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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 TRANSACTIONS

Independent Financial Adviser



BACKGROUND

The Group had entered into various recurring transactions with Tianjin Huanrui and Inner Mongolia Zhonghuan, respectively, pursuant to the Relevant Agreements, and the Group expects to continue such recurring transactions contemplated under the Relevant Agreements:

- (a) on 29 January 2021, the Company entered into the Cooperative Framework Agreement with Tianjin Huanrui (as supplemented by the Supplemental Agreement on 17 October 2022), pursuant to which the Company (by itself or through its subsidiaries) (as seller), agreed to sell a total of 350,000 metric tonnes of polysilicon to Tianjin Huanrui (as purchaser) for a term of five years commencing from 1 January 2022 and ending on 31 December 2026;
- (b) on 2 January 2024, Konca Solar, an indirect non-wholly-owned subsidiary of the Company, entered into the First Procurement Framework Agreement with Inner Mongolia Zhonghuan, pursuant to which Konca Solar (as purchaser) agreed to purchase a proposed annual order quantity of 12,000 metric tonnes of monocrystalline silicon ingots from Inner Mongolia Zhonghuan (as seller) for the term commencing from the date of the First Procurement Framework Agreement and ending on 31 December 2024; and

(c) on 31 January 2024, Konca Solar, entered into the Second Procurement Framework Agreement and the Third Procurement Framework Agreement with Inner Mongolia Zhonghuan, pursuant to which Konca Solar (as purchaser) agreed to purchase a further proposed aggregate annual order quantity of 19,948 metric tonnes of monocrystalline silicon ingots from Inner Mongolia Zhonghuan (as seller) for the term commencing from the date of the Second Procurement Framework Agreement and the date of the Third Procurement Framework Agreement, respectively, and ending on 31 December 2024.

LISTING RULES IMPLICATIONS

According to publicly available information, as at the date of this announcement, Tianjin Huanrui is a direct wholly-owned subsidiary of TCL and Inner Mongolia Zhonghuan is an indirect non-wholly-owned subsidiary of TCL. TCL is a subsidiary of TCL Technology. TCL Technology indirectly holds 40% equity interest in Inner Mongolia Xinhuan, an indirect subsidiary of the Company established on 15 July 2022. As such, TCL Technology is a substantial shareholder of Inner Mongolia Xinhuan, and each of Tianjin Huanrui and Inner Mongolia Zhonghuan is an associate of TCL Technology. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Inner Mongolia Xinhuan were less than 10% for the period from 15 July 2022 (date of establishment) to 31 December 2022, Inner Mongolia Xinhuan was an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, each of Tianjin Huanrui and Inner Mongolia Zhonghuan was not a connected person of the Company under the Listing Rules.

Based on the annual results announcement of the Company for the financial year ended 31 December 2023, which was published by the Company on 15 March 2024, the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Inner Mongolia Xinhuan exceeded 10% for the financial year ended 31 December 2023, and Inner Mongolia Xinhuan has ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, each of Tianjin Huanrui and Inner Mongolia Zhonghuan 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 Relevant Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Further, as the transactions contemplated under each of the Konca Solar Procurement Framework Agreements were entered into by the Group with the same party and of a similar nature, the transactions contemplated under each of the Konca Solar Procurement Framework Agreements shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. However, since (i) each of Tianjin Huanrui and Inner Mongolia Zhonghuan is a connected person of the Company at the subsidiary level; (ii) the Directors (including the independent non-executive Directors) have approved the Relevant Agreements 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 Relevant Agreements 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 Relevant Agreements 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 Cooperative Framework Agreement (as supplemented by the Supplemental 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 Relevant Agreements and the transactions contemplated thereunder, and therefore none of the Directors were required to abstain from voting on the board resolution approving the Relevant Agreements and the transactions contemplated thereunder (including the Annual Caps).

BACKGROUND

The Group had entered into various recurring transactions with Tianjin Huanrui and Inner Mongolia Zhonghuan, respectively, pursuant to the Relevant Agreements, and the Group expects to continue such recurring transactions contemplated under the Relevant Agreements.

The principal terms of the Relevant Agreements are summarised below:

COOPERATIVE FRAMEWORK AGREEMENT

Date

29 January 2021 (and as supplemented on 17 October 2022)

Parties

- (1) The Company (as seller)
- (2) Tianjin Huanrui (as purchaser)

Term

The term of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) is for a term of five years commencing from 1 January 2022 and ending on 31 December 2026.

Subject matter

The Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) serves as a framework agreement between the Company and Tianjin Huanrui, pursuant to which the Company (by itself or through its subsidiaries) shall sell, and Tianjin Huanrui shall purchase, a total of 350,000 metric tonnes of polysilicon during the term of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement).

Tianjin Huanrui shall place monthly order(s) with the Company to procure polysilicon according to its needs during the term of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement). The actual quantity of polysilicon to be sold by the Company (by itself or through its subsidiaries) to Tianjin Huanrui during the term of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) shall be determined between the Company and Tianjin Huanrui each month based on the actual monthly order(s) placed, and shall be subject to the annual order quantities (to be allocated equally for each month during the relevant period) as set out in the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement). The proposed annual order quantities during the relevant periods as set out in the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) are as follows:

| Relevant period | Annual order quantity of polysilicon |
|------------------------------------|---|
| 1 January 2022 to 31 December 2022 | 60,000 metric tonnes |
| 1 January 2023 to 31 December 2023 | 65,000 metric tonnes |
| 1 January 2024 to 31 December 2024 | 65,000 metric tonnes |
| 1 January 2025 to 31 December 2025 | 80,000 metric tonnes |
| 1 January 2026 to 31 December 2026 | 80,000 metric tonnes |
| Total: | 350,000 metric tonnes |

If Tianjin Huanrui is unable to meet the annual order quantity for the relevant period or if the Company (by itself or through its subsidiaries) are unable to supply the annual order quantity for the relevant period for any reason beyond its control (for example, large-scale production suspension, production reduction or urgent repairs due to accidents, government orders, market fluctuations or any other reason beyond the control of the relevant party and in the absence of any wilful default by such party), such party shall notify the other party in writing, and if such party is able to meet 60% of the annual order quantity for the relevant period, this shall not constitute a breach of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement). However, if such party is unable to meet 60% of the annual order quantity for the relevant period, this shall constitute a breach of the Cooperative Framework Agreement (as supplemented by the Supplemental 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 annual order quantity and the actual order quantity sold and purchased (unless otherwise mutually agreed between the Company and Tianjin Huanrui).

Consideration and basis of consideration

The price of polysilicon to be sold by the Company (by itself or through its subsidiaries) to Tianjin Huanrui during the term of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) shall be determined between the Company and Tianjin Huanrui prior to the end of each month with reference to the prevailing market conditions (including the Reference Prices) during such month, and such purchase price shall be fair, reasonable and on normal commercial terms. In the event that the Company and Tianjin Huanrui are unable to agree on the price, the price shall be determined based on the average of the Reference Prices as quoted during the last week of such month.

Payment terms

Tianjin Huanrui shall make the following prepayments to the Company for all order(s) to be placed during the term of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) prior to each relevant period as follows:

| Relevant period in which order(s) are to be placed | Prepayment date | Prepayment amount |
|---|-------------------------------|--------------------------|
| 1 January 2022 to 30 June 2022 | On or before 31 December 2021 | RMB75 million |
| 1 July 2022 to 31 December 2022 | On or before 30 June 2022 | RMB75 million |
| 1 January 2023 to 30 June 2023 | On or before 31 December 2022 | RMB75 million |
| 1 July 2023 to 31 December 2023 | On or before 30 June 2023 | RMB75 million |
| 1 January 2024 to 30 June 2024 | On or before 31 December 2023 | RMB75 million |
| 1 July 2024 to 31 December 2024 | On or before 30 June 2024 | RMB75 million |
| 1 January 2025 to 30 June 2025 | On or before 31 December 2024 | RMB75 million |
| 1 July 2025 to 31 December 2025 | On or before 30 June 2025 | RMB75 million |
| 1 January 2026 to 30 June 2026 | On or before 31 December 2025 | RMB75 million |
| 1 July 2026 to 31 December 2026 | On or before 30 June 2026 | RMB75 million |

The actual price payable by Tianjin Huanrui to the Company during the term of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) shall be set out in the actual monthly order(s) placed each month, and Tianjin Huanrui shall pay such price to the Company in the immediately following month (or within such other period as mutually agreed between the Company and Tianjin Huanrui). Such price may be set-off from the relevant prepayment amounts at the end of the relevant month, but subject to a maximum set-off threshold of RMB12.5 million each month.

THE FIRST PROCUREMENT FRAMEWORK AGREEMENT

Date

2 January 2024

Parties

- (1) Konca Solar (as purchaser)
- (2) Inner Mongolia Zhonghuan (as seller)

Term

The term of the First Procurement Framework Agreement is for the period commencing from the date of the First Procurement Framework Agreement and ending on 31 December 2024.

Subject matter

The First Procurement Framework Agreement serves as a framework agreement between Konca Solar and Inner Mongolia Zhonghuan, pursuant to which Inner Mongolia Zhonghuan shall sell, and Konca Solar shall purchase, a proposed annual order quantity of 12,000 metric tonnes of monocrystalline silicon ingots during the term of the First Procurement Framework Agreement.

Konca Solar shall place monthly order(s) with Inner Mongolia Zhonghuan to procure monocrystalline silicon ingots according to its needs during the term of the First Procurement Framework Agreement. The actual quantity of monocrystalline silicon ingots to be sold by Inner Mongolia Zhonghuan to Konca Solar during the term of the First Procurement Framework Agreement shall be determined between Konca Solar and Inner Mongolia Zhonghuan each month based on the actual monthly order(s) placed, and shall be subject to the proposed annual order quantity.

Consideration and basis of consideration

The price of monocrystalline silicon ingots to be sold by Inner Mongolia Zhonghuan to Konca Solar during the term of the First Procurement Framework Agreement shall be determined between Konca Solar and Inner Mongolia Zhonghuan each month with reference to the prevailing market conditions during such month, and such purchase price shall be fair, reasonable and on normal commercial terms.

Payment terms

The actual price payable by Konca Solar to Inner Mongolia Zhonghuan during the term of the First Procurement Framework Agreement shall be set out in the actual monthly order(s) placed each month, and Konca Solar shall prepay such price to Inner Mongolia Zhonghuan prior to the delivery by Inner Mongolia Zhonghuan of the relevant monocrystalline silicon ingots pursuant to the relevant monthly order(s).

THE SECOND PROCUREMENT FRAMEWORK AGREEMENT AND THE THIRD PROCUREMENT FRAMEWORK AGREEMENT

Date

31 January 2024

Parties

- (1) Konca Solar (as purchaser)
- (2) Inner Mongolia Zhonghuan (as seller)

Term

The term of the Second Procurement Framework Agreement and the Third Procurement Framework Agreement, respectively, is for the period commencing from the date of the Second Procurement Framework Agreement and the date of the Third Procurement Framework Agreement, respectively, and ending on 31 December 2024.

Subject matter

The Second Procurement Framework Agreement and the Third Procurement Framework Agreement serve as framework agreements between Konca Solar and Inner Mongolia Zhonghuan, pursuant to which Inner Mongolia Zhonghuan shall sell, and Konca Solar shall purchase, a further proposed aggregate annual order quantity of 19,948 metric tonnes of monocrystalline silicon ingots during the term of the Second Procurement Framework Agreement and the Third Procurement Framework Agreement.

Konca Solar shall place monthly order(s) with Inner Mongolia Zhonghuan to procure monocrystalline silicon ingots according to its needs during the term of the Second Procurement Framework Agreement and the Third Procurement Framework Agreement, respectively. The actual quantity of monocrystalline silicon ingots to be sold by Inner Mongolia Zhonghuan to Konca Solar during the term of the Second Procurement Framework Agreement and the Third Procurement Framework Agreement, respectively, shall be determined between Konca Solar and Inner Mongolia Zhonghuan each month based on the actual monthly order(s) placed.

Consideration and basis of consideration

The price of monocrystalline silicon ingots to be sold by Inner Mongolia Zhonghuan to Konca Solar during the term of the Second Procurement Framework Agreement and the Third Procurement Framework Agreement, respectively, shall be determined between Konca Solar and Inner Mongolia Zhonghuan each month with reference to the prevailing market conditions (including the Reference Prices) during such month, and such purchase price shall be fair, reasonable and on normal commercial terms.

Payment terms

The actual price payable by Konca Solar to Inner Mongolia Zhonghuan during the term of the Second Procurement Framework Agreement and the Third Procurement Framework Agreement, respectively, shall be set out in the actual monthly order(s) placed each month, and Konca Solar shall prepay such price to Inner Mongolia Zhonghuan prior to the delivery by Inner Mongolia Zhonghuan of the relevant monocrystalline silicon ingots pursuant to the relevant monthly order(s).

HISTORICAL TRANSACTION AMOUNTS

Based on the audited consolidated results of the Company for the financial years ended 31 December 2022 and 31 December 2023, the historical transaction amounts for the transactions contemplated under the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) are as follows:

| | Financial year ended 31 December 2022 | Financial year ended 31 December 2023 |
|---|--|--|
| Transactions under the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) | Approximately RMB6,571 million | Approximately RMB4,086 million |

ANNUAL CAPS UNDER THE RELEVANT AGREEMENTS

The Board considers that the Annual Caps for the remaining term under the respective Relevant Agreements are as follows:

| | Financial year ending 31 December 2024 | Financial year ending 31 December 2025 | Financial year ending 31 December 2026 |
|---|---|---|---|
| Transactions under the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) | RMB4,550 million | RMB5,600 million | RMB5,600 million |
| Transactions under the First Procurement Framework Agreement | RMB900 million | N/A | N/A |
| Transactions under the Second Procurement Framework Agreement and the Third Procurement Framework Agreement | RMB1,497 million | N/A | N/A |

The Annual Caps with respect to the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) 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 the Company to procure quality polysilicon from a diversified pool of reliable suppliers during the term of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) in order to meet the annual order quantities; (iii) the market price of polysilicon as determined with reference to the latest Reference Prices (being the average of the per unit price of polysilicon available on two independent 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 during the term of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement); and (iv) the historical transaction amounts for the sale of polysilicon by the Company (by itself or through its subsidiaries) to Tianjin Huanrui pursuant to the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) during the financial years ended 31 December 2022 and 31 December 2023 as set out in the section headed “HISTORICAL TRANSACTION AMOUNTS” in this announcement.

The Annual Caps with respect to the Konca Solar Procurement Framework Agreements were determined after taking into account (i) the expected growth of the industry and the business potential of the Group; (ii) the projected number of sales orders of Konca Solar to be sold to various downstream purchasers; and (iii) the market price of monocrystalline silicon ingots as determined with reference to the latest Reference Prices (being the average of the per unit price of monocrystalline silicon ingots available on three independent 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 monocrystalline silicon ingots during the term of the Konca Solar Procurement Framework Agreements.

OPINION OF THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 14A.52 of the Listing Rules, as the term of the Cooperative Framework Agreement (as supplemented by the Supplemental 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 Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) having a term exceeding three years

In assessing the reasons for the duration of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) to be longer than three years, the Independent Financial Adviser has considered the following factors:

- (i) Tianjin Huanrui is principally engaged in the sale of photovoltaic equipment and components, semiconductor devices and other electronic products and components;
- (ii) the sales of polysilicon are one of the principal businesses of the Group, and therefore the entering into of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) is in the ordinary and usual course of business of the Company;
- (iii) the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) is expected to provide minimum sales order of approximately 60,000 to 80,000 metric tonnes of polysilicon in each of the five years ending 31 December 2026. As such, it helps promote wide application of polysilicon, aligning with the development strategies and mission of the Company, and further enhances the Group's position in the new energy industry; and
- (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 Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) is expected to stabilise customer demand and income for the Company in respect of polysilicon.

Whether a term exceeding three years is normal business practice

In considering whether it is a normal business practice for the Cooperative Framework Agreement to have a duration longer than three years, the Independent Financial Adviser has conducted on research of similar transactions in relation to the sale or procurement of products similar to polysilicon published by companies listed on the Main Board of the Stock Exchange in the past two full financial years (i.e., from 1 January 2022 to 31 December 2023). However, the Independent Financial Adviser is unable to identify any transactions that fall under the aforementioned criteria. As such, the Independent Financial Adviser has extended the search scope and reviewed the transactions published by the companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, and identified an exhaustive list of 14 transactions (the “**Comparable Transactions**”) which met the aforementioned selection criteria. Among the Comparable Transactions, the Independent Financial Adviser notes that there are 12 Comparable Transactions which have a duration of more than three years, ranged from four years to eight years, and the duration of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) falls within the range of the Comparable Transactions. Furthermore, the Independent Financial Adviser has also obtained and reviewed agreements entered into between the Group and other independent third parties for the sales of similar products, and noted that it is not uncommon for the duration of similar transaction to exceed three years.

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 Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) requires a term exceeding three years; and (ii) it is normal business practice for agreements of this type to be of such duration. Further, 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 Relevant Agreements 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 Relevant Agreements (including the Annual Caps) are consistent with the pricing policies and connected transaction policies of the Group and the terms of the Relevant Agreements, the Group has adopted the following internal control measures:

- (a) the financial department of each of the Company and its subsidiaries will conduct regular checks to monitor, review and assess the transactions contemplated under the respective Relevant Agreements and report to the Board, in particular, including but not limited to the following:
 - (i) to regularly update and make reference to the Reference Prices 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 respective Relevant Agreements, and to ensure such transactions are within the Annual Caps;
 - (ii) the financial department of each of the Company and its subsidiaries will regularly monitor the transactions under the respective Relevant Agreements. The financial department of Konca Solar and any other relevant subsidiaries of the Company involved in the transactions contemplated under the Relevant Agreements will report on, among other things, the number of order(s) placed and the transaction amounts to the financial department of the Company each month.
- (b) the financial department of the Company will then ensure sufficient information in relation to all such transactions is provided to the Board, the independent non-executive Directors and/or external auditors of the Company for review;
- (c) 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;
- (d) 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 Relevant Agreements and the Annual Caps);

- (e) the independent non-executive Directors will conduct an annual review of the continuing connected transactions of the Group (including those transactions contemplated under the Relevant Agreements 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
- (f) the external auditors of the Company will also conduct an interim and annual review of the continuing connected transactions of the Group (including those transactions contemplated under the Relevant Agreements 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 TRANSACTIONS

The Board believes that the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) enhances stable sales of polysilicon in the ordinary course of business of the Group, promotes wide application of polysilicon products and is expected to sustain the growth of revenue from sales of such products for the Group. Further, the Konca Solar Procurement Framework Agreements secure a stable and reliable supply of monocrystalline silicon ingots, foster the Group's long-term relationship with monocrystalline silicon ingots suppliers, and enable the Group to strategically allocate resources in response to the growing demand for solar energy solutions. The Relevant Agreements are in line with the development strategies of the Group as one of the leading research and development and manufacturers of high-efficiency solar materials with a focus on green development and improvement of the living environment, and further enhance the Group's position in the new energy industry. The establishment of stable and reliable business relationships with its customers and suppliers is important to the development of the Group, particularly in the highly competitive market in which the Group operates.

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 Relevant Agreements 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.

Konca Solar

Konca Solar is established in the PRC with limited liability and is an indirect non-wholly-owned subsidiary of the Company. The principal business of Konca Solar is manufacturing and sale of ingot and wafer.

Tianjin Huanrui

According to publicly available information, as at the date of this announcement, Tianjin Huanrui is established in the PRC with limited liability and is a direct wholly-owned subsidiary of TCL, which in turn is a subsidiary of TCL Technology. The principal business of Tianjin Huanrui is principally engaged in the sale of photovoltaic equipment and components, semiconductor devices and other electronic products and components.

Inner Mongolia Zhonghuan

According to publicly available information, as at the date of this announcement, Inner Mongolia Zhonghuan is established in the PRC with limited liability and is an indirect non-wholly-owned subsidiary of TCL, which in turn is a subsidiary of TCL Technology. The principal business of Inner Mongolia Zhonghuan is principally engaged in the manufacturing and sale of solar silicon rods and related products, as well as processing of monocrystalline silicon and polysilicon materials.

LISTING RULES IMPLICATIONS

According to publicly available information, as at the date of this announcement, Tianjin Huanrui is a direct wholly-owned subsidiary of TCL and Inner Mongolia Zhonghuan is an indirect non-wholly-owned subsidiary of TCL. TCL is a subsidiary of TCL Technology. TCL Technology indirectly holds 40% equity interest in Inner Mongolia Xinhuan, an indirect subsidiary of the Company established on 15 July 2022. As such, TCL Technology is a substantial shareholder of Inner Mongolia Xinhuan, and each of Tianjin Huanrui and Inner Mongolia Zhonghuan is an associate of TCL Technology. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Inner Mongolia Xinhuan were less than 10% for the period from 15 July 2022 (date of establishment) to 31 December 2022, Inner Mongolia Xinhuan was an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, each of Tianjin Huanrui and Inner Mongolia Zhonghuan was not a connected person of the Company under the Listing Rules.

Based on the annual results announcement of the Company for the financial year ended 31 December 2023, which was published by the Company on 15 March 2024, the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Inner Mongolia Xinhuan exceeded 10% for the financial year ended 31 December 2023, and Inner Mongolia Xinhuan has ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, each of Tianjin Huanrui and Inner Mongolia Zhonghuan 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 Relevant Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Further, as the transactions contemplated under each of the Konca Solar Procurement Framework Agreements were entered into by the Group with the same party and of a similar nature, the transactions contemplated under each of the Konca Solar Procurement Framework Agreements shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. However, since (i) each of Tianjin Huanrui and Inner Mongolia Zhonghuan is a connected person of the Company at the subsidiary level; (ii) the Directors (including the independent non-executive Directors) have approved the Relevant Agreements 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 Relevant Agreements 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 Relevant Agreements 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 Cooperative Framework Agreement (as supplemented by the Supplemental 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 Relevant Agreements and the transactions contemplated thereunder, and therefore none of the Directors were required to abstain from voting on the board resolution approving the Relevant Agreements 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 contract value pursuant to the Relevant Agreements as estimated and proposed by the Board, details of which are set out in the section headed “ANNUAL CAPS UNDER THE RELEVANT AGREEMENTS” in this announcement |
| “associate” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of the Directors |
| “Company” | GCL Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and whose shares are listed on the Main Board of the Stock Exchange |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “Cooperative Framework Agreement” | the long-term polysilicon purchase and sale cooperative framework agreement dated 29 January 2021 and entered into between the Company (as seller) and Tianjin Huanrui (as purchaser) |
| “Director(s)” | the director(s) of the Company |

| | |
|--|--|
| “First Procurement Framework Agreement” | the procurement framework agreement dated 2 January 2024 and entered into between Konca Solar (as purchaser) and Inner Mongolia Zhonghuan (as seller) |
| “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 |
| “Independent Financial Adviser” | Maxa Capital 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 Xinhuan” | Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.* (內蒙古鑫環硅能科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company and of which TCL Technology is a substantial shareholder |
| "Inner Mongolia Zhonghuan" | Inner Mongolia Zhonghuan-GCL Solar Material Co., Ltd. * (內蒙古中環晶體材料有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned subsidiary of TCL |
| "Konca Solar" | Konca Solar Cell Co., Ltd.* (高佳太陽能股份有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company |
| "Konca Solar Procurement Framework Agreements" | collectively, the First Procurement Framework Agreement, the Second Procurement Framework Agreement and the Third Procurement Framework Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |

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| “PRC” | the People’s Republic of China, and for the purpose of this announcement, excludes Taiwan, Hong Kong and the Macau Special Administrative Region |
| “Reference Prices” | (a) in respect of the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement), the average per unit price of polysilicon quoted on the respective websites of Gessey (蓋錫諮詢) and PVinsights, both of which are independent third party industry reference websites; and (b) in respect of the Second Procurement Framework Agreement and the Third Procurement Framework Agreement, the per unit price of monocrystalline silicon ingots quoted on the respective websites of PVinsights, Solarzoom and PVinfoLink, each of which are independent third party industry reference websites |
| “Relevant Agreements” | collectively, the Cooperative Framework Agreement (as supplemented by the Supplemental Agreement) and the Konca Solar Procurement Framework Agreements |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Second Procurement Framework Agreement” | the procurement framework agreement dated 31 January 2024 and entered into between Konca Solar (as purchaser) and Inner Mongolia Zhonghuan (as seller) |
| “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 |
| “Supplemental Agreement” | the supplemental agreement dated 17 October 2022 and entered into between the Company and Tianjin Huanrui to supplement the Cooperative Framework Agreement |

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| “TCL” | TCL Zhonghuan New Energy Technology Co., Ltd.* (TCL 中環新能源科技股份有限公司), a joint stock company listed on the Shenzhen Stock Exchange (stock code: 002129) and a subsidiary of TCL Technology |
| “TCL Technology” | TCL Technology Group Corporation* (TCL 科技集團股份有限公司), a joint stock company listed on the Shenzhen Stock Exchange (stock code: 000100) and a substantial shareholder of Inner Mongolia Xinhuan |
| "Third Procurement Framework Agreement" | the procurement framework agreement dated 31 January 2024 and entered into between Konca Solar (as purchaser) and Inner Mongolia Zhonghuan (as seller) |
| "Tianjin Huanrui" | Tianjin Huanrui Electronic Technology Co., Ltd.* (天津環睿電子科技有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of TCL |
| “%” | 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, 15 March 2024

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*