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## **GCL Technology Holdings Limited**

## **協鑫科技控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 3800)**

### **INSIDE INFORMATION**

### **PROFIT WARNING**

### **AND**

### **BUSINESS UPDATE**

This announcement is made by GCL Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Inside Information Provisions (as defined in the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **PROFIT WARNING**

Based on a preliminary assessment of the Group’s latest unaudited management accounts, the board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, for the six months ended 30 June 2024 (the “**First Half of 2024**”), the unaudited loss attributable to the owners of the Company is expected to be approximately RMB1.45 billion, as compared to the unaudited profit attributable to the owners of the Company of approximately RMB5.52 billion in the corresponding period of 2023.

Based on currently available information, the Board believes that the reasons for the unaudited loss attributable to the owners of the Company expected to record for the First Half of 2024 was mainly attributable to:

- (1) significant decrease in the average selling price of polysilicon and wafer products in the market for the First Half of 2024 (compared that of the six months ended 30 June 2023); and
- (2) inventories impairment as a result of the decrease in selling price of products.

## **BUSINESS UPDATE ON SOLAR MATERIAL BUSINESS SEGMENT**

In the first half of 2024, the Company's R&D expenses exceeded RMB700 million. On the basis of maintaining the original R&D direction, significant breakthroughs have been realized in the aspects of clean materials for granular silicon and balance for production capacity, which will continue to have a positive effect on the production cost and product quality of granular silicon.

During the past three years of continuous operation of the granular silicon production line, the Company has continuously explored and summarized the granular silicon process in terms of engineering practice and R&D innovation. Leveraging on the opportunity of the current market downturn, the Company simultaneously launched a system optimization project for the granular silicon production line. Although this initiative has reduced the operation rate in the short term, the optimized system is gratifying to see that production indicators such as silicon consumption, energy consumption and production efficiency have been substantially improved, further strengthening the Company's moat in the field of technology and engineering; the system optimization project is expected to be fully completed in September 2024. After its completion, the Company is very hopeful that it will take the lead in realizing performance turnaround.

The quality of granular silicon has kept improving, and the recognition of granular silicon by downstream customers continues to rise. With the increased willingness of downstream customers to purchase granular silicon, a peak sales season of granular silicon has been ushered in the second half of this year and the inventory has been substantially reduced. As of the date of this announcement, the inventory rate of granular silicon of the Company has been controlled within two weeks, which is far lower than the inventory level of the industry.

The Company's granular silicon still maintains the top level in the industry in terms of metal impurity control. The proportion of products with total metal impurities of 5 elements  $\leq 0.5\text{ppbw}$  in granular silicon has been increased from approximately 84.7% in the first quarter of 2024 to approximately 90.6% in the second quarter of 2024. Meanwhile, under the higher standard pattern, the impurity control level is rising accordingly. The proportion of products with total metal impurities of 18 elements  $\leq 1\text{ppbw}$  in granular silicon has been increased from approximately 55.8% in the first quarter of 2024 to approximately 64.3% in the second quarter of 2024, and there is still much space for improvement.

The information contained in this announcement is based only on the management accounts of the Group for the six months ended 30 June 2024, which has neither been reviewed or audited by the independent auditor of the Company nor reviewed by the audit committee of the Company. Shareholders and potential investors of the Company are advised to refer to financial information in the interim results announcement for the six months ended 30 June 2024 which is expected to be published by the end of August 2024.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 16 August 2024

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