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中信建投証券股份有限公司 CSC FINANCIAL CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6066)

PROPOSED ESTABLISHMENT OF SPECIAL FUND FOR COMPENSATION IN ADVANCE FOR THE AMETHYSTUM STORAGE INCIDENT AND THE APPLICATION OF THE COMMITMENT SYSTEM FOR PARTIES TO ADMINISTRATIVE ENFORCEMENT OF SECURITIES AND FUTURES

In order to protect the legitimate interests of investors and maintain the stability of the securities market, CSC Financial Co., Ltd. (the “**Company**”) as the sponsor and lead underwriter of Amethystum Storage Technology Co., Ltd. (“**Amethystum Storage**”), held a meeting of its board of directors on April 21, 2023 to consider and adopt the “Proposal on Establishment of a Special Fund for Compensation in Advance for the Amethystum Storage Incident and Application for the Commitment System for Administrative Enforcement Parties on Securities and Futures” (《關於擬設立紫晶存儲事件先行賠付專項基金與申請適用證券期貨行政執法當事人承諾制度的議案》). If Amethystum Storage is found by the China Securities Regulatory Commission (the “**CSRC**”) to be subject to administrative penalties for fraudulent issuance and information disclosure violations, it is agreed that the Company and other intermediaries will jointly establish a special fund for compensation in advance for the Amethystum Storage event (the “**Special Fund for Compensation in Advance**”), in order to compensate qualified investors for their investment losses in advance and apply to the CSRC for the application of the commitment system for parties involved in the administrative enforcement of securities and futures.

On April 21, 2023, Amethystum Storage received the Administrative Punishment Decision Letter ([2023] No. 30) (《行政處罰決定書》([2023]30號)) from the CSRC (the “**Administrative Penalty Decision**”) and was administratively punished by the CSRC for fraudulent issuance and information disclosure violations.

Based on the above, the proposed establishment of the Special Fund for Compensation in Advance and the application of the commitment system for parties involved in securities and futures administrative enforcement are announced as follows:

I. Basic Information on the Special Fund for Compensation in Advance

The Company and other intermediaries intend to jointly contribute RMB1 billion to establish the Special Fund for Compensation in Advance. The above amount is the preliminary estimate by the Company and the amount of such fund will be adjusted according to the final calculation of the amount of compensation for losses of qualified investors. The Company will entrust China Securities Investor Protection Fund Co., Ltd. (中國證券投資者保護基金有限責任公司) as the fund manager to be responsible for the management and operation of the Special Fund for Compensation in Advance. The custodian bank, which will independently keep the fund, will be determined by the Company and in consultation with the manager.

II. Object of Compensation, Scope of Compensation and Principle of Calculation of Amount of Compensation

1. The scope of qualified investors and the calculation method of the amount of compensation shall be determined in accordance with the rules and standards set by “Several Provisions of the Supreme People’s Court on the Trial of Civil Cases for Damages for the Tort of Misrepresentation in the Securities Market” (No. 2 [2022] of the Supreme People’s Court)(《最高人民法院關於審理證券市場虛假陳述侵權民事賠償案件的若干規定》(法釋[2022]2號)).

2. Principles on determining the eligible targets for compensation

(1) Investors who trade in shares of Amethystum Storage with the following circumstances constitute the eligible targets for compensation under the Special Fund for Compensation in Advance:

Investors who purchased shares of Amethystum Storage from the date of commission of false statements to the date of disclosure, and suffered loss (after deducting losses due to various risk factors) as a result of either disposal of shares of Amethystum Storage or continuing to hold shares of Amethystum Storage, after the date of disclosure.

- Date of commission of false statements: January 31, 2020, the date on which Amethystum Storage disclosed the “Prospectus for Initial Public Offering and Listing of Shares on the Science and Technology Innovation Board” is the first commission date. April 23, 2020, the date on which Amethystum Storage published the “2019 Annual Report” in the designated media, is the second commission date.

Note: On April 23, 2020, Amethystum Storage published the “2019 Annual Report” in the designated media and on April 30, 2021, it published the “2020 Annual Report” in the designated media, which are the dates of the commission of the post-listing disclosure violations of false statements by Amethystum Storage. Considering the implicative and continuous nature of these false statements, April 23, 2020, the earliest date amongst, is determined as the date of commission on the post-listing false statements.

- Disclosure date of false statements: February 12, 2022, the date on which the disclosure of Amethyst Storage was filed for investigation by the CSRC.
- (2) The responsible parties identified in the Administrative Penalty Decision and the shareholders who held shares of Amethyst Storage before the initial public offering, as well as the affiliates of the aforementioned entities, are not subject to compensation in advance; the controlling shareholders, directors, supervisors and senior management of Amethyst Storage who increased their holdings and purchased shares of Amethyst Storage are not subject to compensation in advance.
3. Scope of compensation and the principles for calculating the amount of compensation
 - (1) The compensation scope of the Special Fund for Compensation in Advance is limited to the actual losses incurred by qualified investors due to false statements.
 - (2) The compensation amount for each qualified investor will be calculated by the special fund for compensation in advance according to the following formula: compensation amount = loss on investment differences + commission and stamp duty for loss on the investment differences. The loss on investment differences shall be deducted from the losses due to risk factors, and the specific amount will be determined based on the calculation results of professional institutions.
 - (3) Purchase shares of Amethyst Storage after the commission date and before the disclosure date, and selling shares of Amethyst Storage after the disclosure date and before the benchmark date, the loss on investment differences shall be calculated based on the difference between the “average buying price” and the “actual selling average price”, multiplied by the number of shares of Amethyst Storage sold by investors, and deducting from the loss due to risk factors.

Purchasing shares of Amethyst Storage after the commission date and before the disclosure date, if not sold before the benchmark date, the loss on investment differences shall be calculated based on the difference between the “average buying price” and the “benchmark price”, multiplied by the number of unsold shares of Amethyst Storage by investors, and deducting from the losses due to risk factors.

Note: The benchmark date is the deadline set for determining the reasonable period for calculating losses after the disclosure or correction of false statements, in order to limit the compensation due to qualified investors to the loss caused by false statements. The date on which the cumulative trading volume of the concentration transaction reaches 100% of the liquidable portion from the date of disclosure or correction shall be the benchmark date. If the cumulative turnover of the centralized trading reaches 100% of the negotiable portion within 10 trading days, the benchmark date shall be the 10th trading day; if it does not reach 100% of the negotiable portion within 30 trading days, the benchmark date shall be the 30th trading day. For shares that have been ex-rights, the number of transactions is compounded.

The benchmark price refers to the average closing price of each trading day from either the date of disclosure or the date of correction of false statements, to the benchmark date.

WHEN THE SPECIAL FUND FOR COMPENSATION IN ADVANCE IS ESTABLISHED, THE FORMAL COMPENSATION PLAN WILL BE DISCLOSED IN THE FUND ESTABLISHMENT ANNOUNCEMENT. INVESTORS ARE ADVISED TO KEEP TRACK OF THE SUBSEQUENT ANNOUNCEMENT(S).

III. Application of the Undertakings Made by the Parties to Securities and Futures Administrative Law Enforcement

The CSRC has conducted relevant investigations into the implementation of the Amethyst Storage project by the Company. In accordance with the Provisions on the Implementation of the Rules for the Undertakings Made by the Parties to Securities and Futures Administrative Law Enforcement (證券期貨行政執法當事人承諾制度實施規定), the Company has submitted the application documents for the application of the undertakings made by the parties to securities and futures administrative law enforcement on April 21, 2023.

By order of the Board
CSC Financial Co., Ltd.
Wang Changqing
Chairman

Beijing the PRC
April 23, 2023

As at the date of this announcement, the executive Directors of the Company are Mr. WANG Changqing and Mr. LI Geping; the non-executive Directors of the Company are Mr. WU Ruilin, Ms. ZHU Jia, Mr. YANG Dong and Ms. WANG Hua; and the independent non-executive Directors of the Company are Mr. PO Wai Kwong, Mr. LAI Guanrong, Mr. ZHOU Chengyue, Mr. ZHANG Zheng and Mr. WU Xi.