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)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	Period ended 30 June		
	2024	2023	% of changes
	RMB'million	*RMB'million*	
	(Unaudited)	(Unaudited)	
Revenue	**8,862.9**	20,945.9	(57.7)%
Gross (loss) profit	**(552.6)**	8,777.9	(106.3)%
(Loss) profit for the period attributable to owners of the Company	**(1,479.6)**	5,518.3	(126.8)%
Basic (loss) earnings per share	**RMB(5.60) cents**	RMB20.79 cents	
Diluted (loss) earnings per share	**RMB(5.60) cents**	RMB20.75 cents	

The board of directors (the "**Board**" or the "**Directors**") of GCL Technology Holdings Limited (the "**Company**" or "**GCL Tech**") announces the unaudited condensed interim consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in the previous period as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
		2024	2023
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**8,862,876**	20,945,903
Cost of sales and services rendered		**(9,415,523)**	(12,167,969)
Gross (loss) profit		**(552,647)**	8,777,934
Other income		**488,812**	507,313
Distribution and selling expenses		**(132,037)**	(122,545)
Administrative expenses		**(682,758)**	(1,138,476)
Finance costs		**(304,854)**	(215,283)
Impairment losses (recognised) reversed under expected credit loss model, net		**(196,474)**	979
Other expenses, gains and losses, net	*5*	**(742,865)**	(1,428,880)
Share of (loss) profits of associates		**(93,160)**	1,037,046
Share of profits of joint ventures		**2,683**	2,182
(Loss) profit before tax		**(2,213,300)**	7,420,270
Income tax credit (expense)	*6*	**191,885**	(1,175,135)
(Loss) profit for the period	*7*	**(2,021,415)**	6,245,135
Other comprehensive (expense) income for the period:			
Items that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		**(21,465)**	(146,229)
Share of other comprehensive (expense) income of associates		**(16,104)**	26,177
		(37,569)	(120,052)

	NOTES	Six months ended 30 June **2024** ***RMB'000*** **(Unaudited)**	 2023 *RMB'000* (Unaudited)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**30**	16,590
Share of other comprehensive income of an associate		**(113)**	1,067
Reclassification of exchange differences upon deemed partial disposal of an associate		**6**	—
		(77)	17,657
Other comprehensive expense for the period		**(37,646)**	(102,395)
Total comprehensive (expense) income for the period		**(2,059,061)**	6,142,740
(Loss) profit for the period attributable to:			
Owners of the Company		**(1,479,603)**	5,518,278
Non-controlling interests		**(541,812)**	726,857
		(2,021,415)	6,245,135
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(1,517,249)**	5,415,883
Non-controlling interests		**(541,812)**	726,857
		(2,059,061)	6,142,740
(Loss) earnings per share	*9*		
– Basic		**(5.60)**	20.79
– Diluted		**(5.60)**	20.75

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	NOTES	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**35,459,265**	34,783,732
Right-of-use assets		**1,525,708**	1,541,452
Investment properties		**350,689**	365,352
Intangible assets		**99,560**	116,432
Interests in associates		**6,881,031**	5,786,822
Interests in joint ventures		**151,249**	149,234
Investments at fair value through profit or loss		**927,592**	844,203
Equity instruments at fair value through other comprehensive income		**430,141**	441,347
Deferred tax assets		**874,186**	597,888
Deposits and other receivables		**925,713**	1,250,104
Amount due from a related company-non-trade related		**2,087,240**	2,169,172
Pledged and restricted bank and other deposits		**19,925**	31,154
		49,732,299	48,076,892
CURRENT ASSETS			
Inventories		**2,700,077**	2,884,246
Trade and other receivables	*10*	**15,077,098**	17,901,265
Amounts due from related companies – trade related	*12*	**414,625**	314,296
Amounts due from related companies – non trade related		**1,459,989**	2,561,670
Investments at fair value through profit or loss		**1,696,118**	1,693,521
Held for trading investments		**406**	2,686
Tax recoverable		**94,981**	190,317
Pledged and restricted bank and other deposits		**3,841,418**	2,321,951
Bank balances and cash		**3,985,280**	6,821,328
		29,269,992	34,691,280

	NOTES	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*11*	**11,769,626**	14,246,371
Amounts due to related companies – trade related	*12*	**298,619**	682,140
Amounts due to related companies – non-trade related		**15,866**	679,094
Contract liabilities		**460,716**	525,528
Bank and other borrowings – due within one year		**8,244,569**	5,315,936
Lease liabilities – due within one year		**91,912**	70,493
Other financial liabilities		**547,834**	525,695
Derivative financial instruments		**62,342**	15,972
Deferred income		**24,220**	28,557
Tax payables		**52,355**	49,140
		21,568,059	22,138,926
NET CURRENT ASSETS		**7,701,933**	12,552,354
TOTAL ASSETS LESS CURRENT LIABILITIES		**57,434,232**	60,629,246
NON-CURRENT LIABILITIES			
Contract liabilities		**43,693**	221,237
Bank and other borrowings – due after one year		**9,011,335**	9,951,069
Lease liabilities – due after one year		**55,246**	75,878
Deferred income		**64,001**	51,382
Deferred tax liabilities		**1,879,540**	2,011,971
		11,053,815	12,311,537
NET ASSETS		**46,380,417**	48,317,709
CAPITAL AND RESERVES			
Share capital		**2,342,638**	2,344,280
Reserves		**38,797,756**	40,242,736
Equity attributable to owners of the Company		**41,140,394**	42,587,016
Non-controlling interests		**5,240,023**	5,730,693
TOTAL EQUITY		**46,380,417**	48,317,709

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited, and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (the "**IASB**"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by IASB and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

The condensed interim consolidated financial statements are unaudited, but have been reviewed by Crowe (HK) CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information performed by the independent auditor of the Group, issued by the Hong Kong Institute of Certified Public Accountants.

The functional currency of the Company and the presentation currency of the Group's unaudited condensed interim consolidated financial statements are Renminbi ("**RMB**").

2. MATERIAL ACCOUNTING POLICY INFORMATION

The unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described in note 3, the accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRSs.

3. APPLICATION OF AMENDMENTS TO IFRS STANDARDS

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

Except as described below, the application of the new and amendments to IFRSs has had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these condensed interim consolidated financial statements.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation ("IAS 32")*.

The amendments also specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

Based on the Group's outstanding liabilities as at 31 December 2023 and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments does not result in a reclassification of the Group's liabilities.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the application of the amendments has no impact on the condensed interim consolidated financial statements for the current period.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

The application of the amendments has no significant impact on the financial position and performance of the Group.

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet mandatorily effective for the current accounting period.

Annual Improvements to IFRS Accounting Standards 2024	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
IFRS 18 and consequential amendments to other IFRSs	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to IAS 21	Lack of Exchangeability
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

4. SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, being collectively the chief operating decision maker ("**CODM**"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered or services provided.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable and operating segments under IFRS 8 Operating Segments are as follows:

(a) Solar material business – mainly manufactures and sales of polysilicon and wafer products to companies operating in the solar industry.

(b) Solar farm business – operates solar farms located in the United States of America (the "**USA**") and the PRC.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2024

	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue from external customers	**8,767,542**	**95,334**	**8,862,876**
Segment (loss) profit	**(2,026,865)**	**12,325**	**(2,014,540)**
Unallocated income			**29,548**
Unallocated expenses			**(16,760)**
Gain on fair value change of investments at fair value through profit or loss ("**FVTPL**")			**29,238**
Gain on fair value change of held for trading investments			**104**
Share of losses of an associate			**(26,880)**
Share of profits of joint ventures			**292**
Impairment losses recognised under expected credit loss model, net			**(6,297)**
Gain on disposal of held for trading investments			**2,781**
Loss on deemed partial disposal of an associate			**(18,901)**
Loss for the period			**(2,021,415)**

Six months ended 30 June 2023

	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue from external customers	20,836,310	109,593	20,945,903
Segment profit	6,230,194	26,566	6,256,760
Unallocated income			19,987
Unallocated expenses			(29,493)
Gain on fair value change of investments at FVTPL			12,971
Loss on fair value change of held for trading investments			(1,193)
Share of losses of an associate			(16,079)
Share of profits of joint ventures			2,182
Profit for the period			6,245,135

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the (loss) profit of each respective segment excluding unallocated income, unallocated expenses, certain impairment losses under expected credit loss model, change in fair value of certain investments at FVTPL, change in fair value of held for trading investments, shares of profits (losses) of interests in certain joint ventures and associate. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Segment assets		
Solar material business	**75,064,307**	78,875,420
Solar farm business	**1,831,554**	1,873,437
Total segment assets	**76,895,861**	80,748,857
Investments at FVTPL	**1,035,187**	692,442
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**9,575**	20,781
Held for trading investments	**406**	2,686
Interest in an associate	**114,636**	160,507
Interests in joint ventures	**123,577**	123,285
Unallocated bank balances and cash	**517,287**	694,737
Unallocated corporate assets	**305,762**	324,877
Consolidated assets	**79,002,291**	82,768,172
Segment liabilities		
Solar material business	**32,041,077**	33,766,895
Solar farm business	**558,505**	598,304
Total segment liabilities	**32,599,582**	34,365,199
Unallocated corporate liabilities	**22,292**	85,264
Consolidated liabilities	**32,621,874**	34,450,463

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments, other than unallocated corporate assets, corporate bank balances and cash and other assets (including certain investments at FVTPL, certain equity instruments at FVTOCI, held for trading investments and interests in certain joint ventures and an associate) of the management companies and investment holding companies; and

- All liabilities are allocated to operating segments, other than unallocated corporate liabilities of the management companies and investment holding companies.

Disaggregation of revenue from contracts with external customers

For the period ended 30 June 2024

Segments	**Solar material business** *RMB'000* **(Unaudited)**	**Solar farm business** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Types of goods or services			
Sales of wafer	**2,342,084**	**—**	**2,342,084**
Sales of electricity	**—**	**95,334**	**95,334**
Sales of polysilicon	**4,861,805**	**—**	**4,861,805**
Processing fees	**283,629**	**—**	**283,629**
Others (comprising the sales of ingots and industrial silicon)	**1,280,024**	**—**	**1,280,024**
Total	**8,767,542**	**95,334**	**8,862,876**

For the period ended 30 June 2023

Segments	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of goods or services			
Sales of wafer	7,201,320	—	7,201,320
Sales of electricity	—	109,593	109,593
Sales of polysilicon	11,118,475	—	11,118,475
Processing fees	908,661	—	908,661
Others (comprising the sales of ingots and industrial silicon)	1,607,854	—	1,607,854
Total	20,836,310	109,593	20,945,903

Geographical information

The Group's revenue from external customers from continuing operations by customer's location is detailed below:

	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC	**8,811,684**	20,508,927
Others	**51,192**	436,976
	8,862,876	20,945,903

5. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Research and development costs	**718,314**	901,984
Exchange gain, net	**(3,612)**	(14,999)
Gain on fair value change of convertible bond payable	**—**	(4,204)
Gain on fair value change of investments at FVTPL	**(40,211)**	(35,350)
(Gain) loss on fair value change of held for trading investments	**(104)**	1,193
Loss (gain) on fair value change of derivative financial instruments	**46,370**	(33,946)
Impairment loss on property, plant and equipment *(Note)*	**—**	801,906
Loss (gain) on disposal of property plant and equipment	**5,988**	(4,735)
Gain on disposal of held for trading investments	**(2,781)**	—
Loss (gain) on deemed partial disposal of associates	**18,901**	(182,969)
	742,865	1,428,880

Note: In face of the new energy changes and market challenges, the Director resolved that the Group will comprehensively withdraw from the production of rod silicon with high cost and shift the limited production capacity to granular silicon with high profit margin so as to maximize the Group's profit with limited production capacity. During the period ended 30 June 2023, the Directors resolved that the production of rod silicon will be completely suspended by the end of period ended 30 June 2023. The Directors conducted a review of the recoverable amount of the cash generating unit ("**CGU**") of the rod silicon business unit in solar material segment to which the property, plant and equipment belonged as at 30 June 2023. Accordingly, an impairment provision of approximately RMB802 million was made in respect of the relevant machinery and equipment of the solar material business segment for the period ended 30 June 2023.

6. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("**EIT**")		
Current tax	**19,905**	795,958
Underprovision (overprovision) in prior periods	**12,068**	(52,018)
PRC dividend withholding tax	**—**	30,000
	31,973	773,940
USA Federal and State Income Tax		
Current tax	**—**	—
Overprovision in prior periods	**—**	(6)
	—	(6)
Deferred tax	**(223,858)**	401,201
	(191,885)	1,175,135

7. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	**1,902,070**	1,690,861
Depreciation of right-of-use assets	**78,212**	88,240
Depreciation of investment properties	**14,663**	9,307
Amortisation of other intangible assets	**16,872**	17,013
Total depreciation and amortisation	**2,011,817**	1,805,421
(Less)/add: amounts absorbed in opening and closing inventories, net	**(14,978)**	17,746
	1,996,839	1,823,167

8. DIVIDEND

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the period of nil (2023: HK$6.0 cents) per ordinary share	**—**	1,439,723

The Board did not recommend an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB nil).

9. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share ((Loss) profit for the period attributable to owners of the Company)	**(1,479,603)**	5,518,278

	Six months ended 30 June	
	2024	2023
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**26,444,599**	26,545,377
Effect of dilutive potential ordinary shares		
— share awards scheme	**—**	32,441
— share options	**—**	14,989
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**26,444,599**	26,592,807

For the six months ended 30 June 2024 and 2023, the weighted average number of ordinary shares for the purpose of calculation of basic (loss) earnings per share had been adjusted for (i) the effect of the ordinary shares held by the Trustee pursuant to the share award scheme, (ii) the effects of the treasury shares purchased by the Group from market for cancellation (if any) and (iii) the effect of share options exercised.

Diluted loss per share for the six months ended 30 June 2024 did not assume the exercise of share options and award shares granted by the Company, since the exercise would decrease the loss per share for the six months ended 30 June 2024.

Diluted earnings per share for the six months ended 30 June 2023 is calculated by adjusting the weighted average number of ordinary shares in issue during the period with the weighted average number of ordinary shares deemed to be issued/transferred assuming the dilutive impact of certain share options and award shares granted. In addition, certain share options and award shares granted were not assumed to be exercised as they would have an anti-dilutive impact on the earnings per share.

Diluted (loss) earnings per share for the six months ended 30 June 2024 and 2023 did not assume the exercise of share options granted by GCL New Energy Holdings Limited ("**GNE**") since the exercise would result in decrease the loss or increase the earnings per share for the six months ended 30 June 2024 and 2023.

In addition, the convertible bond issued and put options granted by a subsidiary to non-controlling shareholders of this subsidiary have either anti-dilutive effect or insignificant dilutive effect on the (loss) earnings per share for the six months ended 30 June 2024 and 2023.

10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables *(Note a)*		
— Bill receivable	**7,906,130**	10,463,808
— Trade receivable	**1,338,879**	1,337,025
	9,245,009	11,800,833
Other receivables:		
— Refundable value-added tax	**1,989,579**	2,038,106
— Prepayments	**1,723,532**	1,365,627
— Amounts due from former subsidiaries *(Note b)*	**42,490**	42,490
— Short-term loan to third parties *(Note c)*	**1,110,000**	1,600,000
— Note receivables	**164,742**	176,345
— Other	**1,207,408**	1,218,095
	15,482,760	18,241,496
Less:		
Allowance for credit losses		
— Trade	**(66,077)**	(60,977)
—Non Trade	**(339,585)**	(279,254)
	15,077,098	17,901,265

Notes:

(a) The Group allows a credit period of approximately one month from the invoice date for trade receivables (excluding those arising from sales of electricity) and may further extend it for 3 to 6 months for settlement through bills issued by banks and financial institutions obtained from trade customers.

The following is an aging analysis of trade receivables (excluding sales of electricity and bills held by the Group for future settlement), net of allowances for credit losses, presented based on the invoice date at the end of the reporting period:

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Within 3 months	**541,974**	683,150
3 to 6 months	**64,451**	72,281
Over 6 months	**72,369**	415
	678,794	755,846

For sales of electricity, the Group generally grants credit period of approximately one month to power grid companies in the PRC from the date of invoice in accordance with the relevant electricity sales contracts between the Group and the respective grid companies.

The following is an aging analysis of trade receivables arising from sales of electricity (excluding bills held by the Group for future settlement), net of allowances of credit losses, presented based on the invoice date at the end of the reporting period:

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Unbilled *(Note)*	**587,746**	517,847
Within 3 months	**6,262**	2,355
3 to 6 months	**—**	—
Over 6 months	**—**	—
	594,008	520,202

Note: Amount represents unbilled basic tariff receivables for solar power plants operated by the Group, and tariff adjustment receivables of those solar power plants already registered in the List.

(b) The amount mainly represents amounts due from former subsidiaries of which the Group disposed the entire interests in prior periods. The amounts are non-trade in nature, unsecured, non-interest bearing and have no fixed term of repayment.

(c) In December 2023, the Group, the PRC banks and two government related entities (the "**Borrowers**") entered into two entrusted loan agreements pursuant to which the Group agreed to lend short-term loans through the PRC banks to the Borrowers for an aggregate amount of RMB1.6 billion. The amounts were non-trade in nature, secured by the equity-interest in a state-owned company, interest bearing of 5.88% per annum, and to be repaid on 27 December 2024.

Part of the above short-term loan of RMB0.49 billion was early repaid in February 2024 by the borrower to the Group.

11. TRADE AND OTHER PAYABLES

The credit period for trade payables is within 3 to 6 months (31 December 2023: 3 to 6 months).

The following is an aging analysis of trade payables (excluding bills presented by the Group for settlement) presented based on the invoice date at the end of the reporting period:

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Within 3 months	**1,494,843**	2,121,216
3 to 6 months	**2,268,193**	2,725,010
More than 6 months	**356,030**	405,976
	4,119,066	5,252,202

12. BALANCES WITH RELATED COMPANIES

The following is an aging analysis of amounts due from related companies, associates, joint ventures and other related parties (trade related), net of allowance of credit losses, at the end of the reporting period, presented based on the invoice date which approximated to the respective revenue recognition dates:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**196,298**	164,708
3 to 6 months	**66,334**	6,593
More than 6 months	**151,993**	142,995
	414,625	314,296

The amounts due from related companies (trade related) are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2023: 30 days).

The following is an aging analysis of amounts due to related companies, associates and other related parties (trade related) at the end of the reporting period, presented based on the invoice date:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**194,969**	253,086
3 to 6 months	**46,057**	161,749
More than 6 months	**57,593**	267,305
	298,619	682,140

The amounts due to related companies (trade related) are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2023: 30 days).

CHAIRMAN'S STATEMENT AND CEO REVIEW OF OPERATIONS AND OUTLOOK

In the first half of 2024, global electricity demand saw robust growth. According to forecasts by the International Energy Agency (IEA), global renewable energy generation is expected to surpass coal for the first time next year, with solar photovoltaic (PV) power alone likely to account for 50% of the energy demand growth.

The strong demand for electricity has led to structural mismatches across various sectors of the industry, with blind capital investment and disorderly competition, resulting in a temporary oversupply in the photovoltaic (PV) sector. In the first half of 2024, amidst vicious competition within China's PV industry and widespread losses across the entire supply chain, GCL Tech focused on stabilizing existing capacities while expanding new ones, delivering a relatively stable "mid-term report" on its business fundamentals. During this period, the company concentrated on its core FBR granular silicon technology, expanded its diversified product portfolio, continuously optimized its business structure, and rigorously controlled costs with a decrease of 40% in administrative expense, leading to steady improvements in asset quality, capital structure, and resource efficiency. With a focus on quality enhancement, cost control, lean management, and market-oriented strategies, GCL Tech has strived to create new opportunities amid changes, gained an advantage in a competitive environment, and seized opportunities in the face of crises, resulting in an overall stabilization and improvement in its operations.

The company has achieved significant technological breakthroughs and continued optimization of its product structure. In the first half of this year, the quality of GCL Tech's FBR granular silicon reached a new level, with quality control standards tightened even further on the basis of electronic grade level. The proportion of N-type products (901A and above) exceeded 96%, and the yield in crystal pulling applications increased significantly, with all major customers entering the 100% FBR granular silicon ingot production stage. The cost of granular silicon hit a new low, thanks to the optimization of the production line system, leading to notable improvements in silicon consumption, energy consumption, and production efficiency. The cash cost of granular silicon is expected to be reduced to less than RMB 30/KG. The excellent quality of granular silicon has gained market favor, with sales stabilizing and rebounding, and inventory level maintained at less than two weeks, achieving full coverage among top-tier downstream solar companies, with long-term procurement contracts extending to 2027. With the commissioning of the 60,000-ton modular project in the second half of the year, GCL Tech's FBR granular silicon is set to enter a new phase of quality enhancement and efficiency improvement. We are confident in ensuring strong product quality, competitive costs, a solid reputation, and improved profitability.

The R&D investment ratio (relative to revenue) increased instead of decreased, further strengthening the Company's defence moat. In the first half of the year, GCL Tech's Silicon Materials Research Institute led efforts to comprehensively advance research projects focused on strengthening, supplementing, and extending the chain, with substantial investments in manpower, materials, and financial resources, particularly in enhancing the quality and efficiency of granular silicon and developing new technologies. The Company's total R&D investment ratio in the first half exceeded 8%, reflecting a year-on-year increase of 3.8 ppt, becoming the foundational force driving the Company's breakthrough against the prevailing market trend. Meanwhile, we have established a robust confidentiality system from top to bottom, along with a comprehensive intellectual property protection mechanism. In the first half of the year, the Company obtained a total of 65 patents, including 16 invention patents. The “Intelligent Transformation and Digital Upgrade” initiative has driven a comprehensive upgrade in operational management, with the Industrial Internet Cloud, AI Supercomputing Cloud, Digital Intelligence Hub Cloud, and Smart Collaboration Cloud covering all areas, including R&D, manufacturing, sales, customer service, supply chain, finance, human resources, legal affairs, and risk control. This accelerates the embedding of the Company in digital infrastructure, advancing data governance, intelligent decision-making, and precise control to a new stage.

The capital structure continues to be optimized, and operational resilience has been effectively enhanced. We are committed to a high-tech, high-value-added, and asset-light model, continually optimizing financing structures, reasonably controlling debt levels, and improving capital utilization efficiency. By enhancing profitability through diversified collaboration, we have maintained the asset-liability (gearing) ratio at 37.0%[1], enabling the Company to proceed with agility and stability.

Behind GCL Tech’s ability to break through in adverse market conditions is the experience, resilience, and immunity that the Company has accumulated over three complete industry cycles, which has endowed us with the composure and confidence to navigate through turbulent times. Throughout this journey, we have unwaveringly adhered to a strategy of technological advancement, with granular silicon as the main driver, while promoting the diversified development of technologies such as industrial silicon, silane gas, perovskite, CCz, and carbon chains. This has led to the formation of a multi-dimensional, multi-layered industrial ecosystem that integrates both vertical and horizontal dimensions.

With FBR granular silicon at its core, we will fully mobilize internal and external resources to promote the vertical extension of the silicon-based industry chain. By entering the upstream metallurgic grade silicon sector through a “backward integration” approach with internal depth, we have leveraged our strengths in high quality, low cost, and green environmental advantages to form strong synergies with FBR granular silicon. This has enabled us as the first in the industry to achieve dual breakthroughs in cost reduction, efficiency improvement, and low-carbon traceability. Through industry collaboration and “forward integration” strategy, we deeply integrate with solar module manufacturers and actively participate in the integrated layout of photovoltaic, storage, charging, hydrogen, and computing, thereby releasing the green low-carbon technology benefits from its source and expanding downstream profit margins. In the first half of this year, GCL Tech’s FBR granular silicon obtained the German TÜV Rheinland certification, which is equivalent to 16 kgCO_2e/kg-Si from gate to gate, once again breaking the global carbon value record. Looking ahead, the launch of GCL’s SiRo modules, made using GCL’s FBR granular silicon, marks a new milestone. These modules will utilize the world’s first photovoltaic carbon chain — GCL Carbon Chain — capable of providing full lifecycle supply chain traceability, product and organizational carbon footprint management, and real-time ESG reporting services, driving the entire industry chain to collectively reduce carbon emissions. Further downstream, FBR granular silicon will continue along the green low-carbon value chain, extending into fields such as photovoltaic, storage, charging, hydrogen, and computing, thereby creating green premiums and carbon competitive advantages, and injecting new green vitality into the energy transition.

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1 Non-recovery of endorsed and discounted notes

The innovative combination of granular silicon and perovskite, two cutting-edge solar technologies, is GCL Tech's major contribution to the photovoltaic industry for the next decade. After 14 years of intensive development, GCL Tech's perovskite technology has finally overcome three historical challenges: high efficiency, large area, and long lifespan. We are the first and only company in the world to master the complete manufacturing process for large-scale, high-efficiency perovskite single-junction and tandem modules. By the end of this year, GCL's gigawatt-scale mass production line will be fully operational, positioning GCL Tech to lead China's perovskite technology to the forefront of the global photovoltaic industry transformation, offering a tangible and exemplary model of third-generation photovoltaic technology. With crystalline silicon tandem modules as the commercial breakthrough, we will leverage our two core technologies, granular silicon and perovskite, to continue deepening collaboration with our sister companies and business partners. We aim to advance flexible combinations and applications with HJT, TOPCon, and BC cell technologies, targeting a long-term efficiency goal of 35%–40%, and accelerating the photovoltaic industry's shift from the silicon-based era to the perovskite tandem era, where perovskite will be the core technology.

In a "horizontal integration" effort, silane gas is emerging strongly in the market. For many years, we have maintained a leading position in the research, development, and production of high-purity silane gas using the UCC method, with our production capacity ranking first globally and our quality meeting electronic-grade standards. As market demand continues to grow, the silane gas business has become a new profit growth driver for the company. Currently, aside from our own usage, our external sales account for nearly one-third of the domestic market share. It is estimated that by 2025, the total demand for silane gas in China will rise to 40,000 tons, with a market size of over RMB 3 billion, making the profit outlook of the Company's silane gas business highly promising.

The year 2024 marks a breakthrough year for GCL Tech's internationalization. We will prioritize establishing a strong presence in the Middle East, a key intersection of the Silk Road by land and sea, as we steadfastly pursue our path of international development. Our focus will be on driving international transformation across various aspects such as products, talent, management, branding, markets, and capital, ensuring the swift implementation of our overseas strategy and contributing robustly to the global energy transition.

Finally, I would like to express my heartfelt gratitude to the Company's board of directors, management team, and all employees for their efforts, dedication, and contributions in the first half of 2024. I also sincerely thank our shareholders and partners for their longstanding trust and support. Together with my team, I will continue to uphold the principles of Technological GCL, Digital GCL, and Green GCL, focusing on core business development, fulfilling our social responsibilities, and strengthening our long-term competitiveness. We are committed to creating value through our actions and repaying the trust and support you have placed in us.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In 2024, there is a serious mismatch between supply and demand in the photovoltaic industry, and the photovoltaic industrial chain has entered a deep recession and suffered a comprehensive loss. GCL Tech insisted on scientific and technological innovation and weathered the industry recession with technological core differentiation. We believe that the Company will be the first to come out of the trough and lead the industry into a new era in the midst of the industry's throes.

Results of the Group

For the period ended 30 June 2024, the revenue and gross loss of the Group were approximately RMB8,863 million and RMB553 million respectively. For the period ended 30 June 2023, the revenue and gross profit of the Group were approximately RMB20,946 million and RMB8,778 million, respectively.

The Group recorded a loss attributable to the owners of the Company of approximately RMB1,480 million as compared to profit attributable to owners of the Company of approximately RMB5,518 million in 2023.

Segment Information

The Group is principally engaged in manufacturing and the sales of polysilicon and wafer products and owning and operation of solar farm. The Group has identified the following continuing operation reportable segments:

Solar material business	–	mainly manufactures and sales of polysilicon and wafer products to companies operating in the solar industry.
Solar farm business	–	operates solar farms located in the USA and the PRC.

Business Review

Solar Material Business

Production

The Group's solar material business belongs to the upstream of the solar supply chain, which supplies polysilicon and wafer to companies operating in the solar industry. Polysilicon is the primary raw material used in solar wafer production. In the solar industry supply chain, wafers are further processed by downstream manufacturers to produce solar cells and modules.

Polysilicon

As at 30 June 2024, the Group's nominal production capacity of polysilicon amounted to 420,000MT, reaching the designed production capacity.

For the six months ended 30 June 2024, the Group produced a total of 136,359 MT of polysilicon, which increased by 22.8% compared with 111,054 MT of polysilicon produced in the same period in 2023. Granular silicon production continued to climb, up 65.6% year-on-year from 82,359 MT in the first half of 2023.

Ingot and Wafer

As at 30 June 2024, the Group had an annual mono-silicon crystal pulling capacity of 10 GW and an annual wafer production capacity of 58.5 GW.

For the six months ended 30 June 2024, the Group produced a total of 20,414 MW of wafer (including 7,070 MW of OEM wafer), representing a decrease of 19.6% from the total output of 25,376 MW of wafer (including 11,738 MW of OEM wafer) for the corresponding period in the first half of 2023.

Sales and Revenue

For the six months ended 30 June 2024, the Group delivered 126,358 MT of polysilicon (including internal sales of 5,722 MT) and 19,451 MW of wafer (including OEM wafer of 6,403 MW), representing an increase of 24.99% and decrease of 24.3% from 101,095 MT of polysilicon (including internal sales of 11,514 MT) and 25,701 MW(including OEM wafer of 12,101 MW) of wafer respectively, as compared to the corresponding period in the first half of 2023.

For the six months ended 30 June 2024, the average external selling prices (excluding tax) of the Company's polysilicon was approximately RMB40.3 (equivalent to US$5.65) per kilogram.

For the six months ended 30 June 2024, revenue from external customers of the solar material business amounted to approximately RMB8,768 million, representing a decrease of 57.9% from RMB20,836 million for the corresponding period in 2023. The decrease was mainly due to the significant decrease in selling price of polysilicon, partially offset by the increase of sales volume during the period.

Costs and Gross Profit Margin

Gross profit of polysilicon was greatly affected by market fluctuations and other factors. However, by leveraging on its granular silicon technology, GCL Tech has been able to maintain its competitive edge in terms of profitability in the industry during the downturn cycle.

The gross profit margin of the solar material business changed from 41.9% for the six months ended 30 June 2023 to a negative gross profit margin of -6.6% for the six months ended 30 June 2024.

For the six months ended 30 June 2024, inventory impairment was approximately RMB 824.96 million.

Steady increase in product quality led to the conversion efficiency leap in the industry

In the first half of 2024, the unit production yield loss issue (on ingot) of the Company's granular silicon has been fully resolved. So far, the development path of granular silicon has completed, and even surpassed that of the 10 years of growth of the domestic improved Siemens' method in only less than 4 years. Granular silicon still has much room for improvement. In the first half of 2024, the shipments of granular silicon from the top three customers were 49,798 MT, 16,825 MT and 11,997 MT, accounting for 62.2% of the total volume of shipments.

Changes in total metal impurity content of granular silicon products in 2024

In 2024, the Company's granular silicon product quality improved constantly and achieved further breakthroughs. At present, it still maintains an industry-leading level in the control of metal impurities. The overall proportion of the Company's granular silicon products with a total metal impurity content of 5 elements less than 1ppbw has been basically realized in full; at the same time, the overall proportion of the Company's products with a total metal impurities content of 5 elements ≤0.5ppbw increased to approximately 95%. The quality of such products surpasses the quality standards of N-type dense compound feeding materials in the market. In addition, the proportion of the granular silicon products with total metal impurities of 18 elements increased from 43.0% in the fourth quarter of 2023 to 69.5% in June 2024, increasing by nearly 62%.

Metal 18 elements	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	July 2024
≤1ppbw	23%	34%	43%	55.8%	64.3%	77.8%
≤3ppbw	78.0%	80.0%	85.0%	90.9%	95.2%	98.4%

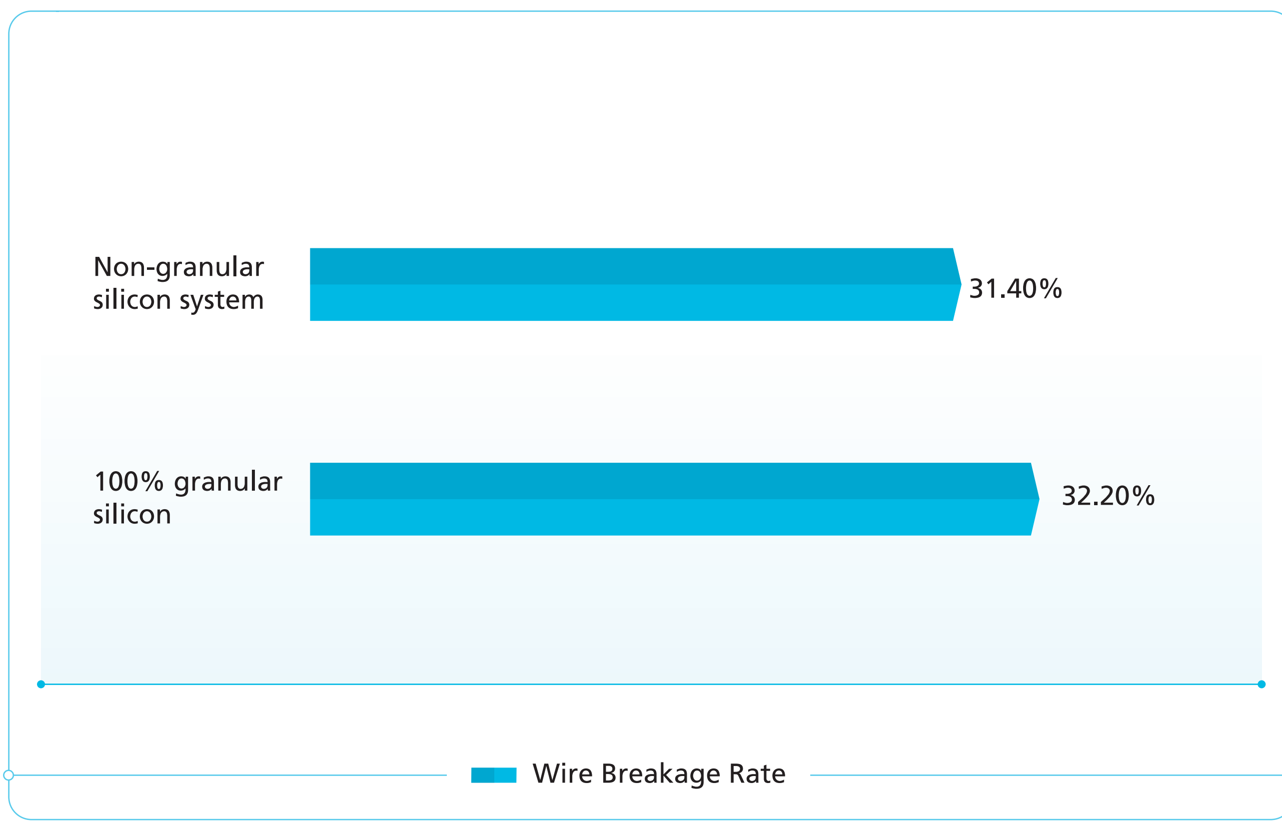
Changes in turbidity levels of granular silicon products in the first half of 2024

Turbidity is still being continuously optimized, and the proportion of the granular silicon products with turbidity <120 NTU is already close to 100%, in particular, the proportion of granular silicon products with turbidity below 100 NTU reached 90%.

Turbidity	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	July 2024
≤120NTU	20.6%	25.3%	49.5%	80.5%	95.5%	98.2%	99.9%
≤100NTU	—	—	—	—	75.0%	84.8%	90.4%

At present, the results of turbidity optimization have been demonstrated in the use by downstream customers. The overall wire breakage rate is comparable to that of the same period of rod silicon mass production, which helps customers increase their unit production.

Overall Wire Breakage Rate



Ensuring financial health with healthy cash flow in the face of dramatic changes in the industry

In China, bank acceptance bills (a kind of bills receivable) are widely accepted in the market as a kind of cash payment because they are accepted by banks (including finance companies) with minimal risk of default, especially in the photovoltaic industry where most of the settlement methods are bank acceptance bills; bank acceptance bills can also be quickly converted into cash through discounting.

In addition, GCL Tech has effectively negotiated with its suppliers and reached agreements on payment terms and other details for mutual benefits, so as to fully safeguard the Company's cash flow and protect the interests of its suppliers.

Solar Farm Business

Overseas Solar Farms

As at 30 June 2024, the solar farm business includes 18 MW of solar farms in the United States. Besides, 150 MW solar farms in South Africa, which partners with CAD Fund, commenced operation in 2014 with the total effective ownership of 9.7% held by the Group.

PRC Solar Farms

As at 30 June 2024, the solar farm business also includes 5 solar farms in the PRC, with both installed capacity and attributable installed capacity at 133.0 MW.

Sales Volume and Revenue

For the six months ended 30 June 2024, the electricity sales volume of solar farm business overseas and in the PRC were 13,073 MWh and 83,514 MWh respectively (2023: 13,017 MWh and 96,718 MWh, respectively).

For the six months ended 30 June 2024, revenue for solar farm business was approximately RMB95 million (2023: RMB110 million).

Outlook

The Group's outlook and likely future developments of the Group's business, is set out in the Chairman's Statement and CEO Review of Operations and Outlook of this announcement.

Financial Review

Revenue

Revenue for the six months ended 30 June 2024 amounted to approximately RMB8,863 million, representing a decrease of 57.7% as compared with approximately RMB20,946 million for the corresponding period in 2023. The decrease was mainly due to the decrease in selling price of polysilicon in solar material business, partially offset by the increase of sales volume during the period due the continuous releasement of granular silicon production capacity during the period.

Gross Profit Margin

The Group's overall gross profit margin turned to negative gross profit margin -6.2% for the six months ended 30 June 2024. For the six months ended 30 June 2023, gross profit margin was 41.9%. Gross loss amounted to approximately RMB553 million for the six months ended 30 June 2024, while gross profit amounted to approximately RMB8,778 million for the six months ended 30 June 2023.

For the six months ended 30 June 2024, negative gross profit margin of solar material business was -6.6%. For the six months ended 30 June 2023, gross profit margin of solar material business was 41.9%. The change was mainly attributable to the decrease in the average selling price of photovoltaic products.

Solar farm business has a gross profit margin of 31.2% for the period ended 30 June 2024, 17.6% lower than the corresponding period in 2023. The decrease mainly due to higher maintenance costs for overseas solar farms.

Other Income

For the six months ended 30 June 2024, other income mainly comprised sales of scrap materials of approximately RMB178.1 million (six months ended 30 June 2023: RMB 237.5 million), bank and other interest income and interest arising from contracts containing significant financing components of approximately RMB132.6 million (six months ended 30 June 2023: RMB 125.4 million), government grants of approximately RMB 98 million (six months ended 30 June 2023: RMB 43.4 million).

Distribution and Selling Expenses

Distribution and selling expenses increased from approximately RMB123 million for the six months ended 30 June 2023 to approximately RMB132 million for the six months ended 30 June 2024. The increase was mainly due to increase in sales volume compared with the corresponding period in 2023.

Administrative Expenses

Administrative expenses amounted to approximately RMB683 million for the six months ended 30 June 2024, representing a decrease of 40% from approximately RMB1,138 million for the corresponding period in 2023. The decrease was mainly due to reduction of salary and wage expenses and cost control policies implemented during the period.

Impairment Losses (Recognised)/Reversed under Expected Credit Loss Model, Net

The Group recognised impairment losses under expected credit loss model of approximately RMB196 million for the six months ended 30 June 2024 (six months ended 30 June 2023: Reversal of impairment losses of approximately RMB1 million).

Other Expenses, Gains and Losses, Net

For the period ended 30 June 2024, net losses of approximately RMB743 million in other expenses, gains and losses were recorded as compared to net losses of approximately RMB1,429 million for the period ended 30 June 2023.

The net losses mainly comprises of:

(i) research and development costs of approximately RMB718 million (six months ended 30 June 2023: RMB902 million);

(ii) gain on fair value change of investments at FVTPL of approximately RMB40 million (six months ended 30 June 2023: gain on fair value change of investments at FVTPL of approximately RMB35 million);

(iii) loss on fair value change of derivative financial instruments of RMB46 million (six months ended 30 June 2023: gain on fair value change of derivative financial instruments and convertible bonds of RMB38 million);

(iv) exchange gain of approximately RMB3.6 million (six months ended 30 June 2023: RMB15 million);

(v) loss on disposal of property, plant and equipment of approximately RMB6 million (six months ended 30 June 2023: gain of RMB5 million);

(vi) impairment loss on property, plant and equipment of Nil (six months ended 30 June 2023: RMB802 million); and

(vii) deemed disposal loss of an associate of approximately RMB19 million (six months ended 30 June 2023: gain of approximately RMB183 million).

Finance Costs

Finance costs for the six months ended 30 June 2024 were approximately RMB305 million, increased by 41.9% as compared to approximately RMB215 million for the corresponding period in 2023. The increase was mainly due to the increase in average interest-bearing debts during the period.

Share of loss of Associates

The Group's share of loss of associates for the six-month period ended 30 June 2024 was approximately RMB93 million, mainly contributed by the following associates:

- Share of loss of approximately RMB27 million from Inner Mongolia Zhonghuan GCL Solar Material Co., Ltd.* ("**Mongolia Zhonghuan GCL**") (內蒙古中環協鑫光伏材料有限公司); and

- Share of loss of approximately RMB44 million from Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP* ("**Zhongping GCL**") (徐州中平協鑫產業升級股權投資基金(有限合夥)).

Income Tax (Credit)/Expense

Income tax credit for the six-month period ended 30 June 2024 was approximately RMB192 million, as compared with approximately RMB1,175 million income tax expenses for the corresponding period in 2023. The changes was mainly due to recognition of deferred tax asset from loss during the period, reversal of withholding tax recorded in previous year and decrease in income tax expenses from solar material business.

Loss Attributable to Owners of the Company

As a result of the above factors, the loss attributable to owners of the Company amounted to approximately RMB1,480 million for the six-month period ended 30 June 2024 as compared with a profit of approximately RMB5,518 million for the corresponding period in 2023.

Property, Plant and Equipment

Property, plant and equipment increased from approximately RMB34,784 million as at 31 December 2023 to approximately RMB35,459 million as at 30 June 2024. Increase in property, plant and equipment was mainly attributable to capital investment in granular silicon production base and partially offset depreciation charged during the period.

Interests in Associates

Interests in associates increased from approximately RMB5,787 million as at 31 December 2023 to approximately RMB6,881 million as at 30 June 2024. The increase was mainly due to combined effect of new investment made and share of loss of associates during the period.

Interests in associates as at 30 June 2024 mainly consists of the below:

- The Group's 40.29% equity interest in Zhongping GCL of approximately RMB2 billion;
- The Group's 6.42% equity interest in Mongolia Zhonghuan GCL of approximately RMB0.8 billion;
- The Group's 49.87% equity interest in Xuzhou Risheng Low Carbon Industry Investment Partnership (Limited Partnership)* ("**Xuzhou Risheng**") 徐州日晟低碳產業投資合夥企業 (有限合夥) of approximately RMB0.7 billion;
- The Group's 24.55% equity interest in Jiangsu Xinhua of RMB0.6 billion;
- The Group's 6.2% equity interests in GNE Group of approximately RMB1.1 billion which include perpetual notes classified as financial assets at fair value through other comprehensive income; and
- The Group's 47.4% equity interest in Xuzhou Jincai Equity Investment Partnership (Limited Partnership)* ("**Xuzhou Jincai**") 徐州金材股權投資合夥企業 (有限合夥) of approximately RMB1.1 billion.

* *English name for identification only*

Trade and Other Receivables

Trade and other receivables decreased from approximately RMB17,901 million as at 31 December 2023 to approximately RMB15,077 million as at 30 June 2024. The decrease was mainly due to decrease of trade and bill receivable during the period.

Trade and Other Payables

Trade and other payables increased from approximately RMB14,246 million as at 31 December 2023 to approximately RMB11,770 million as at 30 June 2024. The decrease was mainly due to decrease in trade and construction payables and other payable during the period.

Balances with Related Companies

The related companies included associates, joint ventures, other related parties of the group and companies controlled by Mr. Zhu Gongshan and his family members which hold in aggregate approximately 23.81% as at 30 June 2024 of the Company's share capital (31 December 2023: approximately 23.80%) and exercise significant influence over the Company.

Amounts due from related companies decreased from approximately RMB5,045 million as at 31 December 2023 to approximately RMB3,962 million as at 30 June 2024. The decrease was mainly due to repayment of dividend receivable from associates during the period.

Amounts due to related companies decreased from approximately RMB1,361 million as at 31 December 2023 to approximately RMB314 million as at 30 June 2024. The decrease was mainly due to repayment of part of the amounts due to associates during the period.

Liquidity and Financial Resources

As at 30 June 2024, the total assets of the Group were about RMB79 billion, of which the aggregate pledged and restricted bank deposits and bank balances and cash amounted to approximately RMB7.8 billion.

For the period ended 30 June 2024, the Group's main source of funding was cash generated from operating and financing activities.

The Group continues to pay close attention in managing the Group's cash position and conducts on-going negotiations with banks to ensure that the existing facilities will be successfully renewed and additional banking facilities are obtained when necessary.

	As at 30 June 2024	As at 31 December 2023
	RMB Million	*RMB Million*
Current liabilities		
Bank and other borrowings – due within one year	**8,245**	5,316
Other financial liabilities	**548**	525
Lease liabilities – due within one year	**92**	70
	8,885	5,911
Non-current liabilities		
Bank and other borrowings – due after one year	**9,011**	9,951
Lease liabilities – due after one year	**55**	76
	9,066	10,027
Total indebtedness	**17,951**	15,938
Less: Bank balances and cash and pledged and restricted bank deposits	**(7,847)**	(9,174)
Net debt	**10,104**	6,764

Below is a table showing the bank and other borrowing structure and maturity profile of the Group:

	As at 30 June 2024	As at 31 December 2023
	RMB million	*RMB million*
Secured	**11,364**	10,795
Unsecured	**5,892**	4,472
	17,256	15,267

As at 30 June 2024, RMB bank and other borrowings carried floating interest rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. USD bank and other borrowings carried interest rates with reference to the Secured Overnight Financing Rate.

Key Financial Ratios of the Group

	As at 30 June 2024	As at 31 December 2023
Current ratio	**1.36**	1.57
Quick ratio	**1.23**	1.44
Net debt to total equity attributable to owners of the Company	**24.6%**	15.9%

Current ratio	=	(Balance of current assets at the end of the period)/balance of current liabilities at the end of the period
Quick ratio	=	(Balance of current assets at the end of the period – balance of inventories at the end of the period)/balance of current liabilities at the end of the period
Net debt to total equity attributable to owners of the Company	=	(Balance of total indebtedness at the end of the period – balance of bank balances and cash and pledged and restricted bank deposits at the end of the period)/balance of equity attributable to owners of the Company at the end of the period

Policy Risk

Policies made by the Government have a pivotal role in the solar power industry. Any alternation the preferential tax policies, on-grid tariff subsidies, generation dispatch priority, incentives, upcoming issuance of green certificates, laws and regulations would cause substantial impact on the solar power industry. Although the Chinese Government has been supportive in aiding the growth of the renewable industry by carrying out a series of favorable measures, it is possible that any material adverse adjustment of such measures may have an impact on the Group's operating condition and profitability. In order to minimize risks, the Group will follow rules set out by the government strictly, and will pay close attention to policy makers in order to reduce the adverse impact of policy changes on the Group.

Credit Risk

Each major operating business of the Group has a policy of credit control in place under which credit evaluations of customers are performed on all customers requiring credit.

In order to minimize the credit risk, the Group reviews the recoverable amount of each individual trade receivables periodically to ensure that adequate expected credit losses are made. Credit risk of sales of electricity is also not significant as most of the revenue is obtained from the local grid companies in various provinces in PRC.

Risk Related to Interest Rate

Interest risk may result from fluctuations in bank loan rates. Given that the Group highly relies on external financing in order to obtain investment capital for new project development and plants and equipment, any interest rate changes will have an impact on the capital expenditure and finance expenses of the Group, which in turn affect our operating results.

Foreign Currency Risk

Most of the Group's businesses are located in the PRC and the presentation currency of the consolidated financial statements of the Company is RMB. Substantially all of the Group's revenue, cost of sales and operating expenses are denominated in RMB, and the majority of the Group's assets and liabilities are denominated in RMB, while the rest are mainly denominated in US dollar and Hong Kong dollar. Any depreciation/appreciation of RMB against US dollar or any other foreign currencies may result in a change in value of the monetary assets and liabilities that are denominated in foreign currencies and affect the earnings and value of the net assets of the Group.

The Group continues to adopt a conservative approach on foreign exchange exposure management and ensure that its exposure to fluctuations in foreign exchange rates is minimised. The majority of the Group's borrowings are denominated in RMB. Foreign currency forward contracts will be utilised when it is considered as appropriate to hedge against foreign currency risk exposure.

Risk Related to Disputes with Joint Venture Partners

The Group's joint venture partners may involve risks associated with the possibility that our joint venture partners may have financial difficulties or have disputes with us as to the scope of their responsibilities and obligations. We may encounter problems with respect to our joint venture partners which may have an adverse effect on our business operations, profitability and prospects.

Pledge of or Restrictions on Assets

As at 30 June 2024, the following assets were pledged or restricted for certain bank and other borrowings, lease liabilities, issuance of bills, short-term letters of credit for settlement of trade and other payables granted to the Group:

— Property, plant and equipment of RMB6.1 billion (31 December 2023: RMB1.4 billion)

— Right-of-use assets of approximately RMB0.4 billion (31 December 2023: RMB0.2 billion)

— Investment properties of approximately RMB0.4 billion (31 December 2023: RMB0.4 billion)

— Trade and bill receivables of approximately RMB2.9 billion (31 December 2023: RMB3.6 billion)

— Pledged and restricted bank deposits of approximately RMB3.9 billion (31 December 2023: RMB2.2 billion)

In addition, lease liabilities of approximately RMB0.1 billion are recognised with related right-of-use assets of approximately RMB0.1 billion as at 30 June 2024 (31 December 2023: lease liabilities of approximately RMB0.1 billion are recognised with related right-of-use assets of approximately RMB0.1 billion).

Capital and Other Commitments

As at 30 June 2024, the Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB3,017 million (31 December 2023: RMB3,667 million) and other commitments to contribute share capital to investments of approximately RMB628 million (31 December 2023: RMB473 million).

Financial Guarantees Contracts

As at 30 June 2024, the Group did not provide any financial guarantee to its investments at fair value through profit or loss. As at 31 December 2023, the Group provided guarantees to its investments at fair value through profit or loss for certain of their bank and other borrowings in proportional to the Group's interest in those investments with amount of approximately RMB71 million.

As at 30 June 2024, the Group provided a total guarantee with maximum amount of approximately RMB1,600 million (31 December 2023: RMB2,500 million) to several banks and financial institutions in respect of banking and other facilities of a subsidiary of an associate of the Group. As at 30 June 2024, the loan balances of a subsidiary of an associate of the Group was approximately RMB358 million (31 December 2023: RMB846 million).

Contingent Liability

As at 30 June 2024 and 31 December 2023, the Group and the Company did not have any significant contingent liabilities.

Material Acquisitions and Disposals

Save as disclosed elsewhere in this interim announcement, there were no other significant acquisitions during the six-months period ended 30 June 2024, or plans for material acquisitions as at the date of this interim announcement, nor were there other material acquisitions and disposals of subsidiaries during the six-months period ended 30 June 2024.

Significant Events and Business Development after Reporting Period

The Group has no significant events and business development after reporting period.

Save as disclosed above, there were no other significant events and business development after reporting period.

Employees

We consider our employees to be our most important resource. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits including but not limited to discretionary bonuses, with share options or share awards granted to eligible employees.

Dividend

The Board did not recommend an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2024, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2024, the Company repurchased a total of 18,112,000 ordinary shares of par value of HK$0.1 each in the share capital of the Company (the "**Repurchased Shares**") on the Stock Exchange on 26 March 2024 at an aggregate consideration (including transaction cost) of approximately HK$24 million. The Repurchased Shares were not held as treasury shares and were subsequently cancelled on 20 May 2024.

During the six month ended 30 June 2024 and as at the date of this announcement, there were no treasury shares held by the Company (including any treasury shares held or deposited with Central Clearing and Settlement System).

Other than disclosed above, during the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including treasury shares).

AUDITOR'S AND AUDIT COMMITTEE'S REVIEW

The unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2024 have been reviewed by the Group's external auditor, Crowe (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Company which consists of three independent non-executive Directors, namely Mr. Yip Tai Him, Ir. Dr. Raymond Ho Chung Tai and Dr. Shen Wenzhong. The Group's external auditor and Audit Committee expressed no disagreement with the accounting policies and principles adopted by the Group.

PUBLICATION OF 2024 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.gcltech.com) and the Stock Exchange (www.hkexnews.hk). The 2024 Interim Report containing all the information as required by the Listing Rules will be despatched to the shareholders and made available for review on the same websites in due course.

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

Hong Kong, 29 August 2024

* *English names for identification only*

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; and Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him and Dr. Shen Wenzhong, as independent non-executive Directors.