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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)**

**DISCLOSEABLE TRANSACTION**  
**(1) DIVIDEND DISTRIBUTION BY XINJIANG GOENS**  
**AND**  
**(2) CAPITAL REDUCTION OF XINJIANG GOENS**

**INTRODUCTION**

On 29 December 2023 (after trading hours), the board of directors of Xinjiang Goens Energy Technology Co., Ltd.\* (新疆戈恩斯能源科技有限公司) (“**Xinjiang Goens**”), an associated company of the Group, resolved to:

- (1) distribute dividends to some (but not all) Xinjiang Goens Shareholders, including Jiangsu Zhongneng (the “**Dividend Distribution**”); and
  - (2) reduce the registered capital held by some (but not all) Xinjiang Goens Shareholders, including Jiangsu Zhongneng (the “**Capital Reduction**”),
- (together the “**Transaction**”).

Each of the Dividend Distribution and Capital Reduction is inter-conditional upon each other and is subject to, among other things, approval by all Xinjiang Goens Shareholders and compliance with relevant legal procedures and requirements.

## **DIVIDEND DISTRIBUTION**

On 29 December 2023 (after trading hours), the board of directors of Xinjiang Goens approves the Dividend Distribution which involves declaration of dividends of RMB 4,473,334,250 to Jiangsu Zhongneng and RMB 3,137,143,500 to TCL respectively (“**Dividend**”) in the following manner:

- (1) the first tranche, representing 44.57% of the Dividend, shall be payable by Xinjiang Goens to each of Jiangsu Zhongneng and TCL within five (5) business days of (a) completion of the Capital Reduction, (b) Xinjiang Goens obtaining an updated business licence and (c) satisfaction of all the conditions of the payment of the consideration under the Capital Reduction Agreement; and
- (2) the second tranche, representing 55.43% of the Dividend, shall be payable to each of Jiangsu Zhongneng and TCL within 4 years after the completion of the Capital Reduction, with detailed arrangements to be determined among Xinjiang Goens, Jiangsu Zhongneng and TCL.

## **CAPITAL REDUCTION**

On 29 December 2023 (after trading hours), the board of directors of Xinjiang Goens approves the Capital Reduction and Jiangsu Zhongneng, Xuzhou Fund, TCL and Xinjiang Goens entered into a capital reduction agreement (the “**Capital Reduction Agreement**”) to effect the Capital Reduction. Pursuant to the terms of the Capital Reduction Agreement, the registered capital of Xinjiang Goens will be reduced by RMB 1,126,600,000, representing approximately 65.50% of the existing registered capital of Xinjiang Goens, of which RMB 662,200,000 will be reduced from the registered capital owned by Jiangsu Zhongneng and RMB 464,400,000 will be reduced from the registered capital owned by TCL.

An aggregate of RMB 1,689,900,000, being RMB 1.5 for each RMB 1 registered capital of Xinjiang Goens, shall be payable by Xinjiang Goens as a result of the Capital Reduction, among which:

- (1) RMB 993,300,000 shall be payable to Jiangsu Zhongneng; and
- (2) RMB 696,600,000 shall be payable to TCL.

Each of Xinjiang Goens and the Xinjiang Goens Shareholders shall take all necessary steps required under applicable laws to effect the Capital Reduction, including amendment of the constitution documents of Xinjiang Goens.

Immediately following completion of the Capital Reduction, Jiangsu Zhongneng will cease to hold any direct equity interest in Xinjiang Goens.

## CONDITIONS TO COMPLETION OF THE TRANSACTION

Completion of each of the Dividend Distribution and the Capital Reduction is inter-conditional upon each other and subject to, among other things, the following conditions under the Capital Reduction Agreement:

- (i) the Transaction having been approved by the board of directors and controlling shareholders of Jiangsu Zhongneng (including the Board);
- (ii) the Transaction having been approved by the board of directors and shareholders' meeting of Xinjiang Goens;
- (iii) any consent, approval, registration and/or filing requirements of any competent third parties or governmental authorities triggered by the Transaction having been obtained (excluding the completion of registration/filing procedures for industrial and commercial changes with the competent market supervision administration for the Capital Reduction);
- (iv) the Transaction not being prohibited or restricted by PRC laws or other applicable laws; and
- (v) there being no change since the date of the Capital Reduction Agreement until completion of payment by Xinjiang Goens for the Capital Reduction that has a material adverse effect on the general financial status, business operation, equity interest or value of major assets of Xinjiang Goens.

## CONSIDERATION OF THE TRANSACTION

The terms of the Transaction were negotiated and entered into on an arm's length basis and on normal commercial terms. The total consideration of the Transaction for Jiangsu Zhongneng is RMB 5,466,634,250 ("**Consideration**"), including:

- (i) the Dividend of RMB 4,473,334,250 received by Jiangsu Zhongneng from Xinjiang Goens under the Dividend Distribution; and
- (ii) the consideration of RMB 993,300,000 received by Jiangsu Zhongneng from Xinjiang Goens under the Capital Reduction.

The Consideration was determined with reference to (i) historical financial results of Xinjiang Goens including net profits before and after tax for the two previous financial years as disclosed in the section headed "Information of Xinjiang Goens" below; (ii) the business plan and future development of Xinjiang Goens; (iii) the consolidated net asset value of Xinjiang Goens of approximately RMB15,390,629,000 as at 30 September 2023; and (iv) the Valuation Report on the Valuation.

## VALUATION

The Directors have assessed the qualification, experience and the track record of the Valuer and are of the view that the Valuer, which has over 14 years of experience in the valuation industry with qualifications such as the Qualification for Conducting Valuation for Securities and Futures Related Industries\* (證券期貨相關業務評估資格), Level 1 Real Estate Valuation Institution\* (一級房地產估值機構) and A Rank in the Credit Rating for Land Valuation Institutions\* (土地評估中介機構A級資信等級), is qualified, experienced and competent in performing the Valuation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, there are no relationships or interests between the Valuer and the Company or its connected persons that could reasonably be regarded as relevant to the independence of the Valuer.

The Valuation Report is prepared based on the income approach which focuses on the future profit-generating ability of Xinjiang Goens. The Valuation reached by the Valuer under the Valuation Report was RMB14,199,760,500 as of 30 September 2023.

The following key assumptions along with other customary assumptions have been adopted by the Valuer in reaching the Valuation:

### *General Assumptions*

1. Transaction Assumption: The transaction assumption assumes that all assets to be appraised are already in the process of being transacted, and the Valuer simulates the market for appraisal according to the transaction conditions of the appraised assets. The transaction assumption is one of the most basic preconditional assumptions for the performance of an asset appraisal.
2. Going-concern Assumption: The assumption that the company, as a business entity, continues to operate in accordance with its business objectives under the external environment in which it operates. The company's operators are responsible for and capable of assuming responsibility; and the company operates legally and is able to earn appropriate profits to maintain its ability to continue as a going concern.
3. Consistent use Assumption: An assumption that, the subject assets will continue to be used as per its current purpose and the manner, scale, frequency and environment of use, or continue to be used on the basis of certain change therein, and the Valuer determines the method, parameters and basis for appraisal accordingly.
4. Open market Assumption: The open market assumption assumes that as for the subject assets transacted in the market, or the subject assets to be transacted in the market, both parties to the transaction have equal footings and have the opportunity and time to obtain sufficient market information, so as to make a rational judgment on the functions, use and transaction price of the subject assets. The open market assumption is based on the fact that the subject assets can be publicly traded in the market.

### *Specific Assumptions*

1. Any permit, consent or other legal authorisation issued by the relevant governmental authorities or private organisations relevant to reaching the Valuation has been obtained or renewed.
2. The Valuation is based on the purchasing power of the local currency as of the date of the Valuation.
3. The estimates in the Valuation Report has been made with the assumption that all material factors which may potentially affect the Valuation have been disclosed.
4. Under Xinjiang Goens' existing management method and standard, its future business scope and method will remain consistent.
5. Except for those assets with concrete evidence showing a change in the manufacturing capacity after the date of the Valuation, it is assumed that Xinjiang Goens will not conduct any substantial investment in fixed asset which will affect its operations.
6. The Valuation has not taken into account the impact of external shares investment conducted after the date of the Valuation.
7. The cash inflows and outflows of Xinjiang Goens within the forecast period will remain consistent.
8. The unit sale price of gas of Xinjiang Goens will remain unchanged within the forecast period.
9. The staffing of Xinjiang Goens and the relevant tax rates and tax calculation methods will remain unchanged.
10. The liquidity of Xinjiang Goens will be sufficient to satisfy its capital requirements for its daily operations.
11. Within the forecast period, Xinjiang Goens will continue its operations and will incur additional renewal expenses when its assets reaches the end of the useful life.
12. There will be no material change in the relevant credit rates, exchange rates, tax rates, tax base and fees imposed under policies.
13. There will be no material sale loan collection problem (bad debt issues) within the discount period.
14. There will be no force majeure or unforeseeable factors which will have a materially adverse impact on the business.

15. Within the future operation period, there will not be a material change in the management and operation fees of Xinjiang Goens, and such fees will continue in change in accordance with the trends of the past few years and the development of Xinjiang Goens' scope.
16. The Valuation has not taken into account any change in business structure or business scope that may be brought by a change in the management, business strategy, additional investment or business environment.
17. The profit tax for the long-term equity investment by Xinjiang Goens in Xinjiang Goens Silicon Technology Limited\* (新疆戈恩斯硅業科技有限公司) will be 15%, in accordance with the tax rate for the incentive industries in the western region.

In assessing the fairness and reasonableness of the Valuation, the Directors have reviewed the Valuation Report and discussed with the Valuer regarding the methodology, major assumptions and quantitative inputs used in arriving at the Valuation. The Directors understand from the Valuer that it has adopted the income approach for the Valuation which was prepared with reference to the financial statements of Xinjiang Goens, quotes for relevant equipment and materials and market survey conducted by the Valuer. As such, the Directors consider the Valuation to be fair and reasonable.

## INFORMATION OF XINJIANG GOENS

Xinjiang Goens is a company incorporated in the PRC with limited liability. Xinjiang Goens is principally engaged in the production and sale of polysilicon products.

Set out below is an extract of the consolidated audited financial statements prepared for the financial years ended 31 December 2021 and 31 December 2022 of Xinjiang Goens and its subsidiaries.

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profits before income tax	9,416,603	5,279,056
Net profits after income tax	7,930,114	4,535,793

As of 31 December 2022, the consolidated net assets of Xinjiang Goens and its subsidiaries amounted to approximately RMB14,409,935,000.

## **FINANCIAL EFFECT OF THE TRANSACTION**

As at the date of this announcement, Xinjiang Goens was an associated company of the Company and its financial results were not consolidated in the consolidated financial statements of the Group.

Following completion of the Transaction, Jiangsu Zhongneng will cease to hold any direct equity interest in Xinjiang Goens. As a result of the Transaction, Xuzhou Fund, an associate of the Company, will hold 100% of the equity interest in Xinjiang Goens.

Based on the consolidated management account of Xinjiang Goens as at 30 November 2023, the Group will recognise a loss attributable to owners of the Company of amount approximately RMB3,974 million, excluding tax impact and other related transaction costs, arising from the Transaction, comprised of following:

- (1) Amount of approximately RMB3,203 million from Jiangsu Zhongneng, being the difference between the carrying amount (including goodwill of amount approximately RMB2,417 million) of equity interest held by Jiangsu Zhongneng and proceeds from Capital Reduction.
- (2) Amount of approximately RMB771 million from Xuzhou Fund, being the difference between the carrying amount of equity interest held by Xuzhou Fund attributable to Jiangsu Zhongneng and the fair value of the interest held by Xuzhou Fund attributable to Jiangsu Zhongneng.

Loss to be recorded by GCL Technology under any circumstances is subject to any possible adjustments arising from audit and is to be determined as at date of completion of the Transaction.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group is strategically focused on the low-carbon and low-consumption FBR based granular silicon technology by leveraging on technological innovation. The Company is committed to promoting the carbon reduction in the photovoltaic industry with technological innovation and strives to achieve the goal of net zero CO<sub>2</sub> emissions.

Upon completion of the Transaction, the Group will completely withdraw from the business areas of the polysilicon Siemens rods and focus on the research and development and production of FBR based granular silicon technology, so as to continue to promote the green and efficient development of the photovoltaic industry. On the other hand, the proceeds from the Transaction will enrich the Company's capital reserve, facilitate the implementation of the Company's new FBR based granular silicon projects, continue to optimize the Company's core asset structure, enhance the Company's operational efficiency, improve profitability to earn higher returns for the Shareholders.

The Directors consider the Transaction has been entered into after arm's length negotiations with the counterparties and based on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## INFORMATION OF THE GROUP

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The principal business of the Company is investment holding. The Group is principally engaged in the manufacturing and sale of polysilicon and wafers products, and developing and operating solar farms.

## LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios in respect of the Transaction (in aggregate) exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, TCL Technology Group Corporation\* (TCL科技集團股份有限公司), the parent company of TCL (“**TCL Technology**”), indirectly holds equity interest of Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.\* (內蒙古鑫環硅能科技有限公司), an indirect subsidiary of the Company (“**Inner Mongolia Xinhuan**”), and is a substantial shareholder of Inner Mongolia Xinhuan. Xuzhou Fund is a substantial shareholder of Leshan GCL, Xuzhou Fund owns 34.50% of the equity interest in Xinjiang Goens, and therefore Xinjiang Goens is an associated company of Xuzhou Fund.

Each of Inner Mongolia Xinhuan and Leshan GCL is an insignificant subsidiary of the Company pursuant to Ruel 14A.09 of the Listing Rules. Therefore, none of TCL, Xuzhou Fund or Xinjiang Goens is a connected person of the Company, and the Transaction does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Subject to the above, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, all counterparties of the Transaction and their respective ultimately beneficial owners are third parties independent of the Company and its connected persons.

**Shareholders and potential investors of the Company should note that the completion of the Transaction is subject to the fulfilment of the relevant conditions and therefore may or may not occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and other securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors of the Company
“Capital Reduction”	the reduction of the registered capital of Xinjiang Goens, held by some (but not all) Xinjiang Goens Shareholders, including Jiangsu Zhongneng, pursuant to the Capital Reduction Agreement dated 29 December 2023
“Capital Reduction Agreement”	the capital reduction agreement dated 29 December 2023 among Jiangsu Zhongneng, Xuzhou Fund, TCL and Xinjiang Goens relating to the Capital Reduction
“Company”	GCL Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, with stock code 3800
“Consideration”	the total consideration of the Transaction of RMB 5,466,634,250 for Jiangsu Zhongneng
“Director(s)”	director(s) of the Company
“Dividend”	dividend of RMB 4,473,334,250 to Jiangsu Zhongneng and RMB 3,137,143,500 to TCL involved in the Dividend Distribution
“Dividend Distribution”	the distribution of dividends, pursuant to the board resolution by the board of directors of Xinjiang Goens on 29 December 2023, by Xinjiang Goens to some but not all Xinjiang Goens Shareholders, including Jiangsu Zhongneng
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Inner Mongolia Xinhuan”	Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.* (內蒙古鑫環硅能科技有限公司), an indirect subsidiary of the Company

“Leshan GCL”	Leshan GCL New Energy Technology Co., Ltd.* (樂山協鑫新能源科技有限公司), an indirect subsidiary of the Company of which Xuzhou Fund is a substantial shareholder
“Jiangsu Zhongneng”	Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, but for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCL”	TCL Zhonghuan New Energy Technology Co., Ltd.* (TCL中環新能源科技股份有限公司)
“TCL Technology”	TCL Technology Group Corporation* (TCL科技集團股份有限公司), the parent company of TCL
“Transaction”	the Dividend Distribution and the Capital Reduction
“Valuation”	valuation of all the equity interests of Xinjiang Goens as of 30 September 2023
“Valuation Report”	the report for the Valuation issued by the Valuer on 11 December 2023
“Valuer”	Guozhonglian Assets Appraisal Land Real Estate Appraisal Co., Ltd.* (國眾聯資產評估土地房地產估價有限公司)
“Xinjiang Goens”	Xinjiang Goens Energy Technology Co., Ltd.* (新疆戈恩斯能源科技有限公司)
“Xinjiang Goens Shareholders”	the shareholder(s) of Xinjiang Goens

“Xuzhou Fund”

Xuzhou Zhongping GCL Industrial Upgrading Equity Investment Fund LLP\* (徐州中平協鑫產業升級股權投資基金(有限合夥))

“%”

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, 29 December 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 purposes only*