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GCL Technology Holdings Limited

協鑫科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3800)

CONTINUING CONNECTED TRANSACTION (1) SUPPLEMENTAL AGREEMENT TO PROCUREMENT FRAMEWORK AGREEMENT AND (2) REVISED ANNUAL CAPS

SUPPLEMENTAL AGREEMENT TO PROCUREMENT FRAMEWORK AGREEMENT

Reference is made to the April Announcement in relation to the Procurement Framework Agreement.

Taking into account the estimated increase in demand for polysilicon materials and granular silicon from Hoyuan Green Energy and Hongyuan New Materials for 2023, on 19 May 2023, (i) Jiangsu Zhongneng and Inner Mongolia Xin Yuan (as sellers); and (ii) Hoyuan Green Energy and Hongyuan New Materials (as purchasers) entered into the Supplemental Agreement to increase the minimum order quantity of polysilicon materials and granular silicon for the year ending 31 December 2023. Pursuant to the Supplemental Agreement, the minimum order quantity of polysilicon materials and granular silicon for the year ending 31 December 2023 will be increased from the original minimum order of 16,000 metric tonnes to the revised minimum order quantity of 55,300 metric tonnes. As a result, the annual cap for 2023 will also be increased from RMB3,520,000,000 to RMB9,415,000,000.

Save for the above amendments, all terms and conditions of the Procurement Framework Agreement remain unchanged.

REVISED ANNUAL CAPS

Since the Original Annual Caps will be exceeded due to the increased minimum order quantity of polysilicon materials and granular silicon under the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) for the year ending 31 December 2023, the Board considers that the Revised Annual Caps should be adopted in place of the Original Annual Caps for the year ending 31 December 2023.

LISTING RULES IMPLICATIONS

As (i) the Revised Annual Caps are adopted in place of the Original Annual Caps; and (ii) the Supplemental Agreement constitutes a material change to the terms of the Procurement Framework Agreement, the Company will be required to re-comply with Chapter 14A of the Listing Rules in relation to such continuing connected transactions pursuant to Rule 14A.54 of the Listing Rules.

As at the date of this announcement, Hoyuan Green Energy is a substantial shareholder of Inner Mongolia Xin Yuan, and Hongyuan New Materials is a subsidiary of Hoyuan Green Energy. Therefore, each of Hoyuan Green Energy and Hongyuan New Materials is a connected person of the Company at the subsidiary level under the Listing Rules. Taking into account the above, the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition, the Group (as seller) had entered into the Transactions Outside the Procurement Framework Agreement with Hongyuan New Materials (as purchaser) in respect of the sale of polysilicon materials and granular silicon from time to time. As (i) the Transactions Outside the Procurement Framework Agreement; and (ii) the transactions contemplated under the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) were entered into by the Group with the same party and are of a similar nature, such transactions shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. However, since (i) each of Hoyuan Green Energy and Hongyuan New Materials is a connected person of the Company at the subsidiary level; (ii) the Directors (including the independent non-executive Directors) have approved the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps); and (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) are fair and reasonable, are on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole, the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder (including the Revised 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.

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

SUPPLEMENTAL AGREEMENT TO PROCUREMENT FRAMEWORK AGREEMENT

Reference is made to the April Announcement in relation to the Procurement Framework Agreement.

Taking into account the estimated increase in demand for polysilicon materials and granular silicon from Hoyuan Green Energy and Hongyuan New Materials for 2023, on 19 May 2023, (i) Jiangsu Zhongneng and Inner Mongolia Xin Yuan (as sellers); and (ii) Hoyuan Green Energy and Hongyuan New Materials (as purchasers) entered into the Supplemental Agreement to increase the minimum order quantity of polysilicon materials and granular silicon for the year ending 31 December 2023.

The principal terms of the Supplemental Agreement are summarised below:

Date

19 May 2023

Parties

- (1) Jiangsu Zhongneng and Inner Mongolia Xin Yuan (as sellers)
- (2) Hoyuan Green Energy and Hongyuan New Materials (as purchasers)

As at the date of this announcement, Hoyuan Green Energy is a substantial shareholder of Inner Mongolia Xin Yuan, and Hongyuan New Materials is a subsidiary of Hoyuan Green Energy. Therefore, each of Hoyuan Green Energy and Hongyuan New Materials is a connected person of the Company at the subsidiary level under the Listing Rules.

Subject matter

Pursuant to the Supplemental Agreement, the minimum order quantity of polysilicon materials and granular silicon for the year ending 31 December 2023 will be increased from the original minimum order quantity of 16,000 metric tonnes to the revised minimum order quantity of 55,300 metric tonnes (being an increase of 39,300 metric tonnes). As a result, the annual minimum order quantities during the relevant periods as set out in the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) are as follows:

Relevant period	Original minimum order quantity of polysilicon materials and granular silicon	Increase in minimum order quantity due to the Supplemental Agreement	Revised minimum order quantity of polysilicon materials and granular silicon
1 January 2022 to 31 December 2022	Not less than 33,500 metric tonnes	Nil	Not less than 33,500 metric tonnes
1 January 2023 to 31 December 2023	Not less than 16,000 metric tonnes	39,300 metric tonnes	Not less than 55,300 metric tonnes
1 January 2024 to 31 December 2024	Not less than 16,000 metric tonnes	Nil	Not less than 16,000 metric tonnes
1 January 2025 to 31 December 2025	Not less than 16,000 metric tonnes	Nil	Not less than 16,000 metric tonnes
1 January 2026 to 31 December 2026	Not less than 16,000 metric tonnes	Nil	Not less than 16,000 metric tonnes
Total:	Not less than 97,500 metric tonnes		Not less than 136,800 metric tonnes

Pursuant to the Supplemental Agreement, Inner Mongolia Xin Yuan was also designated as a seller under the Procurement Framework Agreement.

Save for the above amendments, all terms and conditions of the Procurement Framework Agreement remain unchanged.

REVISED ANNUAL CAPS

The Board considers that the Revised Annual Caps for the sale of polysilicon materials and granular silicon by Jiangsu Zhongneng (by itself or through its subsidiaries) to the Purchasers pursuant to the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) for the period from 1 January 2023 to 31 December 2023 will be increased from the Original Annual Cap of RMB3,520,000,000 to the Revised Annual Cap of RMB9,415,000,000 (being an increase of RMB5,895,000,000). As a result, the Revised Annual Caps for the relevant periods are as follows:

Relevant period	Original Annual Caps	Increase in Annual Caps due to the Supplemental Agreement	Revised Annual Caps
1 January 2023 to 31 December 2023	RMB3,520,000,000	RMB5,895,000,000	RMB9,415,000,000
1 January 2024 to 31 December 2024	RMB3,520,000,000	Nil	RMB3,520,000,000
1 January 2025 to 31 December 2025	RMB3,520,000,000	Nil	RMB3,520,000,000
1 January 2026 to 31 December 2026	RMB3,520,000,000	Nil	RMB3,520,000,000

The Revised Annual Caps were determined by the Board after taking into account (i) the expected growth of the industry and the business potential of the Group; (ii) the market price of polysilicon materials and granular silicon as at the date of this announcement and relevant market information for comparable products and suppliers in the industry, the potential price movements and estimated price trends of polysilicon materials and granular silicon during the term of the Procurement Framework Agreement (as supplemented by the Supplemental Agreement); (iii) the historical transaction amounts under the Transactions Outside the Procurement Framework Agreement (for further details, please refer to the April Announcement); and (iv) the estimated increase in demand for polysilicon materials and granular silicon from Hoyuan Green Energy and Hongyuan New Materials for 2023.

The Group will continue to ensure that each of the transactions contemplated under the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) (including the Revised Annual Caps) are consistent with the pricing policies of the Group and the terms of the Procurement Framework Agreement (as supplemented by the Supplemental Agreement). For further details on the Group's internal control measures, please refer to the April Announcement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

In view of the increased minimum order quantity of polysilicon materials and granular silicon under the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) due to the estimated increase in demand from Hoyuan Green Energy and Hongyuan New Materials, the Original Annual Caps will be exceeded for the year ending 31 December 2023. Accordingly, the Board considers that the Revised Annual Caps should be adopted in place of the Original Annual Caps for the year ending 31 December 2023, which will facilitate the Group to satisfy the increased demand from customers and sales growth.

The Board believes that the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) enhances stable sales of polysilicon materials and granular silicon in the ordinary and usual course of business of the Company, which is in line with the development strategies of the Group to focus on green development and improvement of the living environment as one of the leading research and development and manufacturers of high-efficiency solar materials. The establishment of stable customer relationships is important to the development of the Group, particularly in the highly competitive market in which the Group operates. The Procurement Framework Agreement (as supplemented by the Supplemental Agreement) is expected to stabilise customer demand and income for the Company in respect of polysilicon materials and granular silicon, which will help the Group to promote deep carbon control and emission reduction in the photovoltaic industry and further enhance the Group's position in the new energy industry.

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

INFORMATION ON THE PARTIES

The Group

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

Jiangsu Zhongneng

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

Inner Mongolia Xin Yuan

Inner Mongolia Xin Yuan is established in the PRC with limited liability and a non-wholly-owned subsidiary of the Company, which is held (i) as to approximately 55.00% by Jiangsu Zhongneng; (ii) as to approximately 27.07% by Hoyuan Green Energy; (iii) as to approximately 15.39% by Xizang Ruihua Capital Management Co. Ltd.* (西藏瑞華資本管理有限公司), an independent third party of the Company; and (iv) as to approximately 2.54% by Konca Solar Cell Co., Ltd.* (高佳太陽能股份有限公司), a non-wholly-owned subsidiary of the Company, as at the date of this announcement. The principal business of Inner Mongolia Xin Yuan is the manufacturing and sale of polysilicon.

Hoyuan Green Energy

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

Hongyuan New Materials

Hongyuan New Materials is a company established in the PRC with limited liability and a subsidiary of Hoyuan Green Energy, a substantial shareholder of Inner Mongolia Xin Yuan. The principal business of Hongyuan New Materials is the production of monocrystalline silicon products.

LISTING RULES IMPLICATIONS

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As at the date of this announcement, Hoyuan Green Energy is a substantial shareholder of Inner Mongolia Xin Yuan, and Hongyuan New Materials is a subsidiary of Hoyuan Green Energy. Therefore, each of Hoyuan Green Energy and Hongyuan New Materials is a connected person of the Company at the subsidiary level under the Listing Rules. Taking into account the above, the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition, the Group (as seller) had entered into the Transactions Outside the Procurement Framework Agreement with Hongyuan New Materials (as purchaser) in respect of the sale of polysilicon materials and granular silicon from time to time. As (i) the Transactions Outside the Procurement Framework Agreement; and (ii) the transactions contemplated under the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) were entered into by the Group with the same party and are of a similar nature, such transactions shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. However, since (i) each of Hoyuan Green Energy and Hongyuan New Materials is a connected person of the Company at the subsidiary level; (ii) the Directors (including the independent non-executive Directors) have approved the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps); and (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) are fair and reasonable, are on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole, the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder (including the Revised 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.

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

DEFINITIONS

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

“April Announcement”	the announcement of the Company dated 3 April 2023 in relation to the Procurement Framework Agreement
“Board”	the board of the Directors
“Company”	GCL Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongyuan New Materials”	Hongyuan New Materials (Baotou) Co. Ltd.* (弘元新材料(包頭)有限公司), a company established in the PRC with limited liability and a subsidiary of Hoyuan Green Energy
“Hoyuan Green Energy”	Hoyuan Green Energy Co., Ltd. (弘元綠色能源股份有限公司) (previously known as Wuxi Shangji Automation Co., Ltd. (無錫上機數控股份有限公司)), a joint stock company with limited liability listed on the Shanghai Stock Exchange (stock code: 603185) and a substantial shareholder of Inner Mongolia Xin Yuan

“Inner Mongolia Xin Yuan”	Inner Mongolia Xin Yuan Silicon Material Technology Co., Ltd.* (內蒙古鑫元硅材料科技有限公司), a company established in the PRC with limited liability and a non-wholly-owned subsidiary of the Company
“Jiangsu Zhongneng”	Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Original Annual Caps”	the existing maximum aggregate annual value of polysilicon materials and granular silicon to be sold by Jiangsu Zhongneng (by itself or through its subsidiaries) to the Purchasers under the Procurement Framework Agreement as determined by the Board
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Taiwan, Hong Kong and the Macau Special Administrative Region
“Procurement Framework Agreement”	the polysilicon materials and granular silicon procurement framework agreement dated 18 November 2021 and entered into between (i) Jiangsu Zhongneng (as seller); and (ii) Hoyuan Green Energy and Hongyuan New Materials (as purchasers), further details of which are set out in the April Announcement
“Purchasers”	collectively, Hoyuan Green Energy and Hongyuan New Materials
“Revised Annual Caps”	the revised maximum aggregate annual value of polysilicon materials and granular silicon to be sold by Jiangsu Zhongneng (by itself or through its subsidiaries) to the Purchasers under the Procurement Framework Agreement (as supplemented by the Supplemental Agreement) as determined by the Board, further details of which are set out in the section headed “REVISED ANNUAL CAPS” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
"Sellers"	collectively, Jiangsu Zhongneng and Inner Mongolia Xin Yuan
“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 19 May 2023 and entered into between the Sellers and the Purchasers to supplement the Procurement Framework Agreement
“Transactions Outside the Procurement Framework Agreement”	the sale of polysilicon materials by the Group (as seller) and Hongyuan New Materials (as purchaser) pursuant to separate individual orders from time to time since 1 January 2022 (other than pursuant to the Procurement Framework Agreement), further details of which are set out in the April Announcement
“%”	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, 19 May 2023

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

* *For identification purpose only*