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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)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	Period ended 30 June		
	2023	2022	% of changes
	RMB'million	*RMB'million*	
		(Restated)	
	(Unaudited)	(Unaudited)	
Continuing operations			
Revenue	**20,945.9**	14,775.1	41.8%
Gross profit	**8,777.9**	7,083.3	23.9%
Profit for the year attributable to owners of the Company	**5,518.3**	7,062.0	(21.9%)
Basic earnings per share	**RMB20.79 cents**	RMB26.37 cents	
Diluted earnings per share	**RMB20.75 cents**	RMB26.31 cents	
Discontinued operation			
Loss for the period attributable to owners of the Company	**–**	(153.4)	(100.0%)
Continuing and discontinued operations			
Profit for the period attributable to owners of the Company	**5,518.3**	6,908.6	(20.1%)
Basic earnings per share	**RMB20.79 cents**	RMB25.80 cents	
Diluted earnings per share	**RMB20.75 cents**	RMB25.74 cents	

Note: Upon the completion of distribution in specie of shares of GNE in 2nd half year of 2022, GNE has become an associate of the Group and the new energy business has been classified as discontinued operation. The financial figures for six months ended 30 June 2022 have been restated.

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 2023 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 2023

		Six months ended 30 June	
		2023	2022
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Revenue	*4*	**20,945,903**	14,775,074
Cost of sales and services rendered		**(12,167,969)**	(7,691,756)
Gross profit		**8,777,934**	7,083,318
Other income		**507,313**	453,743
Distribution and selling expenses		**(122,545)**	(62,716)
Administrative expenses		**(1,138,476)**	(737,470)
Finance costs		**(215,283)**	(92,564)
Impairment losses reversed/(recognised) under expected credit loss model, net		**979**	(156,610)
Other expenses, gains and losses, net	*5*	**(1,428,880)**	(536,883)
Share of profits of associates		**1,037,046**	2,105,591
Share of profits of joint ventures		**2,182**	3,016
Profit before tax		**7,420,270**	8,059,425
Income tax expense	*6*	**(1,175,135)**	(960,564)
Profit for the period from continuing operations	*7*	**6,245,135**	7,098,861
Discontinued operation			
Loss for the period from discontinued operation	*13*	**–**	(410,401)
Profit for the period		**6,245,135**	6,688,460

	NOTES	Six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Other comprehensive income/(expense)			
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		**(146,229)**	(10,665)
Share of other comprehensive income of associates		**26,177**	49,639
		(120,052)	38,974
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**16,590**	34,779
Share of other comprehensive income of an associate		**1,067**	–
		17,657	34,779
Other comprehensive (expense)/income for the period		**(102,395)**	73,753
Total comprehensive income for the period		**6,142,740**	6,762,213
Profit (loss) for the period attributable to:			
Owners of the Company			
– from continuing operations		**5,518,278**	7,062,019
– from discontinued operation		**–**	(153,431)
		5,518,278	6,908,588
Non-controlling interests			
– from continuing operations		**726,857**	36,842
– from discontinued operation		**–**	(256,970)
		726,857	(220,128)
		6,245,135	6,688,460

	NOTES	Six months ended 30 June **2023** ***RMB'000*** **(Unaudited)**	 2022 *RMB'000* (Unaudited) *(Restated)*
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**5,415,883**	6,967,846
Non-controlling interests		**726,857**	(205,633)
		6,142,740	6,762,213
		RMB cents **(Unaudited)**	*RMB cents* (Unaudited) *(Restated)*
Earnings per share	*9*		
From continuing and discontinued operations			
– Basic		**20.79**	25.80
– Diluted		**20.75**	25.74
From continuing operations			
– Basic		**20.79**	26.37
– Diluted		**20.75**	26.31

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	NOTES	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**31,483,733**	26,530,692
Right-of-use assets		**1,504,536**	1,570,978
Investment properties		**369,186**	378,493
Intangible assets		**133,931**	150,944
Interests in associates		**15,785,390**	14,985,018
Interests in joint ventures		**203,870**	201,383
Investments at fair value through profit or loss		**792,119**	707,027
Equity instruments at fair value through other comprehensive income		**33,711**	30,309
Deferred tax assets		**390,609**	575,871
Deposits, prepayments and other non-current assets		**2,305,992**	2,611,651
Pledged and restricted bank and other deposits		**36,039**	251,206
		53,039,116	47,993,572
CURRENT ASSETS			
Inventories		**2,792,262**	2,587,348
Trade and other receivables	*10*	**27,032,236**	23,621,398
Amounts due from related companies – trade related	*12*	**292,866**	221,067
Amounts due from related companies – non trade related		**691,935**	567,682
Investments at fair value through profit or loss		**708,246**	253,845
Held for trading investments		**1,888**	3,035
Tax recoverable		**146,969**	137,533
Pledged and restricted bank and other deposits		**4,829,878**	3,543,342
Bank balances and cash		**7,906,730**	6,635,646
		44,403,010	37,570,896

	NOTES	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*11*	**20,320,671**	19,580,904
Amounts due to related companies – trade related	*12*	**331,362**	219,923
Amounts due to related companies – non-trade related		**2,804,532**	3,276,441
Contract liabilities		**1,015,891**	1,113,281
Bank and other borrowings – due within one year		**9,906,575**	9,419,358
Lease liabilities – due within one year		**56,290**	104,904
Other financial liabilities		**506,607**	293,952
Derivative financial instruments		**64,394**	98,340
Deferred income		**29,672**	29,479
Tax payables		**403,181**	181,888
		35,439,175	34,318,470
NET CURRENT ASSETS		**8,963,835**	3,252,426
TOTAL ASSETS LESS CURRENT LIABILITIES		**62,002,951**	51,245,998
NON-CURRENT LIABILITIES			
Contract liabilities		**247,137**	136,200
Bank and other borrowings – due after one year		**7,618,259**	3,806,496
Lease liabilities – due after one year		**47,189**	46,179
Deferred income		**64,177**	85,515
Deferred tax liabilities		**1,862,295**	1,616,697
		9,839,057	5,691,087
NET ASSETS		**52,163,894**	45,554,911
CAPITAL AND RESERVES			
Share capital		**2,356,946**	2,359,838
Reserves		**44,177,077**	40,322,436
Equity attributable to owners of the Company		**46,534,023**	42,682,274
Non-controlling interests		**5,629,871**	2,872,637
TOTAL EQUITY		**52,163,894**	45,554,911

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited, including compliance with 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 and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The condensed interim consolidated financial statements are unaudited, but have been reviewed by Crowe (HK) 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**").

The operation of GCL New Energy Holdings Limited ("**GNE**") was presented as a discontinued operation in the consolidated financial statements for the year ended 31 December 2022 and the comparative figures in the unaudited condensed interim consolidated financial statements have been restated accordingly, For detailed information, please refer to note 13.

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 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards ("**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:

IFRS 17 and the Related Amendments	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

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 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition.

Prior to the adoption of Amendments to IAS 12, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group previously applied IAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis.

Upon the application of the amendments, the Group recognises a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

Based on the management's assessment, the application of the amendments has had no material impact on the Group's financial position and performance because the deferred tax assets and the deferred tax liabilities as a result of the adoption of Amendments to IAS 12 qualify for offset under paragraph 74 of IAS 12. There was also no material impact on the opening balances as at 1 January 2022 as a result of the change.

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.

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
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, except for the business operations of GNE, which is assessed by the CODM as a separate operating segment.

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:

Continuing operations

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

– Solar farm business – manages and operates solar farms located in the United States of America (the "**USA**") and the PRC. These solar farms were constructed or acquired by the Group prior to obtaining a controlling stake in GNE.

Discontinued operation

– New energy business – represents the business operations of GNE, which is principally engaged in the development, construction, operation and management of solar farms. Upon the completion of distribution in specie of shares of GNE in last year, GNE has become an associate of the Group and the new energy business segment has been classified as discontinued operation.

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 2023

	Continuing operations		
	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 fair value through profit or loss ("**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**

Six months ended 30 June 2022

	Continuing operations			Discontinued operation	
	Solar material business	Solar farm business	Sub-total	New energy business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	14,679,035	96,039	14,775,074	558,036	15,333,110
Elimination of inter-segment revenue	–	–	–	(7,122)	(7,122)
Revenue from external customer	14,679,035	96,039	14,775,074	550,914	15,325,988
Segment profit (loss)	7,134,842	43,091	7,177,933	(420,188)	6,757,745
Unallocated income			80,777	–	80,777
Unallocated expenses			(12,309)	–	(12,309)
Loss on fair value change of investments at FVTPL			(1,360)	–	(1,360)
Gain on fair value change of held for trading investments			280	–	280
Impairment loss under expected credit loss model			(141,152)		(141,152)
Share of profits of joint ventures			4,479	–	4,479
Operating expenses allocation for segment reporting purpose *(Note)*			(9,787)	9,787	–
Profit (loss) for the period			7,098,861	(410,401)	6,688,460

Note: The operating results of new energy business included allocated corporate expenses.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) 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 GNE. 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 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Segment assets		
Solar material business	**93,344,567**	81,800,878
Solar farm business	**1,943,248**	1,911,745
Total segment assets	**95,287,815**	83,712,623
Investments at FVTPL	**430,910**	418,457
Equity instruments at FVTOCI	**33,711**	30,309
Held for trading investments	**1,888**	3,035
Interest in an associate	**217,427**	231,753
Interests in joint ventures	**191,299**	189,222
Unallocated bank balances and cash	**786,190**	685,554
Unallocated corporate assets	**492,886**	293,515
Consolidated assets	**97,442,126**	85,564,468
Segment liabilities		
Solar material business	**44,582,854**	39,299,711
Solar farm business	**659,034**	668,363
Total segment liabilities	**45,241,888**	39,968,074
Unallocated corporate liabilities	**36,344**	41,483
Consolidated liabilities	**45,278,232**	40,009,557

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, equity instruments at FVTOCI, held for trading investments and interests in certain joint ventures and GNE) of the management companies and investment holding companies;

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

- Upon the completion of distribution in specie of shares of GNE during the year ended 31 December 2022, GNE has become an associate of the Group and the interest in GNE accounted for using equity method has been classified as "unallocated assets" and the perpetual notes classified as investments at fair value through other comprehensive income has been included in the segment assets of solar material segment.

Disaggregation of revenue from contracts with external customers from continuing operations

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**

For the period ended 30 June 2022

Segments	Solar material business *RMB'000* (Unaudited)	Solar farm business *RMB'000* (Unaudited)	Total *RMB'000* *(Restated)* (Unaudited)
Types of goods or services			
Sales of wafer	6,275,113	–	6,275,113
Sales of electricity	–	96,039	96,039
Sales of polysilicon	6,883,331	–	6,883,331
Processing fees	1,012,078	–	1,012,078
Others (comprising the sales of ingots)	508,513	–	508,513
Total	14,679,035	96,039	14,775,074

Geographical information

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

	2023 *RMB'000* (Unaudited)	2022 *RMB'000* *(Restated)* (Unaudited)
The PRC	**20,508,927**	14,532,211
Others	**436,976**	242,863
	20,945,903	14,775,074

5. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
Continuing operations	2023 *RMB'000* (Unaudited)	2022 *RMB'000* *(Restated)* (Unaudited)
Research and development costs	**901,984**	688,808
Exchange gain, net	**(14,999)**	(86,691)
Gain on fair value change of convertible bond payable	**(4,204)**	(7,711)
(Gain)/loss on fair value change of investments at FVTPL	**(35,350)**	45,791
Loss/(gain) on fair value change of held for trading investments	**1,193**	(280)
Gain on fair value change of derivative financial instruments	**(33,946)**	(4,604)
Impairment loss on property, plant and equipment *(Note)*	**801,906**	–
(Gain)/loss on disposal of property plant and equipment	**(4,735)**	136,280
Gain on disposal of subsidiaries	**–**	(33,173)
Gain on deemed disposal of an associate/a joint venture and gain on partial disposal of an associate/a joint venture	**(182,969)**	(201,537)
	1,428,880	536,883

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 EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations	**(Unaudited)**	*(Restated)* (Unaudited)
PRC Enterprise Income Tax ("**EIT**")		
Current tax	**795,958**	667,199
Overprovision in prior periods	**(52,018)**	(46,224)
PRC dividend withholding tax	**30,000**	–
	773,940	620,975
USA Federal and State Income Tax		
Current tax	**–**	90
Overprovision in prior periods	**(6)**	–
	(6)	90
Deferred tax	**401,201**	339,499
	1,175,135	960,564

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations	**(Unaudited)**	*(Restated)*
		(Unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	**1,690,861**	667,558
Depreciation of right-of-use assets	**88,240**	86,268
Depreciation of investment properties	**9,307**	9,999
Amortisation of other intangible assets	**17,013**	16,816
Total depreciation and amortisation	**1,805,421**	780,641
Add: amounts absorbed in opening and closing inventories, net	**17,746**	13,062
	1,823,167	793,703

8. DIVIDEND

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends attributable to the previous year, approved and paid during the period of 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 2023 (six months ended 30 June 2022: RMB nil).

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	**5,518,278**	6,908,588

	Six months ended 30 June	
	2023	2022
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**26,545,377**	26,776,357
Effect of dilutive potential ordinary shares		
– share awards scheme	**32,441**	33,867
– share options	**14,989**	28,299
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**26,592,807**	26,838,523

For the six months ended 30 June 2023 and 2022 , the weighted average number of ordinary shares for the purpose of calculation of basic 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 and (iii) the effect of share options exercised.

Diluted earnings per share for the six months ended 30 June 2023 and 2022 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 earnings per share for the six months ended 30 June 2023 and 2022 did not assume the exercise of share options granted by GNE since the exercise would result in increase in earnings per share for the six months ended 30 June 2023 and 2022. 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 earnings per share for the six months ended 30 June 2023 and 2022.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings figures are calculated as follows:		
Profit for the period attributable to owners of the Company	**5,518,278**	6,908,588
Add: Loss for the period from discontinued operation attributable to owners of the company	**–**	153,431
Earnings for the purpose of basic and diluted earnings per share (Profit for the period from continuing operations attributable to owners of the Company)	**5,518,278**	7,062,019

From discontinued operation

For the six months ended 30 June 2022

Basic loss per share from discontinued operation is RMB0.57 cents per share based on the loss for the period from the discontinued operation attributable to owners of the Company of RMB153,431,000 and the denominator set out above for basic earnings per share.

Diluted loss per share from discontinued operation is RMB0.57 cents per share based on the loss for the year from discontinued operation attributable to owners of the Company of RMB153,431,000 and the denominator set out above for diluted earnings per share.

10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Trade receivables *(Note a)*		
– Bill receivable	**20,596,718**	17,853,765
– Trade receivable	**1,079,206**	979,834
	21,675,924	18,833,599
Other receivables:		
– Refundable value-added tax	**1,506,432**	1,463,673
– Consideration receivables	**381,149**	441,525
– Prepayments	**1,386,025**	1,099,199
– Amounts due from former subsidiaries *(Note b)*	**42,490**	42,490
– Short-term loan to a third party *(Note c)*	**1,600,000**	1,617,362
– Other	**926,116**	610,429
	27,518,136	24,108,277
Less:		
Allowance for credit losses		
– Trade	**(78,957)**	(79,509)
– Non Trade	**(406,943)**	(407,370)
	27,032,236	23,621,398

Notes:

(a) The Group allows a credit period of approximately one month from the invoice date for trade receivables (excluding 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 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Within 3 months	**477,857**	478,009
3 to 6 months	**5,183**	5,521
Over 6 months	**33,011**	17,929
	516,051	501,459

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 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Unbilled *(Note)*	**475,431**	396,464
Within 3 months	**4,956**	1,856
3 to 6 months	**2,027**	546
Over 6 months	**2,211**	–
	484,625	398,866

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. The Directors expect the unbilled tariff adjustments would be generally billed and settled within one year from the end of the reporting period.

(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) During the year ended 31 December 2022, the Group, the PRC banks and a government related entity ("the Borrower") entered into entrusted loan agreements pursuant to which the Group agreed to issue short-term loan through the PRC banks to the Borrower for an aggregate amount of RMB1.6 billion ("**2022 Loan**"). The amounts are non-trade in nature, secured by state-owned company and interest bearing of 5.88% per annum.

During the six months ended 30 June 2023, the Borrower has fully repaid the 2022 Loan to the Group. The Group, the PRC banks and the Borrower entered into a new entrusted loan agreements pursuant to which the Group agreed to issue short-term loan through the PRC banks to the Borrower for an aggregate amount of RMB1.6 billion. The amounts are non-trade in nature, secured by state-owned company, interest bearing of 5.88% per annum, and to be repaid on 29 December 2023.

11. TRADE AND OTHER PAYABLES

The credit period for trade payables is within 3 to 6 months (31 December 2022: 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 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Within 3 months	**4,081,924**	3,345,033
3 to 6 months	**4,562,116**	4,605,580
More than 6 months	**279,294**	82,921
	8,923,334	8,033,534

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 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**133,918**	127,935
3 to 6 months	**4,693**	4,659
More than 6 months	**154,255**	88,473
	292,866	221,067

The amounts due from related companies (trade related) are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2022: 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 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**220,773**	117,865
3 to 6 months	**41,430**	32
More than 6 months	**69,159**	102,026
	331,362	219,923

The amounts due to related companies (trade related) are unsecured, non-interest bearing and the credit period is normally within 30 days (31 December 2022: 30 days).

13. LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION

On 30 August 2022, a conditional special interim dividend was declared by the Board of the Company through a distribution in specie of 8,639,024,713 ordinary shares of GNE ("**DIS shares**") (approximately 37% of the issued capital of GNE) on the basis of 318 GNE shares for every 1,000 shares of the Company held by the shareholders of the Company ("**Distribution in Specie**"). The resolutions in relation to Distribution in Specie were passed by shareholders of the Company at the extraordinary general meeting held on 22 September 2022 and the DIS shares were distributed to the shareholders of the Company during the year ended 31 December 2022. Upon the completion of Distribution in Specie, the Group's effective interest in GNE was changed from 44.44% to 7.44%. The principal activities of GNE are the development, construction, operation and management of solar farms, which represent a separate line of major business and the Distribution in Specie constitutes the classification of GNE's operation as discontinued operation. Accordingly, the results of new energy business are restated as a discontinued operation in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for six months ended 30 June 2022.

The loss for the period from the discontinued operation is analysed as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue#	–	550,914
Cost of sales#	–	(298,779)
Gross profit	–	252,135
Other income#	–	70,136
Other gains and losses, net	–	(162,757)
Impairment loss on expected credit loss model, net	–	(53,720)
Administrative expenses#	–	(248,751)
Share of profits of associates	–	67,962
Share of losses of joint ventures	–	(288)
Finance costs	–	(319,322)
Loss before tax	–	(394,605)
Income tax expense	–	(15,796)
Loss after tax and Loss from discontinued operation	–	(410,401)

The inter-company transactions between continuing operations of the Group and GNE Group before Distribution in Specie have been eliminated against the revenue, cost of sales, other income and administrative expenses of discontinued operation.

CHAIRMAN'S STATEMENT AND CEO REVIEW OF OPERATIONS AND OUTLOOK

Nowadays, under the context of the highly unpredictable volatility of the international situation, the energy transformation is evolving rapidly. Meanwhile, all kinds of crises and challenges are sweeping in with full-blown uncertainties and turbulences, leading to unstoppable economic recession. However, it is an indisputable fact that the revolutionary era for new energy, represented by photovoltaic power developing in a synchronized and synergistic manner with zero-carbon technology, has already come.

On the new journey towards "carbon neutrality", the global green and low-carbon development is marching towards the same mission with a synchronized pace. Unswervingly promoting the strategic goal of "dual carbon" is the most effective way to deal with turbulence in the world economy. With further progress of the "dual carbon" strategy, economic and social development has increasingly gone green. In order to meet the challenges of global energy reform, the economies of the world have responded quickly and acted decisively, launching a series of major measures including but not limited to research and implementing "green policies", such as the EU Circular Economy Action Plan (CEAP), the Carbon Border Adjustment Mechanism (CBAM), the Inflation Reduction Act (IRA), the Defense Production Act (DPA), the Green Industrial Act, the Special Plan for Renewable Energy Utilization and other scientific feasible action plans, which have formed a set of international "combo punches" to survive all the challenges and develop towards a greener path. Such moves have injected an inexhaustible source of impetus into the acceleration of the technological revolution and green transformation of the photovoltaic industry, boosting sustainable global economic growth.

In 2022, the global photovoltaic power consumption accounted for only 4.5% of the total consumption of power, with more than 70% of electricity consumption still generated from non-renewable sources. Undoubtedly, there is huge potential for the photovoltaic industry. According to the relevant authorities, it is expected that the global newly installed capacity of photovoltaic power will skyrocket, i.e. it will exceed 400GW by 2023, and exceed that of hydroelectricity by 2024[1], surpass that of natural gas by 2026[1], and leapfrog that of coal by 2027[1], becoming the largest power source in the world[1]. By 2050, it will exceed 18.2 TW[1], continuously breaking the record.

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[1] International Energy Agency (IEA)

The global photovoltaic industry is developing overwhelmingly, bringing infinite Vigocer and endless opportunity to leading companies. Over the years, GCL Tech has always adhered to the main channel of green energy, stayed firm to technology-led and innovation-driven strategies, and led the steady development with a series of green and low-carbon hard core technologies. Facing the highly homogeneous development of the industry, we will never be stuck in the old ways, but unswervingly step on the path of differentiated, complementary and synergistic development, and consistently anchor the established target of "becoming the world's leading supplier of low-carbon silicon-based materials". Besides, we forge the Company's core competitiveness with the "dual carbon" strategy and continue to lead the high-quality development of the industry, so as to proactively contribute green and smart new impetus to the construction of a community with a shared future for mankind.

Embrace the energy revolution, lead the price rationalization of polysilicon based on the market force, and support the healthy and sustainable development of the photovoltaic industry

As a barometer and wind vane for the development of photovoltaic industry, the development condition of the polysilicon industry plays a dominant role. Guided by the "dual carbon" strategic target, GCL Tech joined hands with its industry peers to actively participate in the energy revolution and accelerated technological and equipment innovation and industrial transformation and upgrading. The existing enterprises and new entrants in the entire industry made investments in lean management, intelligent manufacturing, and quality improvement and production increase to meet the growing demand for downstream production expansion and helped the industry develop steadily.

Stimulated by flourishing market demands, global polysilicon production continued to rise in the first half of 2023, with total production exceeding 600,000 tons, up over 65%[2] year-on-year. With the substantial increase in polysilicon supply, the market supply and demand expectations were reversed, and the prices of mainstream products were quickly rationalized. Currently, polysilicon prices have reached the bottom range, which effectively reduces the costs of solar system and solar power generation, increases the return on investment ("IRR") of solar power plants, and amplifies its advantage in terms of the levelized cost of energy ("LCOE"). With the continuous emergence of diversified innovative needs and new scenarios application, the continuous reduction of energy storage costs, and the development of smart grid systems, it will continue to drive the enthusiasm of downstream industries and promote the rapid growth of photovoltaic installed capacity. In the first seven months of this year, domestic photovoltaic newly installed capacity was 97.16GW[3], representing a year-on-year increase of 157.51%[3]. So far, the cumulative total domestic photovoltaic installed capacity is approximately 489.41GW[3], accounting for 17.88%[3] of the country's total installed power generation capacity, staying as the country's second largest power resource[3].

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2 China Photovoltaic Industry Association

3 National Energy Administration of China

Business Review for the First Half of 2023

In the first half of 2023, the Company produced approximately 111,054 MT of polysilicon and 25,376 MW of silicon wafer, representing growth of 177.1% and 5.0% year-on-year. Among them, in the first half of the year, the output of granular silicon was approximately 82,359 MT and the output of rod silicon was approximately 28,695 MT. For the six months ended 30 June 2023, from the continuing operations, the Company's revenue was approximately RMB20,946 million, an increase of 41.8% compared with the same period in the first half of 2022; Gross profit was approximately RMB8,778 million, an increase of 23.9% over the same period in the first half of 2022; Profit attributable to owners of the Company was approximately RMB5,518 million and basic earnings per share was approximately RMB20.79 cents.

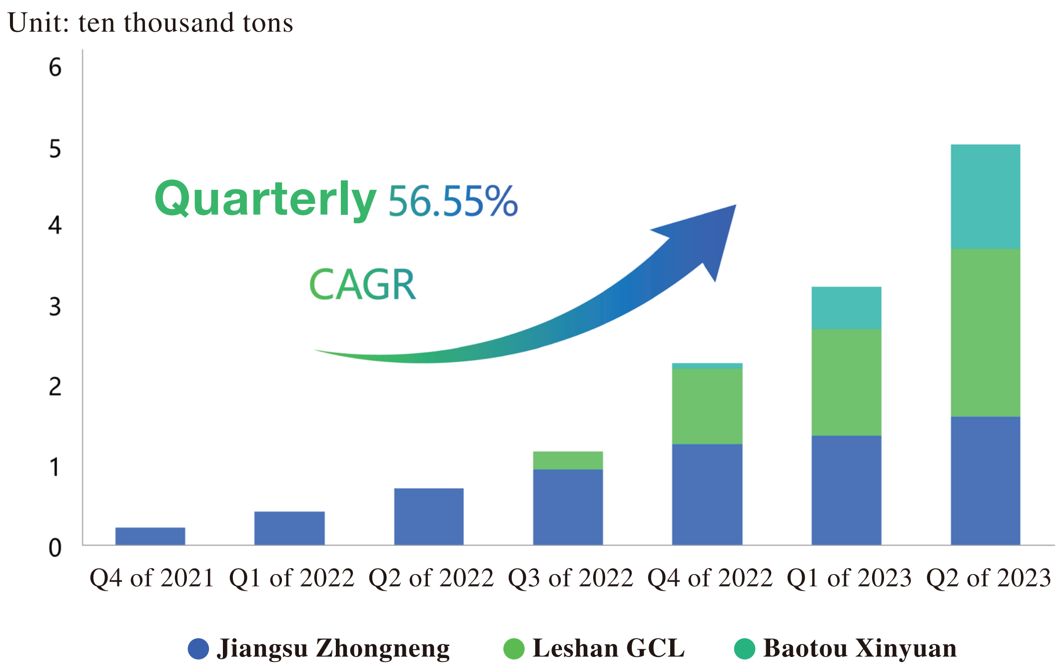
"Modularization" supports the rapid development of granular silicon business, with market share soaring to 15%

As the saying goes, "ten years for sharpening a sword", persistence is the key for the growth of granular silicon business, the Company has nurtured strong innovation capabilities, scientific and technological strengths and development resilience. With the "patterns, models, modules, digitization" as the reference book and methodology, the Company fully implements the action learning method, accelerates the modular replication, and continuously eliminates deficiencies and optimizes and improves the process flow. Currently, the total production capacity of the granular silicon projects in operation and under construction amounts to 400,000 MT. While optimizing domestic projects, the Company is actively planning and deploying overseas projects to further enhance its international competitiveness.

The "modularization" is becoming increasingly mature, leading the successful commissioning of new projects. The Hohhot Xinhuan granular silicon project will become a benchmark in the industry for completing the construction of 100,000 MT polysilicon project with a construction period of approximately ten months, the fastest in the world. At the same time, the Company's R&D team has been stationed in the frontline of construction for a long time, constantly revolutionizing and denying itself, and shouldering the mission of innovation. The production capacity of a single module will be increased from 20,000 MT to 60,000 MT, which will greatly improve the scale of modular replication and result in the decrease of investment in unit granular silicon project by 30% based on the existing investment amounts, immensely increasing the Company's core competitiveness.

As at date of this announcement, GCL Tech has achieved an effective production capacity of 280,000 tons of granular silicon across the three major production bases in Xuzhou, Leshan and Baotou. The market share of the Company has increased from 10.3% at the end of the previous year to more than 15%, and it still maintains rapid growth, steadily advancing to the target of more than 30% market share and continuing to lead the high-quality development of the industry.

Production Output of Granular Silicon

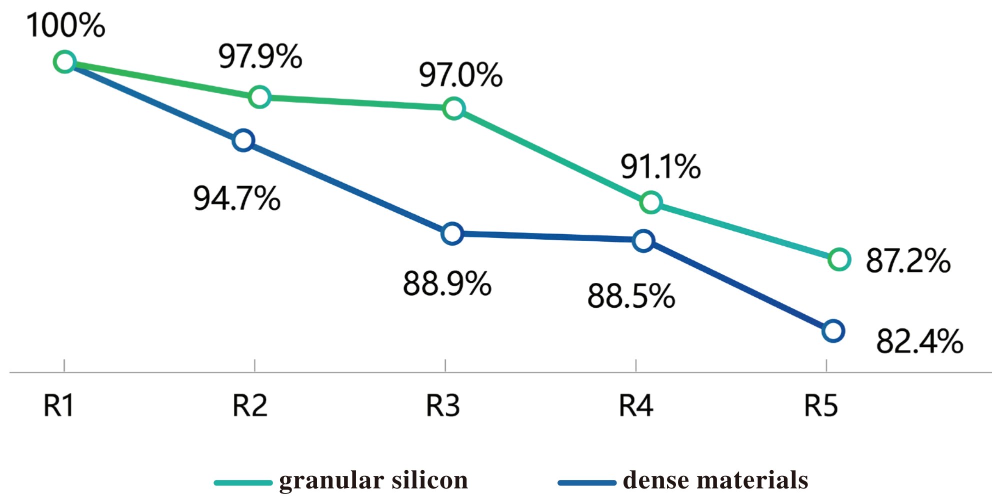


The quality concept of "exquisite craftsmanship, conscience quality" is deeply rooted, and the market demand for granular silicon exceeds expectations

Technology is the "first energy", and material is the "first cornerstone". In 2023, the change in the competitive landscape of the polysilicon industry accelerated. The Company further consolidated the development of "customer-centric, market-winning with quality", and unequivocally put forward the quality concept of "exquisite craftsmanship, conscience quality". The quality of granular silicon is improving, the customer loyalty continues to rise, and the growth in market share accelerates, helping to promote the industry's cost reduction and carbon emission reduction. As the photovoltaic industry has ushered in a new round of technological innovation in high-efficiency cells, TOPCon, HJT and other N-type cell technologies, with their latecomer technology advantages, sprang up with marked profitability premium. Obviously, 2023 was the first year of massive N-type cell production capacity expansion. Facing the high growth of N-type market, the shipment quantity and product quality of granular silicon which is more suitable for N-type applications, are improving, and the indexes such as minority carrier lifetime and unit yield will meet the needs of customers in all aspects.

Market behavior is the most persuasive. In the past two years, the Company's granular silicon market recognition has undergone a radical change. Through the dimension of market consideration, its quality improvement in less than two years has created a record surpassing the more than ten years of domestic development history of the rod silicon. At present, the proportion of granular silicon products with a total content of metal impurities below 0.5ppbw[4] has increased to more than 70%, and has been used in mass production of N-type products, accounting for more than 20% of the supply of N-type cells produced by domestic suppliers.

Top Minority Carrier Electric Resistance Ratio (N-type)



Note: the decline of the minority carrier ratio of the top N-type monocrystalline silicon ingot made from granular silicon is significantly better than that of dense materials in the same period.

4 In terms of metal impurities, the entry threshold for N-type products is currently 1ppbw, and 0.5ppbw can meet the most demanding customer requirements

The quality of granular silicon is unquestionably leading the industry, but if there are defects in the operation level which will make the powder content of the product fluctuate slightly, and a high proportion of powder input will have some effect on the N-type monocrystalline production, which in turn affects the user experience. Therefore, the Company characterizes the powder content of granular silicon by introducing measurement of turbidity. Through continuous process and system optimization, the Company has significantly improved the turbidity control ability of granular silicon: in July 2023, the Company's granular silicon products with less than 120NTU turbidity improved by nearly 140% compared with that at the beginning of 2023. With the continuous innovation of the technological process, the product turbidity control of the granular silicon will be continuously optimized, which will completely make up for its application shortcomings and ensure the overall advantages of granular silicon in the N-type era.

In the first half of 2023, the granular silicon shipments to the Company's top three customers reached 23,000 tons, 14,500 tons and 7,900 tons, accounting for 63.1% of the total shipments of granular silicon in the first half of the year. So far, granular silicon products of the Company have been applied by more than 90% of monocrystalline customers in the market and have achieved 100% coverage of leading companies.

With the acceleration of "dual carbon", the core competitive advantage of granular silicon is increasingly growing, becoming a new engine for green development of the industry

Technology development and cost reduction are the true essence of the Company's development. The Company has always insisted on leading industry technology iteration and industrial upgrading with hardcore technology, and continuously led the industry to break through the lower limit of cost and the upper limit of research and development level. After ten years of hard work, the Company led the industry to end the situation of the state of "raw materials from outside, market from outside, equipment from outside（三頭在外）", and opened an ice-breaking tour of the two major eras of the silicon material market: firstly, the self-developed "GCL-process rod silicon production method" was the first in the domestic industry realizing large-scale fully closed-loop, zero-emission, and clean production of polysilicon, which had driven the cost of the entire industry chain to drop by 90%, pushing China's photovoltaic industry from a high-price era to a grid parity era; Secondly, the independently developed FBR granular silicon was included in the "14th Five-Year Plan for Scientific and Technological Innovation in the Energy Field" by The Ministry of Science and Technology of China and the National Energy Administration of China, laying a solid foundation for it, as a green technology, to continue to lead the photovoltaic industry to a low-price era.

In terms of first principles, compared with rod silicon, granular silicon has unparallelect advantages. For a long time to come, various industries will face the risk of intermittent power supply shortages, which may have a great impact on production stability and new capacity commissioning. Compared with the improved Siemens-based rod silicon, the Company's granular silicon technology relies on the multi-dimensional advantages of lower energy and resource consumption, smaller land area usage, and fewer total labor; and has higher freedom and flexibility in production capacity launch, and more unique strengths in geographical selection, energy supply, and talent security.

Benefits of the ramp-up of granular silicon production capacity and the continuous optimization and improvement of production processes, cost reduction data continue to be refreshed in various production bases. In July 2023, the production cost of the granular silicon project of Leshan GCL was approximately RMB35.68/kg, far lower than that of the industry. With the continuous iteration of large-scale design of the project, the Company will continue to refresh the polysilicon cost record, which will accelerate the process for China's photovoltaic industry to move from a grid parity era to a low-price era.

In addition, the Company has broken the traditional perception of high energy consumption of polysilicon with the advantage of low-carbon production of granular silicon and will gain greater advantages in global low-carbon trading system in the future. According to the conservative estimate of "37 kg CO_2 equivalent" certified by the French ADEME（法國環境與能源控制署）, granular silicon facilitated the reduction of carbon emission in the whole solar industrial chain by 28%, and the production capacity of the granular silicon of the Company contributed to society with carbon emissions reduction value of more than RMB5 billion. Under the tide of the era that green carbon reduction has become the main development strategy of all countries in the world, the rapid development of carbon emissions reduction technology has brought more profit margins to low-carbon enterprises, and expanded wider development space for their countries, and ultimately empowered the imagination of progress of society of all mankind.

Always keeping a sense of hunger and crisis for innovation, forcing enterprises to revolutionize themselves and leading the industry to the forefront of technology

Innovation is the eternal theme of an enterprise development. In the future, from technological breakthroughs to mechanises innovations, from the revolution of business models to the reconstruction of industrial forms, green and low carbon will subvert the perception of the whole society. It has been proved that whoever can occupy the commanding heights of science and technology can win the first opportunity, and whoever can build a "moat（護城河）" on science and technology and possess an "ultimate weapon（殺手鐧）" that competitors cannot copy or surpass can fundamentally withstand cold currents, go through cycles, and be the frontrunner of technology. In the first half of 2023, the number of newly applied patents of the Company reached 88 and newly authorized patents were 54, including 13 invention patents. The Company led 2 national standards, of which the new national standard for granular silicon entered the publicity stage on 6 August 2023, and is expected to be implemented on 1 March 2024[5].

[5] National Standard Network, 20211953 –T –469 FBR Granular Silicon

The CCZ technology independently developed by the Company can improve the production efficiency of crystal pulling and reduce the production cost of crystal pulling by reducing the auxiliary time such as melting and increasing the length of the crystal pulling process. At present, the unit output of the Company's single mono-silicon crystal pulling furnace already surpasses 185kg/day and has achieved the pilot production capacity of 200MW. The electric resistivity of N-type monosilicon can be controlled in the range of ±0.1Ω•cm. With the continuous optimization of the process and the improvement and substitution of materials used, the CCZ technology will become increasingly mature. In the N-type cell era, the perfect combination of GCL-FBR and CCZ technology will also promote the development of the cell industry along the path of innovation with the advantages of cost, efficiency, quality and carbon footprint.

The new generation of large-scale and high-voltage perovskite solar cells is progressing to achieve more reliable commercial value. At present, the conversion efficiency of perovskite module of 1m x 2m produced by Kunshan GCL Optoelectronic Material Co., Ltd*(昆山協鑫光電材料有限公司), a subsidiary of the Company, which is the largest in size of its kind in the world, has exceeded 16%, and is expected to exceed 18% within this year and its plan of construction of a GW-level production line of perovskite is confirmed. The Company maintains a global leading position in the research and development of perovskite modules and has obtained the BIPV photovoltaic glass 3C certification from the China Quality Certification Center. At the same time, based on large-area perovskite technology, the Company is also developing module-grade perovskite laminated products, which will greatly improve the conversion efficiency of photovoltaic modules. Against the backdrop of global energy transformation and the increasing challenges of energy technology, the Company has always adhered to the research and development concept of "applying one generation, developing one generation, and reserving one generation(應用一代、開發一代、儲備一代)" to ensure that it will remain resilient and competitive in the wave of technological changes.

Identifying gaps against benchmark enterprises, emphasizing transformation and innovation, and striving to build enterprises based on digitalization

At present, the Company is implementing an unprecedented in-depth management system reform to meet external challenges and the entropy production of internal organizations. The Company has steadily promoted the digital transformation by fully learning from the rich practical experience and methods of transformation of benchmark companies such as Huawei and expects to achieve a comprehensive upgrade of its management system within 3 to 5 years to support the achievement of its strategic goals. By setting up a streamlined and efficient management and operation system, high-quality growth can be supported, enhancing the resilience and determination of the Company to cross the industry cycle. The Company focused on the standardization of strategic models, modes and modules, boosting the highly standardized operation and management, artificial intelligence digitalization, and built "digital strategy, digital organization, digital culture, digital talents, digital capabilities", ultimately realizing the strategic goal of building the enterprise on the digital soil and maintaining its position as the world's leading developer and manufacturer of high-efficiency photovoltaic materials.

Entering 2023, based on the principle of "project planning first, construction in stages, and continuous operation," the Company's digital transformation will be advanced in depth. At present, the project covers the two major business segments of polysilicon and ingot slicing, involving the Company's management center, business departments and project companies, including 7 business processes such as strategy, sales, planning, procurement, human resources, finance, and IT. The Company creatively establishes a mechanism to embed digital transformation into business and project management, improves refined management, reduces operating costs, provides more specialized, efficient and intelligent data support for various business management, and realizes the collaborative management and control of core business processes in various internal industry links.

Continuously implementing Share Awards Scheme to improve productivity, and actively protecting shareholders' rights and interests externally to expand cohesion

The Company adopted Share Awards Scheme in order to implement medium and long-term stock incentives for core R&D and production staff, of which approximately 295 million Shares have been granted and approximately 241 million Shares are available for grant at the date of this announcement. In the future, the Company will continue to implement Share Awards Scheme in a bid to stimulate employee endogenous motivation, promote the achievement of organizational goals, and maximize value creation. In view of the fierce market fluctuations, the market value of Company in Hong Kong stock market is seriously undervalued. The Company actively maintains shareholder value through beneficial methods such as share repurchase and cancellation. For the six months ended 30 June 2023, the Company repurchased a total of 84.5 million Shares and cancelled on 6 July 2023. In the future, the Company will closely monitor market dynamics, strengthen market communication, and take effective measures to maximize the protection of shareholders' rights and interests.

Building an ESG system upgrade to win an international "passport" for the Company's green and sustainable development

With the international recognition and practice of the "dual carbon" strategic goal, ESG and green operation performance will become the key measurement of the important value embodiment of enterprise sustainable development. Facing the challenges of global energy transformation and the wave of sustainable economic and social development, the Company always shoulders the mission of "focusing on green development and continuously improving the living environment of mankind", consolidates and improves internal ESG system construction while thoroughly grasp the development opportunities of photovoltaic industry, and integrate ESG and sustainable development concept into the corporate development strategy, thereby enabling the enterprise to thrive for a long period in a commercial order of globalization.

In the first half of 2023, the Company further promoted the construction of the ESG system and strengthened ESG top level design by improving internal governance structure and setting strategic targets to provide guidance for implementing and moving forward specialized ESG work. In the future, the Company will comprehensively improve the responsibility performance of GCL Tech in climate change transformation and sustainable supply chain management, respond to the concerns of stakeholders, and open up green channel for the Company's global strategic layout with better ESG performance.

At the same time, in order to cooperate with the implementation of the digital transformation strategy, the Company is committed to improving and strengthening ESG data governance capacity. And by monitoring and tracking the Company's ESG performance in a timely manner through digital management system, we realize the monitoring of ESG management around the clock without blind spots, which fully empowers the Company's carbon management and improvement of ESG informatization level, in order to respond to the more stringent regulatory trend and audit requirements for sustainable disclosure.

We will continuously optimize corporate governance, which is a project completed by the headquarters. The Company will continue to adhere to market rules, comply with laws and regulations, continuously improve and upgrade the corporate management system, and adhere to the sustainable development road, realizing the beautiful vision of "becoming a respected global new energy and clean energy enterprise".

Lastly, I would like to express my sincere gratitude to the Board of Directors, management team and all employees of the Company for their hard work and silent dedication in the first half of 2023, and I also deeply thank the Shareholders and partners for their long-term support and care.

Thank you!

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In the 2nd quarter 2023, the Group's solar material business experienced a downturn which affected the overall performance for the six months ended 30 June 2023. The supply and demand relationship of polysilicon reversed, and the price of polysilicon quickly reached the bottom in June of 2023, with its price currently fluctuating near the bottom. Due to the rapid drop of polysilicon price, the profit attributable to owners of the Company dropped slightly comparing with the corresponding period in 2022.

Benefited with the continuous increase of the Company's granular silicon production capacity, the Group is able to achieve significant revenue growth due to increase in sales volume of polysilicon comparing with the corresponding period in 2022.

Results of the Group

Upon the completion of distribution in specie of shares of GNE in the 2nd half year of 2022, GNE has become an associate of the Group and the new energy business has been classified as discontinued operation. The financial figures for the six months ended 30 June 2022 have been restated.

For the period ended 30 June 2023, the revenue and gross profit of the Group from continuing operations were approximately RMB20,946 million and RMB8,778 million respectively, representing an increase of 41.8% and 23.9% respectively as compared with approximately RMB14,775 million and RMB7,083 million in the corresponding period in 2022.

The Group recorded a profit attributable to the owners of the Company from continuing operations of approximately RMB5,518 million as compared to profit attributable to owners of the Company from continuing operations of approximately RMB7,062 million in 2022.

Segment Information

The Group is principally engaged in manufacturing and the sales of polysilicon and wafer products and developing, 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	–	manages and 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 2023, the Group's annual polysilicon production capacity was 240,000 MT[6], all of which were granular silicon production capacity. Among which, the annual production capacity of Xuzhou Zhongneng, Leshan GCL and Baotou Xinyuan projects reached 80,000 MT[7], 100,000 MT and 60,000 MT, respectively. For the half year ended 30 June 2023, the Group's polysilicon output was approximately 111,054 MT, representing an increase of 177.1% as compared to 40,082 MT in the same period in 2022. Among which, granular silicon output was approximately 82,359 MT, representing an increase of 634.3% as compared to the same period in the first half of 2022.

Ingot and wafer

As at 30 June 2023, the Group had an annual mono-silicon crystal pulling capacity of 14 GW and an annual wafer production capacity of 55 GW.

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6 As at the date of this announcement, the Group had an effective granular silicon production capacity of 280,000 tons.

7 The Group has shut down the 45,000 MT rod silicon production line of Xuzhou Zhongneng by 30 June 2023.

For the six months ended 30 June 2023, the Group produced a total of 25,376 MW of wafer (including 11,738 MW of OEM wafer), representing a year-on-year increase of 5.0% from the total output of 24,173 MW (including 15,360 MW of OEM wafer) for the corresponding period in the first half of 2022. The utilization rate of the Company's wafer slicing capacity was 92.3%,which reached a leading level in the industry.

Sales and revenue

For the six months ended 30 June 2023, the Group delivered 101,095 MT of polysilicon (including internal sales of 11,514 MT) and 25,701 MW of wafer (including OEM wafer of 12,101 MW), representing an increase of 150.9% and 7.5% from 40,295 MT of polysilicon and 23,915 MW of wafer respectively, as compared to the corresponding period in the first half of 2022.

For the six months ended 30 June 2023, the average external selling prices (excluding tax) of the Company's polysilicon was approximately RMB124.1 (equivalent to US$17.9) per kilogram.

For the six months ended 30 June 2023, revenue from external customers of the solar material business amounted to approximately RMB20,836 million, representing an increase of 41.9% from RMB14,679 million for the corresponding period in 2022. The increase was mainly due to the increase in revenue in solar material business as a result of the continuous release of granular silicon production capacity in Leshan and Baotou bases, which contribute a significant portion of current period revenue amount.

Cost and Gross Profit

The gross profit of polysilicon was greatly affected by market fluctuations and other factors. However, leveraging on the granular silicon technology, GCL Tech maintained its profit competitiveness against its peers during the downward cycle of the industry.

In June 2023, the average production cost of granular silicon of the Company decreased by 41% as compared with that at the end of last year, which was the highest level in the industry, and still maintaining a downward trend.

The gross profit margin for the solar material business decreased from 48.0% for the six months ended 30 June 2022 to 41.9% for the six months ended 30 June 2023.

Steady improvement in quality and stronger customer loyalty

From 2022 to 2023, the quality of granular silicon produced by the Company continues to explode amid continuous improvement in product quality.

Changes in total metal impurity content of granular silicon products in the first half of 2023

	≤ 0.5 ppbw	0.5-1 ppbw	1-3 ppbw	3-5 ppbw	> 5 ppbw
June 2023	67.05%	14.41%	11.00%	3.10%	4.44%
May 2023	56.58%	25.95%	12.27%	1.41%	3.79%
April 2023	53.76%	35.69%	8.09%	1.08%	1.38%
March 2023	29.96%	36.09%	25.01%	3.73%	5.21%
February 2023	11.84%	32.42%	42.13%	5.94%	7.67%
January 2023	10.98%	21.53%	49.90%	8.35%	9.24%

In the first half of 2023, the product shipments of granular silicon to the top three customers of the Company were 22,958 MT, 14,473 MT and 7,945 MT, respectively, totally accounting for 63.1% the total product shipments of granular silicon of the Company in the first half of the year.

Solar Farm Business

Overseas Solar Farms

As at 30 June 2023, 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 2023, 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 2023, the electricity sales volume of solar farm business overseas and in the PRC were 13,017 MWh and 96,718 MWh respectively (2022: 14,580 MWh and 95,840 MWh, respectively).

For the six months ended 30 June 2023, revenue for solar farm business was approximately RMB110 million (2022: RMB96 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

Continuing operations

Revenue

Revenue for the six months ended 30 June 2023 amounted to approximately RMB20,946 million, representing an increase of 41.8% as compared with approximately RMB14,775 million for the corresponding period in 2022. The increase was mainly due to the increase in revenue in solar material business as a result of the continuous releasement of granular silicon production capacity in Leshan and Baotou base, which contribute a significant portion of current period revenue amount.

Gross Profit Margin

The Group's overall gross profit margin for the six months ended 30 June 2023 was 41.9%, as compared with 47.9% for the corresponding period in 2022. Gross profit amounted to approximately RMB8,778 million, representing an increase of 23.9% as compared with the same period in 2022.

Gross profit margin for the solar material business decreased from gross profit margin of 48.0% for the six months ended 30 June 2022 to gross profit margin of 41.9% for the six months ended 30 June 2023. The decrease was mainly attributable to the decrease in the average selling price of photovoltaic products.

Solar farm business has a gross profit margin of 48.8% for the period ended 30 June 2023, 5.6% higher than the corresponding period in 2022.

Other Income

For the six months ended 30 June 2023, other income mainly comprised sales of scrap materials of approximately RMB237 million (six months ended 30 June 2022: RMB335 million), bank and other interest income and interest arising from contracts containing significant financing components of approximately RMB125 million (six months ended 30 June 2022: RMB44.4 million), government grants of approximately RMB44 million (six months ended 30 June 2022: RMB31.2 million).

Distribution and Selling Expenses

Distribution and selling expenses increased from approximately RMB63 million for the six months ended 30 June 2022 to approximately RMB123 million for the six months ended 30 June 2023. The increase was mainly due to increase in sales volume.

Administrative Expenses

Administrative expenses amounted to approximately RMB1,138 million for the six months ended 30 June 2023, representing an increase of 54.4% from approximately RMB737 million for the corresponding period in 2022. The increase was mainly due to commencement of production in Leshan and Baotou base and increase of share-based payment expenses in relation to share award scheme during the period.

Impairment losses reversed/(recognised) under expected credit loss model, net

The Group recognised reversal of impairment losses under expected credit loss model of approximately RMB1 million for the six months ended 30 June 2023 (six months ended 30 June 2022: Impairment losses of RMB157 million).

Other Expenses, Gains and Losses, Net

For the period ended 30 June 2023, net losses of approximately RMB1,429 million in other expenses, gains and losses were recorded as compared to net losses of approximately RMB537 million for the period ended 30 June 2022.

The net losses mainly comprises of:

(i) research and development costs of approximately RMB902 million (six months ended 30 June 2022: RMB689 million)

(ii) impairment loss on property, plant and equipment of approximately RMB802 million (six months ended 30 June 2022: RMB nil)

(iii) exchange gain of approximately RMB15 million (six months ended 30 June 2022: RMB87 million)

(iv) gain on disposal of subsidiaries of approximately RMB nil (six months ended 30 June 2022: RMB33 million)

(v) deemed disposal of an associate/a joint venture and gain on partial disposal of an associate/a joint venture of approximately RMB183 million (six months ended 30 June 2022: RMB202 million)

(vi) gain on fair value change of derivative financial instruments and convertible bonds of RMB38 million (six months ended 30 June 2022: RMB12 million)

(vii) gain on disposal of property, plant and equipment of approximately RMB5 million (six months ended 30 June 2022: loss of RMB136 million)

(viii) gain on fair value change of investments at FVTPL approximately RMB35 million (six months ended 30 June 2022: loss of RMB46 million)

Finance Costs

Finance costs for the six months ended 30 June 2023 were approximately RMB215 million, increased by 131.2% as compared to approximately RMB93 million for the corresponding period in 2022. The increase was mainly due to the increase in interest-bearing debts during the period.

Share of Profits of Associates

The Group's share of profits of associates for the six-month period ended 30 June 2023 was approximately RMB1,037 million, mainly contributed by the following associates:

- Share of profit of approximately RMB0.77 billion from Xinjiang Goens Energy Technology Co., Ltd.* ("**Xinjiang Goens**")(新疆戈恩斯能源科技有限公司);

- Share of profit of approximately RMB54 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 profit of approximately RMB0.23 billion 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 Expense

Income tax expense for the six-month period ended 30 June 2023 was approximately RMB1,175 million, representing an increase of 22.3% as compared with approximately RMB961 million for the corresponding period in 2022. The increase was mainly due to increase in income tax expenses from solar material business.

Profit attributable to Owners of the Company

As a result of the above factors, the profit attributable to owners of the Company from continuing operations amounted to approximately RMB5,518 million for the six-month period ended 30 June 2023 as compared with a profit of approximately RMB7,062 million for the corresponding period in 2022.

Property, Plant and Equipment

Property, plant and equipment increased from approximately RMB26,531 million as at 31 December 2022 to approximately RMB31,484 million as at 30 June 2023. Increase in property, plant and equipment was mainly attributable to capital investment in granular silicon production base and partially offset by impairment made and depreciation charged during the period.

Deposits, Prepayments and Other Non-current Assets

Non-current portion for deposits, prepayments and other non-current assets decreased from approximately RMB2,612 million as at 31 December 2022 to approximately RMB2,306 million as at 30 June 2023. It was due to decrease in deposits for acquisitions of property, plant and equipment upon delivery of property, plant and equipment.

Interests in Associates

Interests in associates increased from approximately RMB15.0 billion as at 31 December 2022 to approximately RMB15.8 billion as at 30 June 2023. The increase was mainly due to share of profits of associates during the period.

Interests in associates as at 30 June 2023 mainly consists of the below:

- The Group 38.5% equity interest in Xinjiang Goens of approximately RMB8.5 billion;

- The Group 40.27% equity interest in Zhongping GCL of approximately RMB2.7 billion;

- The Group 6.42% equity interest in Mongolia Zhonghuan GCL of approximately RMB0.8 billion;

- The Group equity interest in Leshan Zhongping Polysilicon Photovoltaic Information Industry Investment Fund Partnership (Limited Partnership)* (樂山市仲平多晶硅光電資訊產業基金合夥企業(有限合夥)) and Leshan Zhongping Nengxin Enterprise Management Consultancy Partnership (Limited Partnership)* (樂山市中平能鑫企業管理諮詢合夥企業(有限合夥)) of approximately RMB74 million and RMB340 million respectively;

- The Group 24.59% equity interest in Jiangsu Xinhua of RMB0.6 billion; and

- The Group 7.44% equity interests in GNE Group of approximately RMB2.2 billion which include perpetual notes classified as financial assets at fair value through other comprehensive income.

* *English name for identification only*

Trade and Other Receivables

Trade and other receivables increased from approximately RMB23,621 million as at 31 December 2022 to approximately RMB27,032 million as at 30 June 2023. The increase was mainly due to increase of revenue and related bill receivable during the period.

Trade and Other Payables

Trade and other payables increased from approximately RMB19,581 million as at 31 December 2022 to approximately RMB20,321 million as at 30 June 2023. The increase was mainly due to an increase in construction payables 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 23.65% as at 30 June 2023 of the Company's share capital (31 December 2022: approximately 23.62%) and exercise significant influence over the Company.

Amounts due from related companies increased from approximately RMB789 million as at 31 December 2022 to approximately RMB985 million as at 30 June 2023. The increase was mainly due to increase in advance payments to associates during the period.

Amounts due to related companies decreased from approximately RMB3,496 million as at 31 December 2022 to approximately RMB3,136 million as at 30 June 2023. 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 2023, the total assets of the Group were about RMB97.4 billion, of which the aggregate pledged and restricted bank and other deposits and bank balances and cash amounted to approximately RMB12.8 billion.

For the period ended 30 June 2023, 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 2023	As at 31 December 2022
	RMB Million	*RMB Million*
Current liabilities		
Bank and other borrowings – due within one year	**9,907**	9,419
Other financial liabilities	**507**	294
Lease liabilities – due within one year	**56**	105
	10,470	9,818
Non-current liabilities		
Bank and other borrowings – due after one year	**7,618**	3,806
Lease liabilities – due after one year	**47**	46
	7,665	3,852
Total indebtedness	**18,135**	13,670
Less: Bank balances and cash and pledged and restricted bank and other deposits	**(12,773)**	(10,430)
Net debt	**5,362**	3,240

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

	As at 30 June 2023	As at 31 December 2022
	RMB million	*RMB million*
Secured	**15,104**	8,605
Unsecured	**2,421**	4,620
	17,525	13,225

As at 30 June 2023, 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 London Interbank Offer Rate.

Key Financial Ratios of the Group

	As at 30 June 2023	As at 31 December 2022
Current ratio	**1.25**	1.09
Quick ratio	**1.17**	1.02
Net debt to total equity attributable to owners of the Company	**11.5%**	7.6%

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 and other 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 such as 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 these measures will be modified abruptly. 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 foresee any disadvantageous movements.

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.

Credit risk on sales of polysilicon and wafer products is not significant as the major customers are listed entities with good repayment history. 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 subsidiaries of State Grid Corporation of China (the "**State Grid**"). The State Grid is a state-owned enterprise in China, which possesses low default risk.

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 solar power project development and plant 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 joint ventures of the Group 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.

Risk related to supplier concentration

The wafer business of the Group are exposed to concentration risk of reliance on our major suppliers for the supply of the semi solar products, and any shortage of, or delay in, the supply may significantly impact our business and results of operation. However, the largest supplier was the associate of the Group, the Group was able to exercise significant influence on the operation of the associate, this enable the Group to monitor the above risks continually.

Pledge of or Restrictions on Assets

As at 30 June 2023, the following assets were pledged or restricted for certain bank and other borrowings, lease liabilities, issuance of bills, short-term letters of credit for trade and other payables granted to the Group:

– Property, plant and equipment of RMB1.5 billion (31 December 2022: RMB3.2 billion)

– Right-of-use assets of approximately RMB0.5 billion (31 December 2022: RMB0.5 billion)

– Investment properties of approximately RMB0.4 billion (31 December 2022: RMB0.4 billion)

– Trade receivables and contract assets of approximately RMB8.8 billion (31 December 2022: RMB8.2 billion)

– Pledged and restricted bank and other deposits of approximately RMB4.8 billion (31 December 2022: RMB3.8 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 2023 (31 December 2022: lease liabilities of approximately RMB0.15 billion are recognised with related right-of-use assets of approximately RMB0.14 billion).

Capital and other commitments

As at 30 June 2023, the Group's capital commitments in respect of purchase of property, plant and equipment contracted for but not provided amounted to approximately RMB5,735 million (31 December 2022: RMB10,225 million) and other commitments to contribute share capital to investments of approximately RMB226 million (31 December 2022: RMB226 million).

Financial guarantees contracts

As at 30 June 2023 and 31 December 2022, 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 2023 and 31 December 2022, the Group provided a total guarantee with maximum amount of approximately RMB2,500 million (31 December 2022: RMB2,500 million) to several banks and financial institutions in respect of banking and other facilities of Xinjiang Goens, associate of the Group.

Contingent liability

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

Material acquisitions and disposals

Save as disclosed above, there were no other significant acquisitions during the six-months period ended 30 June 2023, or plans for material acquisitions as at the date of this announcement, nor were there other material acquisitions and disposals of subsidiaries during the six-months period ended 30 June 2023.

Significant Events and Business Development after Reporting Period

On 21 July 2023, the Board has resolved to award an aggregate of 4,296,000 Award Shares (the "2023 Award Shares") at the grant price of HK$0.86 per Award Share to four Eligible Persons pursuant to the Share Award Scheme dated 16 January 2017 in relation to the adoption of the terms and conditions thereof. The 2023 Award Shares represent approximately 0.02% of the Company's total number of issued Shares as at the date of the announcement made by the Company on 21 July 2023.

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 2023 (six months ended 30 June 2022: nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2023, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

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

During the six-months period ended 30 June 2023, the Company repurchased a total of 84,500,000 shares of the Company (the "**Repurchased Shares**") on the market of the Hong Kong Stock Exchange respectively on 2 June, 5 June, 6 June, 7 June, 8 June, 12 June and 14 June 2023 at an aggregate consideration (including transaction cost) of approximately HK$131 million. The Repurchased Shares were subsequently cancelled on 6 July 2023.

Other than disclosed above, during the six-months period ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDITOR'S AND AUDIT COMMITTEE'S REVIEW

The unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2023 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 2023 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.gcltech.com) and HKExnews (www.hkexnews.hk). The 2023 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 2023

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