are of a similar nature, the Transactions Outside the Framework Agreement and the transactions contemplated under the Procurement Framework Agreement shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. However, since (i) each of Wuxi Shangji and Hongyuan New Materials is a connected person of the Company at the subsidiary level; (ii) the Directors (including the independent non-executive Directors) have approved the Procurement Framework Agreement and the transactions contemplated thereunder (including the Annual Caps); and (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Procurement Framework Agreement are fair and reasonable, are on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole, the Procurement Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are subject to the reporting, announcement and annual review requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, as the term of the Procurement Framework Agreement exceeds three years, the Company has appointed the Independent Financial Adviser to explain why a term longer than three years is required and to confirm that it is normal business practice for agreements of this type to be of such duration. The opinion of the Independent Financial Adviser is set out in the section headed "OPINION OF THE INDEPENDENT FINANCIAL ADVISER" in this announcement.

None of the Directors has any material interest in the Procurement Framework Agreement and the transactions contemplated thereunder, and therefore none of the Directors were required to abstain from voting on the board resolution approving the Procurement Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

## DEFINITIONS

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

“Annual Caps”	the maximum aggregate annual value of polysilicon materials and granular silicon to be sold by Jiangsu Zhongneng to the Purchasers under the Procurement Framework Agreement as estimated and proposed by the Board, details of which are set out in the section headed “ANNUAL CAPS UNDER THE PROCUREMENT FRAMEWORK AGREEMENT” in this announcement
“Board”	the board of the Directors
“Company”	GCL Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongyuan New Materials”	Hongyuan New Materials (Baotou) Co. Ltd.* (弘元新材料(包頭)有限公司), a company established in the PRC with limited liability and a subsidiary of Wuxi Shangji
“Independent Financial Adviser”	Vinco Financial Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong), which has been appointed as the independent financial adviser for the purpose of Rule 14A.52 of the Listing Rules

“Inner Mongolia Xin Yuan”	Inner Mongolia Xin Yuan Silicon Material Technology Co., Ltd.* (內蒙古鑫元硅材料科技有限公司), a company established in the PRC with limited liability and a non-wholly-owned subsidiary of the Company, which is held (i) as to approximately 55.00% by Jiangsu Zhongneng, (ii) as to approximately 27.07% by Wuxi Shangji; (iii) as to approximately 15.39% by Xizang Ruihua Capital Management Co. Ltd.* (西藏瑞華資本管理有限公司), an independent third party of the Company, and (iv) as to approximately 2.54% by Konca Solar Cell Co., Ltd.* (高佳太陽能股份有限公司), a non-wholly-owned subsidiary of the Company, as at the date of this announcement
“Jiangsu Zhongneng”	Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	collectively, (i) the Purchasers; and (ii) Jiangsu Zhongneng
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Taiwan, Hong Kong and the Macau Special Administrative Region
“Procurement Framework Agreement”	the polysilicon materials and granular silicon procurement framework agreement dated 18 November 2021 and entered into between Jiangsu Zhongneng (as seller) and Wuxi Shangji and Hongyuan New Materials (as purchasers)
“Purchasers”	collectively, Wuxi Shangji and Hongyuan New Materials
“RMB”	Renminbi, the lawful currency of the PRC
“Reference Price”	the average price of polysilicon materials and granular silicon based on the per unit price quoted on third party industry reference websites, including Gessey, the China Silicon Industry and PV InfoLink
“Share(s)”	the ordinary shares of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Term”	the term of five years commencing from 1 January 2022 and ending on 31 December 2026
“Transactions Outside the Framework Agreement”	the sale of polysilicon materials by the Group (as seller) and Hongyuan New Materials (as purchaser) during the period from 1 January 2022 to the date of this announcement (other than pursuant to the Procurement Framework Agreement)
“Wuxi Shangji”	Wuxi Shangji Automation Co., Ltd. (無錫上機數控股份有限公司), a joint stock company with limited liability listed on the Shanghai Stock Exchange (stock code: 603185)
“%”	per cent.

By order of the Board  
**GCL Technology Holdings Limited**  
**協鑫科技控股有限公司**  
**Zhu Gongshan**  
*Chairman*

Hong Kong, 3 April 2023

*As at the date of this announcement, the Board comprises Mr. Zhu Gongshan (Chairman), Mr. Zhu Yufeng, Mr. Zhu Zhanjun, Mr. Lan Tianshi, Ms. Sun Wei and Mr. Yeung Man Chung, Charles as executive Directors; Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him and Dr. Shen Wenzhong as independent non-executive Directors.*

\* *For identification purpose only*