

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

IN RE PPD AI GROUP INC. SECURITIES  
LITIGATION

No: 1:18-cv-06716-LDH-TAM

Hon. LaShann DeArcy Hall

Hon. Taryn A. Merkl

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: COMMERCIAL DIVISION**

In re PPD AI GROUP SECURITIES  
LITIGATION

Index No. 654482/2018

Hon. Andrea Masley

Commercial Division Part 48

**STIPULATION OF SETTLEMENT**

This Stipulation of Settlement (the “Stipulation”) in the action captioned *In re PPDAI Group Securities Litigation*, Index No. 654482/2018 (the “State Court Action”), pending before the Supreme Court of the State of New York, County of New York, Commercial Division (the “State Court”), and in the action captioned *In re PPDAI Group Inc. Securities Litigation*, No. 1:18-cv-06716-LDH-SJB, pending before the United States District Court for the Eastern District of New York (the “Federal Court”) (the “Federal Court Action,” and together with the State Court Action, the “Actions”), is entered into by and between: (a) Plaintiffs Yizhong Huang and Ravindra Vora (collectively, the “State Court Plaintiffs”); (b) Plaintiffs Golden Section Holding Corporation (“Golden Section”) and Weichen Lai (collectively, the “Federal Court Plaintiffs,” and collectively with the State Court Plaintiffs, “Plaintiffs”), on behalf of themselves and the Settlement Class (as defined below); (c) Defendant PPDAI Group Inc. (“PPDAI”) and current or former PPDAI officers or directors Jun Zhang, Tiezheng Li, Honghui Hu, Shaofeng Gu, Ronald Cao, Zehui Liu, Congliang Li, Qiong Wang, Simon Tak Leung Ho, and Neil Nanpeng Shen (the “Officer and Director Defendants,” and collectively with PPDAI, the “PPDAI Defendants”); (d) the underwriters of PPDAI’s November 10, 2017 initial public offering (“IPO”), specifically, Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., and Keefe, Bruyette & Woods, Inc. (the “Underwriter Defendants”); and (e) Law Debenture Corporate Services, Inc. and Giselle Manon (the “Law Debenture Defendants,” and together with PPDAI Defendants and Underwriter Defendants, the “Defendants”). The Stipulation is intended by Plaintiffs and Defendants (collectively, the “Parties”) to fully, finally, and forever resolve, discharge, release and settle the Released Claims, as defined below (the “Settlement,” defined further below), upon and subject to the terms and conditions hereof, and is submitted pursuant to Fed. R. Civ. P. 23(e) for approval by the Federal Court.

## **I. SUMMARY OF CLAIMS AND PROCEDURAL HISTORY**

### **1. Summary of Claims and the Complaints**

PPDAI is headquartered in Shanghai, China, and operates an online peer-to-peer consumer finance marketplace that matches borrowers with lenders for short-term loans. In the Actions, Plaintiffs allege several theories of liability against Defendants. The State Court Plaintiffs allege that Defendants failed to disclose in the IPO Registration Statement and Prospectus, as amended (“Offering Materials”), the magnitude of PPDAI’s exposure to loans with annualized all-in interest rates in excess of 36%, which were outlawed in China after the IPO. The Federal Court Plaintiffs allege that Defendants failed to disclose in the Offering Materials and during the class period alleged in the Federal Court Action that: (1) PPDAI employs illegal tactics to collect overdue loans; (2) PPDAI was violating Chinese privacy laws by secretly downloading and storing users’ contact lists in order to carry out illegal collection practices; (3) PPDAI was charging borrowers interest rates above 36%; and (4) PPDAI continued lending to college students after the Chinese government prohibited loans to college students. Both Actions also allege that certain defendants were control persons of, and therefore liable for, the improprieties of other defendants, including PPDAI. As described below, the State Court Plaintiffs assert claims under the Securities Act of 1933 (the “Securities Act”), and the Federal Court Plaintiffs assert claims under both the Securities Act and the Securities Exchange Act of 1934 (the “Exchange Act.”). Defendants deny Plaintiffs’ allegations.

On September 10, 2018, Yizhong Huang filed a putative class action in the State Court under Index No. 654482/2018 against the Defendants, alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act on behalf of all persons who purchased or otherwise acquired PPDAI American Depository Shares pursuant or traceable to the Offering Materials. Ravindra Vora filed a similar complaint on September 27, 2018 under Index No. 654777/2018.

On October 12, 2018, the State Court consolidated the two cases pending before it and appointed Scott+Scott Attorneys at Law LLP and Robbins Geller Rudman & Dowd LLP as co-lead counsel (collectively, “State Court Lead Counsel”). NYSCEF No. 19.<sup>1</sup> On December 17, 2018, the State Court Plaintiffs filed their Consolidated Amended Complaint, which became and is presently the operative complaint in the State Court Action (the “State Court Complaint”). NYSCEF No. 35.

On November 26, 2018, Weichen Lai filed a putative class action complaint in the Federal Court against substantially the same defendants as those named in the State Court Action under case number 1:18-cv-06716-FB-JO. On January 9, 2019, Yogendra Goyal filed a similar action in Federal Court under case number 2:19-cv-00168-FB-JO. On February 21, 2019, the Federal Court consolidated the two cases pending before it, appointed Golden Section as Lead Plaintiff, and approved Golden Section’s selection of The Rosen Law Firm, P.A. as lead counsel (“Lead Counsel”).<sup>2</sup>

On April 22, 2019, the Federal Court Plaintiffs filed an amended complaint (the “Federal Court Complaint”), which became and is presently the operative complaint in the Federal Court Action. ECF No. 27. The Federal Court Complaint asserts claims under Sections 11, 12(a)(2) and 15 of the Securities Act and claims against the PPDAl Defendants under Sections 10(b) and 20 of the Exchange Act. The Federal Court Complaint alleges claims on behalf of all purchasers of PPDAl ADSs from November 10, 2017 through December 1, 2017, inclusive.

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<sup>1</sup> Docket entries in the State Court Action are cited as “NYSCEF No. \_\_\_” and in the Federal Court Action as “ECF No. \_\_\_.”

<sup>2</sup> Lead Counsel and State Court Lead Counsel are collectively referred to herein as “Plaintiffs’ Counsel.”

## 2. State Court Action Procedural History

On November 7, 2018, State Court Plaintiffs and Defendants who were served in the State Court Action (“Served State Defendants”) attended a conference, required by the State Court, at which they set discovery and other deadlines.<sup>3</sup> NYSCEF No. 25. On December 7, 2018, Served State Defendants filed a motion to stay discovery, pending resolution of their forthcoming motion to dismiss, pursuant to the Private Securities Litigation Reform Act of 1995. NYSCEF No. 26. On January 3, 2019, State Court Plaintiffs served their First Request for the Production of Documents. NYSCEF No. 50. State Court Plaintiffs opposed the motion to stay discovery on January 4, 2019 and Served State Defendants filed a reply on January 18, 2019. NYSCEF Nos. 38, 60. On February 5, 2019, Served State Defendants filed a motion to stay the State Court Action in favor of the Federal Court Action. NYSCEF No. 72. State Court Plaintiffs opposed the motion on February 14, 2019 and Served State Defendants filed a reply on February 20, 2019. NYSCEF Nos. 82, 83. Oral argument was held on March 6, 2019 before the Honorable Saliann Scarpulla, who then presided over the State Court Action. NYSCEF No. 84. On July 5, 2019, Justice Scarpulla denied both of Served State Defendants’ stay motions. NYSCEF Nos. 90-91. Served State Defendants appealed the decisions on July 12, 2019. NYSCEF Nos. 93, 94.

On July 29, 2019, Served State Defendants applied, at the First Department, for an interim stay of all proceedings during the pendency of their concurrently filed motion for a stay pending appeal. *In re PPD AI Grp. Sec. Litig*, No. 2019-5471, NYSCEF No. 4 (1st Dep’t 2020). The same day, counsel for State Court Plaintiffs and Served State Defendants presented oral argument on the interim stay application at the First Department before the Honorable Jeffrey K. Oing. At oral argument, State Court Plaintiffs agreed to stay all discovery pending resolution of Served State

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<sup>3</sup> The Served State Defendants are: PPD AI, the Underwriter Defendants, and the Law Debenture Defendants.

Defendants' motion to dismiss and Served State Defendants agreed to withdraw their motion for a stay of all proceedings in the trial court during the pendency of the appeal. *Id.*, NYSCEF No. 5.

On February 28, 2020, Served State Defendants withdrew the appeal. *Id.*, NYSCEF No. 6.

On July 31, 2019, Served State Defendants filed a joint motion to dismiss the State Court Action. NYSCEF No. 95. State Court Plaintiffs opposed the motion on September 16, 2019, and Served State Defendants filed a reply on October 16, 2019. NYSCEF Nos. 118, 131. Justice Scarpulla held oral argument on the motion on November 20, 2019. NYSCEF No. 132. On February 26, 2020, Justice Scarpulla granted in part and denied in part the motion. Specifically, Justice Scarpulla dismissed all claims regarding PPDAl's loan collection practices, credit enhancement services and loan origination volume, but sustained State Court Plaintiffs' claims regarding interest rates. On February 28, 2020, Served State Defendants filed a Notice of Appeal of that decision. NYSCEF No. 136.

On May 26, 2020, State Court Plaintiffs served their Second Request for the Production of Documents and their First Notice to Admit on Served State Defendants. On June 29, 2020, after State Court Plaintiffs and Served State Defendants participated in a telephone conference with the State Court concerning discovery, Justice Scarpulla issued an order establishing deadlines for certain discovery and Served State Defendants' Answers to the State Court Complaint. NYSCEF No. 143. On July 2, 2020, State Court Plaintiffs served a subpoena for documents and testimony on The Piacente Group, Inc. ("Piacente"), which rendered marketing services for PPDAl, including for the IPO. On July 3, 2020, State Court Plaintiffs and Served State Defendants engaged in negotiations on the scope of document discovery, as Justice Scarpulla had previously directed. *See id.* The discovery issues discussed were the subject of continued negotiation between State Court Plaintiffs and Served State Defendants.

On July 23, 2020, State Court Plaintiffs engaged in negotiations with counsel for Piacente on the subpoena and the scope of its potential production. Piacente ultimately produced materials responsive to the subpoena. On July 24, 2020, Served State Defendants filed Answers to the State Court Complaint (NYSCEF Nos. 145-147), and served responses and objections to State Court Plaintiffs' First and Second Document Requests and First Notice to Admit. On September 1, 2020, the Underwriter Defendants began producing documents.

On September 22, 2020, State Court Plaintiffs filed their motion for class certification. NYSCEF No. 122. On October 2, 2020, PPDAI and the Law Debenture Defendants began their document production, and Served State Defendants served their First Set of Requests for Production of Documents on State Court Plaintiffs. State Court Plaintiffs served responses and objections to those requests on October 28, 2020.

On March 16, 2020, Served State Defendants filed the opening brief in connection with their partial appeal of the dismissal decision. *In re PPDAI Grp. Sec. Litig.*, No. 2020-01757, NYSCEF No. 4 (1st Dep't 2020). State Court Plaintiffs filed a response brief on August 12, 2020, and Served State Defendants filed a reply on August 21, 2020. NYSCEF Nos. 9, 13. After briefing concluded, the appeal was adjourned to the First Department's December 2021 term, pending approval of the settlement of the Actions. *Id.*, NYSCEF. No. 18.

### **3. Federal Court Action Procedural History**

On June 12, 2019, PPDAI and the Underwriter Defendants filed a joint letter requesting a pre-motion conference on their anticipated motion to dismiss the Federal Court Complaint. ECF No. 32. Federal Court Plaintiffs filed a letter in response on June 12, 2019. ECF No. 33. On September 4, 2019, counsel for Federal Court Plaintiffs, PPDAI and the Underwriter Defendants appeared for a pre-motion conference before the Hon. Frederic Block, who was presiding over the Federal Court Action at that time. On October 4, 2019, the Federal Court Action was reassigned

to the Hon. LaShann DeArcy Hall. On November 4, 2019, Defendants served their motion to dismiss the Federal Court Complaint. The Federal Court Plaintiffs served opposition papers on December 19, 2019, and Defendants served reply papers on January 17, 2020. The fully-briefed motion papers were then filed on ECF on January 17, 2020. ECF Nos. 48-52. On February 28, 2020, Defendants filed a supplemental authority letter regarding Justice Scarpulla's decision on the motion to dismiss the State Court Complaint. ECF No. 53. Federal Court Plaintiffs filed a letter in response on March 2, 2020. ECF No. 54. All discovery in the Federal Court Action was stayed pending resolution of the motion to dismiss, pursuant to the Private Securities Litigation Reform Act of 1995.

On April 10, 2020, the parties in the Federal Court Action applied to the Federal Court to stay the Federal Court Action pending outcome of a mediation agreed to by the parties. ECF No. 55. The Federal Court granted the application on April 13, 2020. At the Federal Court Action parties' request, the Federal Court lifted the stay on June 17, 2020.

#### **4. Mediation and Further Efforts to Resolve the Litigation**

In the Spring of 2020, the Parties agreed to explore a global resolution of the Actions and engaged the services of Robert A Meyer, Esq. of JAMS, a nationally-recognized mediator experienced in complex shareholder litigation. In connection with the mediation, the State Court Plaintiffs, the Federal Court Plaintiffs, and the PPD AI Defendants each provided to Mr. Meyer and exchanged with each other confidential mediation statements setting forth their respective positions on the issues of liability, causation, and damages. On May 21, 2020, the parties attended a virtual all-day mediation session with Mr. Meyer.

Although the Parties were then unable to reach a resolution of the Actions, they and Mr. Meyer continued to engage discussions over the next seven months in an effort to achieve a global resolution of the Actions. Ultimately, after lengthy negotiations, on December 9, 2020, the Parties



agreed to a settlement of \$9 million on the terms set forth herein, subject to the negotiation of a stipulation of settlement and judicial approval. This Stipulation (together with the exhibits hereto) reflects the final and binding agreement between the Parties, subject to judicial approval.

## **II. PLAINTIFFS' INVESTIGATION AND THE BENEFITS OF SETTLEMENT**

Lead Counsel represent that they have conducted an extensive investigation of the claims and the underlying events and transactions alleged in the Federal Court Action, and State Court Lead Counsel have represented that they have done the same in the State Court Action. Among other things, Lead Counsel and State Court Lead Counsel both represent that they have analyzed public filings, records, documents, and other materials concerning Defendants and third parties, and have researched the applicable law with respect to the claims of Plaintiffs and the Settlement Class against Defendants and the potential defenses thereto.

Based on their investigation and review, Plaintiffs and Plaintiffs' Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable, adequate, and are in the best interests of the Settlement Class, and have agreed to settle the claims raised in the Actions pursuant to the terms and provisions of this Stipulation, after considering: (a) the substantial benefits that Plaintiffs and the Settlement Class will receive from the proposed Settlement; (b) the risks, costs, and uncertainties of continued litigation, including the potential outcome of any appeals; (c) the desirability of permitting the settlement to be consummated as provided by the terms herein; and (d) Plaintiffs' Counsel's experience in the prosecution of similar actions.

As reflected below, the Parties and their counsel agree not to contend in any forum that the Actions were brought or defended in bad faith, without a reasonable basis, or in violation of 22 N.Y.C.R.R. §130-1, Rule 11 of the Federal Rules of Civil Procedure, or any similar law or statute. Plaintiffs have determined to seek judicial approval of the proposed Settlement in Federal Court under the specific circumstances of this case, but in no way concede or intend to represent that the

State Court would be unable to determine the propriety of any aspect of the proposed Settlement or that it would be inappropriate for the State Court to do so.

### **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Defendants have denied and continue to deny that they have committed any act or omission giving rise to any liability and/or violation of law. Without limiting the generality of the foregoing in any way, Defendants have denied and continue to deny, among other things, that any misstatements or materially misleading omissions were made or that Plaintiffs or the Settlement Class have suffered any damages. Neither this Stipulation nor any of its terms shall constitute an admission or finding of wrongful conduct, acts or omissions. Defendants do not admit any liability or wrongdoing in connection with the allegations set forth in the State Court Action, the Federal Court Action, or any facts related thereto.

Defendants are entering into this Settlement to eliminate the distraction, burden and expense of further litigation. Defendants also have taken into account the uncertainty and risks inherent in any litigation. Defendants have, therefore, determined that it is desirable and beneficial to them that the Actions be settled in the manner and upon the terms and conditions set forth in this Stipulation.

Neither this Stipulation nor any of the terms of the settlement of the Actions shall in any event be construed or deemed to be evidence of, or an admission or concession on the part of any Defendant with respect to, any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that Defendants have asserted.

### **IV. TERMS OF THE STIPULATION AND AGREEMENT OF SETTLEMENT**

NOW THEREFORE, without any admission or concession on the part of Plaintiffs of any lack of merit of the Actions, and without any admission or concession of liability or wrongdoing or lack of merit in the defenses by Defendants, it is hereby STIPULATED AND AGREED, by

and among the Parties to this Stipulation, through their undersigned attorneys, subject to Federal Court approval, in consideration of the benefits flowing to the Parties hereto from the Settlement, that all Released Claims (as defined below) as against the Released Parties (as defined below) and all of Released Defendants' Claims (as defined below) shall be compromised, settled, released, and discharged, upon and subject to the following terms and conditions:

**1. Certain Definitions**

Except as defined above, as used in this Stipulation, the following terms shall have the following meanings:

1.1 "ADSs" or "Shares" refers to American Depository Shares issued by or on behalf of PPDAI, each of which represents five PPDAI Class A ordinary shares.

1.2 "Alternative Judgment" means a form of judgment with terms materially different from those set forth in the form of judgment that is attached hereto as Exhibit B. Without limitation, any reduction in the scope of the definition of "Settlement Class," "Settlement Class Members," or "Released Claims" are hereby deemed to be material.

1.3 "Authorized Claimant" means a Settlement Class Member who submits a timely and valid Proof of Claim form to the Claims Administrator.

1.4 "Claims Administrator" means A.B. Data, Ltd.

1.5 "Controlling Person" means a person who holds a majority voting power in, or possesses the power to direct the actions of or exercise control over the general or daily operations of, a company or other business entity.

1.6 "Defendants' Counsel" means the law firms of Skadden Arps Slate, Meagher & Flom LLP and Shearman & Sterling LLP.

1.7 "Effective Date of Settlement" or "Effective Date" means the date upon which all of the events and conditions set forth in ¶10.1 below have been met and have occurred.

1.8 “Escrow Account” means an interest-bearing escrow account established by the Escrow Agent to receive the Settlement Amount.

1.9 “Escrow Agent” means The Rosen Law Firm, P.A., Scott+Scott Attorneys at Law LLP, and Robbins Geller Rudman & Dowd LLP, or their respective successor(s).

1.10 “Fee and Expense Award” means any attorneys’ fees and expenses awarded by the Federal Court as described in ¶5.1.

1.11 “Final” with respect to the Judgment or an order of the Federal Court dismissing or declining to dismiss the Federal Court Action with prejudice (see ¶¶10.1(f), 10.2(f)) means a Judgment or order:

(a) as to which there is no pending stay, motion for reconsideration, motion for rehearing, motion to vacate, appeal, petition for writ of certiorari or similar request for relief, other than as contemplated by subsection (d) of this ¶1.11;

(b) if no appeal is filed, the expiration date of the time provided for filing or petitioning for any appeal; and

(c) if there is an appeal from the Judgment or order, the date of (i) final dismissal of all such appeals, or the final dismissal of any proceeding on certiorari or otherwise to review the Judgment or order, or (ii) the date the Judgment or order is finally affirmed on appeal; and (i) the expiration of the time to file a petition for writ of certiorari or other form of review, (ii) the denial of a writ of certiorari or other form of review of the Judgment or order, or (iii) if certiorari or other form of review is granted, the date of final affirmance of the Judgment or order following review pursuant to that grant;

(d) provided, however, that any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to (i) attorneys’ fees, costs or

expenses, or (ii) the Plan of Allocation (as submitted or subsequently modified) shall not in any way delay or preclude the Judgment from becoming Final.

1.12 “Individual Defendants” means, collectively, Jun Zhang, Tiezheng Li, Honghui Hu, Shaofeng Gu, Ronald Cao, Zehui Liu, Congliang Li, Qiong Wang, Simon Tak Leung Ho, and Neil Nanpeng Shen, and Giselle Manon.

1.13 “Investment Vehicle” means any investment company, separately managed account or pooled investment fund, including, but not limited to mutual fund families, exchange-traded funds, fund of funds, hedge funds, and employee benefit plans, in which any Defendant or its affiliates has or may have a direct or indirect interest, or as to which that Defendant or its affiliates may act as an investment advisor or manager, but in which any Defendant alone or together with its, his or her respective affiliates is not a majority owner or does not hold a majority beneficial interest.

1.14 “Judgment” means either: (i) the proposed judgment to be entered approving the Settlement, substantially in the form attached hereto as Exhibit B; or (ii) an Alternative Judgment, if expressly agreed by all Parties.

1.15 “Net Settlement Fund” means the Settlement Fund less: (i) court awarded attorneys’ fees; (ii) notice and administration expenses; (iii) any required Taxes; (iv) court awarded litigation expenses; and (v) any other fees or expenses approved by the court.

1.16 “Notice” means the Notice of Proposed Settlement of Class Action, which is to be sent to members of the Settlement Class, substantially in the form attached hereto as Exhibit A-1.

1.17 “Notice Order” means the proposed order preliminarily approving the Settlement and directing notice thereof to the Settlement Class, substantially in the form attached hereto as

Exhibit A.

1.18 “Person” means an individual, corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, limited liability company or corporation, professional corporation, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and his, her or its spouses, heirs, predecessors, successors, representatives, or assignees.

1.19 “Plan of Allocation” means the plan described in the Notice or any alternate plan approved by the Federal Court whereby the Net Settlement Fund (as defined above in ¶1.22) shall be distributed to Authorized Claimants. Any Plan of Allocation is not part of the Stipulation, and the Released Parties shall have no responsibility therefore or liability with respect thereto.

1.20 “PPDAI” means PPDAI Group Inc. (n/k/a FinVolution Group) and its predecessors, successors, parents, subsidiaries, divisions or affiliates.

1.21 “Proof of Claim” means the Proof of Claim and Release, substantially in the form attached hereto as Exhibit A-2 to Exhibit A.

1.22 “Offering Materials” means, collectively, any and all registration statements and prospectuses, whether preliminary, amended, or as effective, filed with the U.S. Securities and Exchange Commission that relate in any way, in whole or in part, to PPDAI’s IPO.

1.23 “Related Parties” means each of a Defendant’s past, present or future direct or indirect parents, subsidiaries, divisions, branches, Controlling Persons, associates, entities, affiliates or joint ventures, as well as each of their respective present or former directors, officers, employees, managers, servants, partners, limited partners, members, principals, trustees, advisors, auditors, accountants, agents, underwriters, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, fiduciaries, financial or investment advisors or consultants, banks or

investment bankers, personal or legal representatives, agents, predecessors, predecessors-in-interest, successors, assigns, spouses, heirs, related or affiliated entities, anyone acting or purporting to act for or on behalf of any of them or their successors, heirs or assigns, any other persons, firms, trusts, corporations and other entity in which a Defendant has a controlling interest, any member of an Individual Defendant's immediate family, any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his or her family, and the legal representatives, heirs, successors in interest or assigns of the Defendants.

1.24 "Released Claims" means all claims, demands, losses, costs, interest, penalties, fees, attorneys' fees, expenses, rights, causes of action, actions, duties, obligations, judgments, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, including "Unknown Claims" as defined below, whether direct or indirect, representative, class, individual, asserted or unasserted, matured or unmatured, accrued or unaccrued, foreseen or unforeseen, disclosed or undisclosed, contingent or fixed or vested, at law or equity, whether arising under federal, state, local, foreign, statutory, common or administrative, or any other law, statute, rule, or regulation, both (a) arising out of or related to the facts which were alleged or which could have been alleged by Plaintiffs or any member of the Settlement Class against the Released Parties; and (b) arising out of or related to the purchase, acquisition, holding, sale, disposition, transfer, or investment of PPD AI ADSs issued in the IPO during the Settlement Class Period. "Released Claims" also includes any and all claims arising out of, relating to, or in connection with the Settlement or resolution of the Actions (including Unknown Claims), except claims to enforce any of the terms of this Stipulation, or the claims of any Person that submits a request for exclusion that is accepted by the Court.

1.25 "Released Defendants' Claims" means all claims, including "Unknown Claims"

as defined below, that any Released Party may have against Plaintiffs, Settlement Class Members, or Plaintiffs' Counsel relating to the institution, prosecution or settlement of the Released Claims, the State Court Action or the Federal Court Action (except for claims to enforce any of the terms of this Stipulation).

1.26 "Released Parties" means Defendants and each and all of their Related Parties.

1.27 "Settlement" means the settlement on the terms set forth in this Stipulation.

1.28 "Settlement Amount" means the sum of U.S. \$9,000,000 to be deposited into an Escrow Account pursuant to ¶3. For the avoidance of doubt, as reflected in ¶3, the Settlement Amount shall be deposited by PPD AI and/or its insurers and no other Defendant shall have any obligation to contribute to the Settlement Amount.

1.29 "Settlement Class" and "Settlement Class Members" means, for the purposes of this Settlement only, all Persons that purchased or otherwise acquired PPD AI ADSs during the Settlement Class Period (as defined below), which includes all Persons who purchased or otherwise acquired PPD AI ADSs pursuant or traceable to PPD AI's Offering Materials. Excluded from the Settlement Class are Defendants, the officers and directors of PPD AI or the Underwriter Defendants (at all relevant times), members of their immediate families, and their legal representatives, heirs, successors or assigns, and any entity in which any Defendant has a controlling interest; provided, however, that any Investment Vehicle shall not be excluded from the Settlement Class. Also excluded from the Settlement Class are those Persons who would otherwise be Settlement Class Members but who timely and validly exclude themselves therefrom.

1.30 "Settlement Class Period" means, for purposes of this Settlement only, the period from November 10, 2017 through May 9, 2018, inclusive.

1.31 "Settlement Fairness Hearing" means the hearing scheduled by the Federal Court



to determine whether (i) the Settlement is fair, reasonable, and adequate, (ii) the Plan of Allocation is fair, reasonable, and adequate, and (iii) Plaintiffs' Counsel's request for an award of attorneys' fees and expenses on behalf of Lead Counsel and State Court Lead Counsel, including awards to Plaintiffs, is reasonable.

1.32 "Settlement Fund" means the Settlement Amount plus any interest or income earned thereon.

1.33 "Summary Notice" means the summary notice of proposed Settlement and hearing for publication, substantially in the form attached hereto as Exhibit A-3.

1.34 "Unknown Claims" means (i) any and all claims and potential claims against Released Parties which Plaintiffs or any Settlement Class Members do not know or suspect to exist in their, his, her, or its favor as of the Effective Date, and (ii) any claims against Plaintiffs which Defendants do not know or suspect to exist in their favor, which if known by any of them, might have affected their, his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Released Defendants' Claims, the Parties stipulate and agree that by operation of the Final Judgment, upon the Effective Date, the Plaintiffs and Defendants shall have expressly waived, and each Settlement Class Member shall be deemed to have waived, and by operation of the Final Judgment shall have expressly waived, the provisions, rights and benefits of Cal. Civ. Code §1542, which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY;**

and any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal.

Civ. Code §1542. Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs shall expressly fully, finally, and forever settle and release, and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants acknowledge, and Settlement Class Members shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Defendants’ Claims was separately bargained for and was an essential element of the Settlement.

## **2. Scope and Effect of Settlement**

2.1 The obligations incurred pursuant to this Stipulation shall be in full and final disposition of: (i) the Actions against Defendants; (ii) any and all Released Claims as against all Released Parties; and (iii) any and all Released Defendants’ Claims.

2.2 (a) Upon the Effective Date of this Settlement, Plaintiffs and all Settlement Class Members shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever waived, released, and discharged all Released Claims against the Released Parties, regardless of whether such Settlement Class Member executes and delivers a Proof of Claim.

(b) Upon the Effective Date of this Settlement, each and every Settlement

Class Member will be permanently and forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or any other forum, asserting any or all of the Released Claims against the Released Parties, whether or not such Settlement Class Member executes and delivers a Proof of Claim.

(c) Upon the Effective Date of this Settlement, each of the Released Parties shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released and discharged Plaintiffs, Plaintiffs' Counsel and each and all of the Settlement Class Members from each and every one of the Released Defendants' Claims.

(d) Notwithstanding the provisions of ¶¶2.2(a) through (c) hereof, in the event that any of the Released Parties asserts against Plaintiffs, any Settlement Class Member, or their respective counsel, any claim that is a Released Defendants' Claim, then such Plaintiffs or Settlement Class Member, or counsel shall be entitled to use and assert such factual matters included within the Released Claims only against such Released Party in defense of such claim, but not for the purposes of affirmatively asserting any claim against any Released Party.

(e) Notwithstanding the provisions of ¶¶2.2(a) through (c) hereof, in the event that Plaintiffs or any Settlement Class Member asserts against any of the Released Parties or their respective counsel any claim that is a Released Claim, then such Released Party or counsel shall be entitled to use and assert such factual matters included within the Released Defendants' Claims only against such Plaintiffs or Settlement Class Member in defense of such claim, but not for the purposes of affirmatively asserting any claim against Plaintiffs or any Settlement Class Member.

(f) The releases and injunctions provided in this Stipulation shall become effective immediately upon occurrence of the Effective Date without the need for any further

action, notice, condition or event.

### **3. The Settlement Consideration**

3.1 In full and final settlement of the claims asserted in the Actions and in consideration of the releases specified in ¶2.2(a) herein, PPD AI shall deposit or cause to be deposited the Settlement Amount in accordance with instructions to be provided by the Escrow Agent on or before twenty (20) business days after the later to occur of: (i) entry of the Notice Order; and (ii) the Escrow Agent providing to Defendants' Counsel all information necessary to effectuate a transfer of funds to the Escrow Account, including, without limitation, (a) wire transfer instructions (including bank name and ABA routing number, address, account name and number), (b) payment address, and (c) a complete and executed Form W-9 for the Settlement Fund that reflects a valid tax identification number. For the avoidance of doubt, no other Defendant shall have any obligation to deposit or otherwise contribute to the Settlement Amount. Within three (3) days from the filing of this Stipulation with the Federal Court, Plaintiffs' Counsel shall send PPD AI's counsel an encrypted e-mail containing complete particulars for payment by wire transfer or check, and a W-9. The Parties agree that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation §1.468B-1. The account funds, less any amounts incurred for notice, administration, and/or taxes, plus any accrued interest thereon on a *pro rata* basis, shall revert to the person(s) making the deposits if the Settlement does not become effective for any reason, including by reason of a termination of the Settlement pursuant to ¶¶10.2-10.4 herein. The Settlement Fund includes any interest earned thereon.

3.2 If the entire Settlement Amount is not timely paid to the Escrow Agent in accordance with ¶3.1 above, Plaintiffs' Counsel may terminate the Settlement or apply to the Court to enforce the terms of the Stipulation, but only if: (i) Plaintiffs' Counsel have notified Defendants' Counsel in writing of Plaintiffs' Counsel's intention to terminate the Settlement or seek judicial

intervention, and (ii) the entire Settlement Amount is not transferred to the Escrow Account within five (5) business days after Plaintiffs' Counsel have provided such written notice.

3.3 Plaintiffs and Settlement Class Members shall look solely to the Settlement Fund as satisfaction of all Released Claims. Defendants shall have no obligation under this Stipulation or the Settlement to pay any additional amounts, and upon payment funding, Defendants shall have no other obligation to pay or reimburse any fees, expenses, costs, liability or damages whatsoever alleged or incurred by Plaintiffs, by any Settlement Class Member, or by any of their attorneys, experts, advisors, agents, or representatives with respect to the State Court Action, the Federal Court Action and Released Claims. Any award made by the Federal Court pursuant to the Fee and Expense Application referred to in ¶5.1 hereof shall be paid exclusively from the Settlement Fund; any agreement between or among Plaintiffs' Counsel to divide fees, expenses, costs or interest shall be between or among such Plaintiffs' Counsel only; and Defendants shall have no obligation with respect to any allocation between or among Plaintiffs' Counsel, or with respect to any payment to any Plaintiffs' Counsel, of any fees, expenses, costs or interest. Plaintiffs and Settlement Class Members acknowledge that, as of the Effective Date, the releases and injunctions given herein shall become effective by operation of the Final Judgment and shall be permanent, absolute and unconditional.

3.4 (a) The Settlement Fund, net of any Taxes (as defined below), shall be used to pay: (i) the notice and administration costs of the Settlement referred to in ¶4.2 hereof; (ii) any award made by the Federal Court pursuant to the Fee and Expense Application referred to in ¶5.1 hereof; and (iii) the remaining administration expenses referred to in ¶4.2 hereof and any other attorney and administrative costs, fees, payments or awards subsequently approved by the Federal Court. The balance of the Settlement Fund after the above payments shall be the Net Settlement

Fund, which shall be distributed to the Authorized Claimants as provided in ¶¶6.1-6.3 hereof. Any portions of the Settlement Fund required to be held in escrow before the Effective Date shall be held by the Escrow Agent for the Settlement Fund. The Settlement Fund held by the Escrow Agent shall be deemed to be in the custody of the Federal Court and shall remain subject to the jurisdiction of the Federal Court until such time as the Net Settlement Fund shall be distributed to Authorized Claimants or returned pursuant to this Stipulation and/or further order of the Federal Court. The Escrow Agent shall not disburse the Settlement Fund, or any portion thereof, except as provided in this Stipulation, or upon Order of the Federal Court. The Escrow Agent shall be responsible for investing the Settlement Fund in eligible investments, meaning obligations issued or guaranteed by the United States of America or any agency or instrumentality thereof, backed by the full faith and credit of the United States, or fully insured by the United States Government or an Agency thereof, and the Escrow Agent shall reinvest the proceeds of these obligations or instruments as they mature in similar instruments at their then-current market rates. All risks related to the investment of the Settlement Fund in accordance with the investment guidelines set forth in this paragraph shall be borne by the Settlement Fund, and Defendants shall have no obligation for any loss suffered by, or fluctuation in value of, the Settlement Fund.

(b) For the purpose of §1.468B of the Internal Revenue Code and the Treasury regulations thereunder, the Escrow Agent shall be designated as the “administrator” of the Settlement Fund. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns described in Treas. Reg. §1.468B- 2(k)). Such returns (as well as the election described below) shall be consistent with this paragraph and in all events shall reflect that all Taxes (including any estimated Taxes, interest, or penalties) on the income earned by the Settlement

Fund shall be paid out of the Settlement Fund as provided herein.

(c) All: (i) Taxes (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon Defendants or their Related Parties with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “Qualified Settlement Fund” for federal or state income tax purposes; and (ii) all other tax expenses incurred in the operation of and implementation of this paragraph, including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution expenses related to filing or failing to file the returns described in this paragraph (collectively, “Taxes”) shall promptly be paid out of the Settlement Fund by the Escrow Agent without prior order from the Federal Court. The Escrow Agent shall also be obligated to, and shall be responsible for, withholding from distribution to Settlement Class Members any funds necessary to pay such amounts, including the establishment of adequate reserves for any Taxes, including the establishment of adequate reserves for any Taxes and tax expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(1)(2)). Taxes and tax expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund. The Parties agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this paragraph.

(d) Except to the extent Plaintiffs’ Counsel are acting in their capacity as Escrow Agent, neither the Parties nor their counsel shall have any responsibility for or liability whatsoever with respect to: (i) any act, omission or determination of the Escrow Agent or the Claims Administrator, or any of their respective designees or agents, in connection with the administration of the Settlement Fund or otherwise; (ii) the Plan of Allocation; (iii) the

determination, administration, calculation, or payment of any claims asserted against the Settlement Fund; or (iv) the payment or withholding of any Taxes, expenses, and/or costs incurred in connection with the taxation of the Settlement Fund or the filing of any returns. The Escrow Agent, through the Settlement Fund, shall indemnify and hold each of the Released Parties and their counsel harmless for Taxes and tax expenses (including, without limitation, Taxes payable by reason of any such indemnification).

**4. Administration**

4.1 The Claims Administrator shall administer and calculate the claims that shall be allowed and oversee distribution of the Settlement Fund subject to such supervision of Plaintiffs' Counsel and/or the Federal Court as the circumstances may require. The Claims Administrator agrees to be subject to the jurisdiction of the Federal Court with respect to the administration of the Settlement and the distribution of the Settlement Fund pursuant to the terms of this Stipulation. Defendants shall have no role in, or responsibility for, the administration of the Settlement and shall have no liability to Plaintiffs, the Settlement Class, or any other person in connection with, as a result of, or arising out of, such administration. The Claims Administrator will not make any distributions to Settlement Class Members from the Net Settlement Fund until the Judgment becomes Final and all the conditions described in ¶10.1 herein have been satisfied.

4.2 Plaintiffs' Counsel may pay from the Settlement Fund, without further approval from Defendants or the Federal Court, the reasonable costs and expenses associated with notice to the Settlement Class, and the administration of the Settlement, including, without limitation, the actual costs of notice, and the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing notice and processing the submitted claims. Within ten (10) calendar days of entry of the Notice Order, PPD AI shall provide or cause to be provided to the Claims Administrator, at no cost, its reasonably available record shareholder lists for



shareholders during the Settlement Class Period as appropriate for providing notice to the Settlement Class.

**5. Fee and Expense Application**

5.1 Plaintiffs' Counsel will submit an application or applications (the "Fee and Expense Application") to the Federal Court for an award from the Settlement Fund of: (i) attorneys' fees and the payment of litigation expenses incurred in connection with the prosecution of the Actions, plus interest on both amounts at the same rate and period as earned on the Settlement Fund (until paid); and (ii) an award to Plaintiffs in connection with their representation of the Settlement Class. Attorneys' fees, expenses, and interest as are awarded by the Federal Court shall be paid from the Settlement Fund to Plaintiffs' Counsel immediately upon entry by the Federal Court of an order awarding such amounts, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof. Plaintiffs' Counsel may thereafter allocate such fees to Plaintiffs' Counsel subject to each Plaintiffs' Counsel's (including their respective partners, shareholders and/or firms) several obligation to repay those amounts to the Settlement Fund plus accrued interest at the same net rate as is earned by the Settlement Fund, if and when, as a result of any appeal and/or further proceedings on remand, or successful collateral attack, the fee or cost award is reduced or reversed or return of the Settlement Fund is required consistent with the provisions of ¶10.4 hereof. In such event, Plaintiffs' Counsel shall, within ten (10) business days from the event which requires repayment of the fee or expense award, refund to the Settlement Fund the fee and expense award paid to them, along with interest, as described above. Furthermore, all Plaintiffs' Counsel (including their respective partners, shareholders and/or firms) agree that they remain subject to the continuing jurisdiction of the Federal Court for the purpose of enforcing their obligation to repay required attorneys' fees and expenses to the Settlement Fund as provided in this paragraph. Without

limitation, Plaintiffs' Counsel agree that the Federal Court may, upon application of Defendants and notice to Plaintiffs' Counsel, summarily issue orders, including, but not limited to, judgments and attachment orders, and may make appropriate findings of or sanctions for contempt, should Plaintiffs' Counsel fail timely to repay fees and expenses pursuant to this ¶5.1.

5.2 Notwithstanding any other provision of this Stipulation to the contrary, the Fee and Expense Application shall be considered by the Federal Court separate and apart from its consideration of the fairness, reasonableness, and adequacy of the Settlement as set forth in this Stipulation and shall have no effect on the terms of the Stipulation or the validity or enforceability of this Settlement. The approval of the Settlement, and it becoming Final, shall not be contingent on the award of attorneys' fees and expenses, any award to Plaintiffs' Counsel or Plaintiffs, nor any appeals from such awards. Any order or proceeding relating to the Fee and Expense Application, or any appeal of any order relating thereto or reversal or modification thereof, shall not operate to, or be grounds to, terminate or cancel this Stipulation or the Settlement of the Actions, or affect or delay the finality of the Judgment approving this Settlement.

5.3 Defendants shall have no responsibility for, and no liability whatsoever with respect to, the allocation among Plaintiffs' Counsel or any other Person who may assert some claim thereto of any fee and expense award that the Federal Court may make in the Federal Court Action.

5.4 Defendants shall have no responsibility for, and no liability whatsoever with respect to, any payment of attorneys' fees or expenses (including Taxes) to Plaintiffs' Counsel or any other Person who receives payment from the Net Settlement Fund.

## **6. Distribution to Authorized Claimants**

6.1 The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim as

defined in the Plan of Allocation described in the Notice annexed hereto as Exhibit A-1, or in such other Plan of Allocation as the Federal Court approves.

6.2 The Plan of Allocation set forth in the Notice is not a necessary term of this Stipulation and it is not a condition of this Stipulation that any particular Plan of Allocation be approved. The Released Parties will take no position with respect to the proposed Plan of Allocation or such Plan of Allocation as may be approved by the Federal Court. The Plan of Allocation is a matter separate and apart from the Settlement between the Parties and any decision by the Federal Court concerning the Plan of Allocation or change to the Plan of Allocation shall not affect the validity or finality of the proposed Settlement.

6.3 Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his or her Recognized Claim compared to the total Recognized Claims of all accepted claimants. The Settlement is non-recapture, *i.e.*, it is not a claims-made settlement. Defendants shall not be entitled to get back any of the settlement monies, or interest earned thereon, once the Judgment becomes Final and all the conditions set forth in ¶10.1 herein have been satisfied. Defendants and other Released Parties shall not have liability should Recognized Claims made exceed the amount available in the Settlement Fund for payment of such Claims. The Released Parties shall have no involvement in reviewing, evaluating, or challenging claims and shall have no responsibility or liability for determining the allocation of any payments to any Settlement Class Members or for any other matters pertaining to the Plan of Allocation.

## **7. Administration of the Settlement**

7.1 Within ninety (90) calendar days after such time as set by the Federal Court to mail notice to the Settlement Class, each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim, substantially in the form attached hereto as Exhibit A-2 and as approved by the Federal Court, signed under penalty of

perjury and supported by such documents as are specified in the Proof of Claim and as are reasonably available to the Authorized Claimant.

7.2 Except as otherwise ordered by the Federal Court, all Settlement Class Members who fail to timely submit a Proof of Claim within such period, or such other period as may be ordered by the Federal Court, shall be forever barred from receiving any payments pursuant to the Stipulation and the Settlement set forth herein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained herein, and the Final Judgment, and will be barred from bringing any action against the Released Parties concerning the Released Claims. Notwithstanding the foregoing, Plaintiffs' Counsel have the discretion (but not the obligation) to accept for processing late submitted claims so long as the distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed. No Person shall have any claim against Plaintiffs, Plaintiffs' Counsel or the Claims Administrator by reason of the exercise or non-exercise of such discretion.

7.3 Each Proof of Claim shall be submitted to and reviewed by the Claims Administrator, under the supervision of Plaintiffs' Counsel, who shall determine, in accordance with this Stipulation and the approved Plan of Allocation, the extent, if any, to which each claim shall be allowed, subject to review by the Federal Court pursuant to ¶7.5 below.

7.4 Proofs of Claim that do not meet the submission requirements may be rejected. Before rejecting a Proof of Claim in whole or in part, the Claims Administrator shall communicate with the claimant in writing to give the claimant the chance to remedy any curable deficiencies in the Proof of Claim submitted. The Claims Administrator, under the supervision of Plaintiffs' Counsel, shall notify, in a timely fashion and in writing, all claimants whose claims the Claims Administrator proposes to reject in whole or in part for curable deficiencies, setting forth the

reasons therefor, and shall indicate in such notice that the claimant whose claim is to be rejected has the right to a review by the Federal Court if the claimant so desires and complies with the requirements of ¶7.5 below.

7.5 If any claimant whose timely claim has been rejected in whole or in part for curable deficiency desires to contest such rejection, the claimant must, within twenty (20) calendar days after the date of mailing of the notice required in ¶7.4 above, or a lesser period of time if the claim was untimely, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Federal Court. If a dispute concerning a claim cannot be otherwise resolved, Federal Court Counsel shall thereafter present the claimant's request for review to the Federal Court.

7.6 Each claimant, other than those whose request to be excluded from the Settlement Class is granted by the Federal Court, shall be deemed to have submitted to the jurisdiction of the Federal Court with respect to the claimant's claim, including, but not limited to, all releases and injunctions provided for herein and in the Judgment, and the claim will be subject to investigation and discovery, provided that such investigation and discovery shall be limited to the claimant's status as a Settlement Class Member and the validity and amount of the claimant's claim. In connection with processing the Proofs of Claim, no discovery shall be allowed on the merits of the Actions or the Settlement, and Defendants shall have no obligation to provide discovery.

7.7 No Person shall have any claim against the Released Parties, Defendants' Counsel, Plaintiffs, Plaintiffs' Counsel or the Claims Administrator, or any other Person designated by Plaintiffs' Counsel based on determinations or distributions made substantially in accordance with this Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of

the Federal Court.

7.8 The Net Settlement Fund shall be distributed to Authorized Claimants substantially in accordance with the Plan of Allocation described in the Notice and approved by the Federal Court. If there is any balance remaining in the Net Settlement Fund after six (6) months from the date of distribution of the Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise), Plaintiffs' Counsel shall, if economically feasible, reallocate such balance among Authorized Claimants in an equitable and economic fashion. These redistributions will be repeated until the balance remaining in the Net Settlement Fund is no longer economically reasonable, in Plaintiffs' Counsel's discretion, to distribute to Settlement Class Members. Thereafter, any balance which still remains in the Net Settlement Fund shall be donated to an appropriate non-profit organization(s) designated by Plaintiffs' Counsel that has no affiliation or financial relationship with Plaintiffs' Counsel, Plaintiffs, Defendants, the Related Parties, or Defendants' Counsel.

7.9 Except for PPDAl's obligation to pay the Settlement Amount or cause it to be paid, if applicable, Defendants shall have no liability, obligation or responsibility for the administration of the Settlement, the payment or withholding of any Taxes, any allocation or payment to any Plaintiffs' Counsel of any fees, expenses, costs or interest, or any disbursement of the Net Settlement Fund. Plaintiffs' Counsel shall have the right, but not the obligation, to advise the Claims Administrator to waive what Plaintiffs' Counsel reasonably deems to be formal or technical defects in any Proofs of Claim submitted, including, without limitation, failure to submit a document by the submission deadline, in the interests of achieving substantial justice.

7.10 All proceedings with respect to the administration, processing and determination of claims on the Net Settlement Fund and the determination of all controversies relating thereto,

including disputed questions of law and fact with respect to the validity of claims, shall be subject to the jurisdiction of the Federal Court, but shall not in any event delay or affect the finality of the Judgment.

7.11 The Net Settlement Fund shall be distributed by the Claims Administrator to, or for the account of, Authorized Claimants, as the case may be, only after the Effective Date and after: (i) all claims have been processed, and all claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to be heard concerning such rejection or disallowance; (ii) all objections with respect to all rejected or disallowed claims have been resolved by the Federal Court, and all appeals therefrom have been resolved or the time therefor has expired; and (iii) all matters with respect to the Fee and Expense Application have been resolved by the Federal Court, all appeals therefrom have been resolved or the time therefor has expired.

## **8. Terms of Order for Notice and Hearing**

8.1 Promptly after this Stipulation has been fully executed, Federal Court Counsel shall request (by motion or otherwise) that the Federal Court enter the Notice Order, substantially in the form annexed hereto as Exhibit A.

8.2 Plaintiffs' Counsel and Defendants' Counsel shall jointly request that the postmark deadline for objecting and/or submitting exclusions from this Settlement be set at least sixty (60) calendar days after the date for the initial mailing of the Notice as set forth in the Notice Order. Upon receiving any request(s) for exclusion ("Request for Exclusion"), the Claims Administrator shall promptly notify Plaintiffs' Counsel and Defendants' Counsel of such Requests for Exclusion.

8.3 Any Settlement Class Member who wishes to opt out of the Settlement Class must submit a timely written Request for Exclusion on or before the opt-out date, in the manner specified in the Notice Order. A Request for Exclusion is valid only if it is signed by the Settlement Class

Member or Settlement Class Members requesting exclusion in that request. Group opt-outs, including “mass” or “class” opt outs, are not permitted. Any Settlement Class Member who does not submit a timely written Request for Exclusion will be bound by all proceedings, orders, and judgments in the Federal Court Action, whether or not he, she, or it timely submits a Proof of Claim.

**9. Terms of Judgment**

9.1 If the Settlement contemplated by this Stipulation is approved by the Federal Court, Federal Court Counsel shall request that the Federal Court enter a Judgment, substantially in the form annexed hereto as Exhibit B.

**10. Effective Date of Settlement, Waiver or Termination**

10.1 The Effective Date of Settlement shall be the date when all the following shall have occurred:

- (a) the Federal Court has entered the Notice Order in all material respects;
- (b) the Settlement Amount has been deposited into the Escrow Account pursuant to ¶3.1;
- (c) PPDAI has not exercised its option to terminate this Settlement pursuant to ¶10.3 and the Supplemental Agreement, and the option to do so has expired in accordance with the terms of this Stipulation and the Supplemental Agreement;
- (d) final approval by the Federal Court of the Settlement, following notice to the Settlement Class;
- (e) entry by the Federal Court of the Judgment, and the Judgment becomes Final; and
- (f) the Actions have been dismissed with prejudice.

10.2 Each of the Plaintiffs and each of the Defendants, through their respective



counsel, shall, in each of their separate discretions, but in all events subject to ¶5.2 herein, have the right to terminate the Settlement and this Stipulation, as to themselves, by providing written notice of their election to do so (“Termination Notice”) to all other Parties hereto within thirty (30) calendar days of: (a) the Federal Court’s final non-appealable refusal to enter the Notice Order in any material respect; (b) the Federal Court’s final non-appealable refusal to approve this Stipulation or any material part of it; (c) the Federal Court’s non-appealable refusal to enter the Judgment in any material respect; or (d) the date on which the Judgment is modified or reversed by a court of appeal or any higher court in any material respect; (e) an Alternative Judgment is modified or reversed by a court of appeal or any higher court in any material respect; or (f) if the State Court or Federal Court issues an order declining to dismiss, respectively, the State Court Action or Federal Court Action with prejudice and that order is Final.

10.3 PPDAI shall have the right (but not obligation) to terminate this Settlement if a particular confidential threshold is reached with respect to opt outs from this Settlement. The Parties have entered into a separate Supplemental Agreement (the “Supplemental Agreement”) describing the procedure and threshold, which shall be binding as if set forth herein. The Supplemental Agreement will not be filed with the Federal Court unless required by Federal Court rule or unless and until a dispute as between Plaintiffs and Defendants concerning its interpretation or application arises. If submission of the Supplemental Agreement is ordered by the Federal Court, the Parties will seek to have the Supplemental Agreement submitted to the Federal Court *in camera* or filed under seal, but such disclosure shall be carried out to the fullest extent possible in accordance with the practices of the Federal Court so as to preserve the confidentiality of the Supplemental Agreement, particularly the confidential threshold.

10.4 Except as otherwise provided herein, in the event the Settlement is terminated in

accordance herewith, the Judgment is vacated, or the Effective Date fails to occur for any reason, then the Parties shall be deemed to have reverted to their respective status in the Actions as of December 9, 2020, the fact and terms of the Settlement shall not be admissible in any trial of the Actions, and, except as otherwise expressly provided, the Parties shall proceed in all respects as if this Stipulation and any related orders had not been entered, and any portion of the Settlement Amount previously paid by or on behalf of Defendants, together with any interest earned thereon (and, if applicable, re-payment of any attorneys' fee and expense award referred to in ¶5.1 hereof), less any Taxes due, if any, with respect to such income, and less costs of administration and notice actually incurred and paid or payable from the Settlement Amount shall be returned to the party, parties or insurer that paid the Settlement as directed by PPDAl within ten (10) business days from the date of the event causing such termination.

**11. No Admission of Wrongdoing**

11.1 Defendants deny that they have committed any act or omission giving rise to any liability and/or violation of law, and state that they are entering into this Settlement to eliminate the burden and expense of further litigation. This Stipulation, whether or not consummated, including any and all of its terms, provisions, exhibits and prior drafts, and any negotiations or proceedings related or taken pursuant to it (including any arguments proffered in connection therewith):

(a) Shall not be offered or received against Defendants as evidence of, or evidence supporting a presumption, concession, or admission with respect to any liability, negligence, fault, or wrongdoing, the deficiency of any defense that has been or could have been asserted, or in any way referred to for any other reason as against Defendants, in any civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that if this Stipulation is approved

by the Federal Court and becomes effective pursuant to its terms, Defendants may refer to it to effectuate the liability protection granted them hereunder, and nothing in this Settlement shall restrict the ability of any Party hereto to advocate in favor or against the applicability of any offset to any claims asserted in any other action based on any amount paid herein;

(b) Shall not be construed as or received in evidence as an admission, concession, or presumption against Plaintiffs or any of the Settlement Class Members that any of their claims are without merit, or that any defenses asserted by Defendants have any merit, or that damages recoverable under the complaint in the State Court Action, the Federal Court Action or any subsequent operative complaint filed in the State Court Action or the Federal Court Action would not have exceeded the Settlement Fund; and

(c) Notwithstanding the foregoing, Defendants, Plaintiffs, Settlement Class Members, and/or the Released Parties may file the Stipulation and/or the Final Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, injunction, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

## **12. Class Certification**

12.1 The Parties hereby stipulate, for purposes of the Settlement only, to certification of the Federal Court Action as a class action pursuant to Fed. R. Civ. P. 23(e). In the event that the Judgment or Alternate Judgment, if applicable, does not become Final or the Settlement fails to become effective for any reason, the Parties reserve all their rights on all issues. In such an event, Defendants reserve all rights to object to and oppose class certification or challenge the standing of Plaintiffs or any other intervening plaintiff, and this Stipulation shall not be offered as evidence of any agreement, admission, or concession that any class should be or remain certified

in the Actions or that any plaintiff has standing.

**13. Miscellaneous Provisions**

13.1 All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein.

13.2 The Parties intend the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by Plaintiffs and/or any Settlement Class Member against the Released Parties with respect to the Released Claims. Accordingly, Plaintiffs and Defendants agree not to assert in any forum that the litigation was brought by Plaintiffs or defended by Defendants in bad faith or without a reasonable basis. The Parties further agree not to assert in any forum that any party violated Fed. R. Civ. P. 11 or 22 N.Y.C.R.R. §130-1 or any similar law or statute relating to the prosecution, defense, or settlement of the Actions. The Parties agree that the amount paid and the other terms of the Settlement were negotiated at arm's-length in good faith by the Parties, and reflect a settlement that was reached voluntarily after consultation with experienced legal counsel.

13.3 This Stipulation may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Parties hereto or their successors in interest.

13.4 All agreements made and orders entered during the course of the Actions relating to the confidentiality of information shall survive this Stipulation.

13.5 The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

13.6 The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Federal Court, and the Federal Court shall retain jurisdiction for the purpose of entering orders relating to the Fee and Expense Application, the Plan of Allocation and enforcing the terms of this Stipulation, including exclusive jurisdiction to enforce

the injunctions set forth herein.

13.7 This Stipulation shall not constitute a consent to service or to the jurisdiction of the State Court, the Federal Court or any other court for any purpose, including any other matter concerning the Released Claims, and shall not be construed as such, other than for the sole and limited purpose of the Settlement and the enforcement of its terms.

13.8 The waiver by one Party of any breach of this Stipulation by any other Party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

13.9 This Stipulation and its exhibits and the Supplemental Agreement constitute the agreement among the Parties hereto concerning the Settlement of the Actions, and no representations, warranties, or inducements have been made by any Party hereto concerning this Stipulation and its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents.

13.10 This Stipulation may be executed in one or more counterparts and the signatures may be by facsimile, or electronically. All executed counterparts and each of them shall be deemed to be one and the same instrument provided that counsel for the Parties shall exchange among themselves original signed counterparts.

13.11 This Stipulation shall be binding upon, and inure to the benefit of, the successors, assigns, executors, administrators, heirs and legal representatives of the Parties hereto. No assignment shall relieve any Party hereto of obligations hereunder.

13.12 Plaintiffs and Plaintiffs' Counsel represent and warrant that none of the Plaintiffs' claims or causes of action against one or more Defendants in the Actions, or referred to in this Stipulation, or that could have been alleged against one or more Defendants in the Actions, have been assigned, encumbered, conveyed, given, granted or in any manner transferred in whole

or in part.

13.13 The construction, interpretation, operation, effect and validity of this Stipulation, and all documents necessary to effectuate it, shall be governed by the laws of the State of New York, without regard to conflicts of laws, except to the extent that federal law requires that federal law governs, and in accordance with the laws of the United States.

13.14 This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations between the Parties and all Parties have contributed substantially and materially to the preparation of this Stipulation.

13.15 All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related settlement documents, warrant and represent that they have the full authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

13.16 Plaintiffs, Defendants, and their counsel shall not make any applications for sanctions, pursuant to 22 N.Y.C.C.R. §130-1, Rule 11 of the Federal Rules of Civil Procedure or any similar rule, code, or statute, with respect to any claims or defenses in the Actions. The Parties agree that throughout the course of this litigation, all Parties and their counsel complied with, as applicable, the provisions of 22 N.Y.C.C.R. §130-1, Rule 11 of the Federal Rules of Civil Procedure, the Private Securities Litigation Reform Act of 1995, the Securities Litigation Uniform Standards Act of 1998, and all applicable ethics requirements.

13.17 Plaintiffs' Counsel and Defendants' Counsel agree to cooperate reasonably with one another in seeking Federal Court approval of the order for notice and hearing, the Stipulation and the Settlement, and to promptly agree upon and execute all such other

documentation as may be reasonably required to obtain final approval by the Federal Court of the Settlement.

13.18 Pending approval of the Federal Court of this Stipulation, all proceedings in the Actions shall be stayed and all Settlement Class Members shall be barred and enjoined from prosecuting any of the Released Claims against any of the Released Parties. State Court Plaintiffs shall file a copy of this Stipulation with the State Court promptly after it is submitted to the Federal Court, and the Parties shall support, as necessary, a request to the State Court to stay the State Court Action pending the resolution of any application to the Federal Court to approve the Settlement.

13.19 Nothing in this Stipulation, or the negotiations related thereto, is intended to be, or shall be deemed to, constitute a waiver of any applicable privilege or immunity, including, without limitation, the attorney-client privilege, the joint-defense privilege, or the work-product privilege.

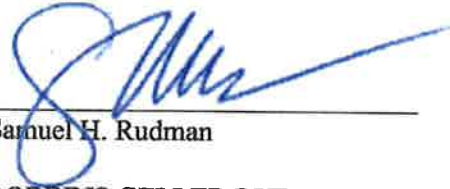
IN WITNESS WHEREOF, the Parties hereto have caused this Stipulation to be executed, by their duly authorized attorneys, on June 11, 2021.



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Laurence M. Rosen  
THE ROSEN LAW FIRM, P.A.  
Laurence M. Rosen, Esq.  
(lrosen@rosenlegal.com)  
Phillip Kim, Esq.  
(pkim@rosenlegal.com)  
Yu Shi, Esq.  
(yshi@rosenlegal.com)  
275 Madison Avenue, 40th Floor  
New York, NY 10016  
Tel: (212) 686-1060

*Attorneys for Plaintiffs in the  
Federal Court Action*



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Samuel H. Rudman

**ROBBINS GELLER RUDMAN  
& DOWD LLP**

Samuel Rudman  
(srudman@rgrdlaw.com)  
Joseph Russello  
(jrussello@rgrdlaw.com)  
Robert D. Gerson  
(rgerson@rgrdlaw.com)  
58 South Service Road, Suite 200  
Melville, NY 11747  
Tel.: (631) 367-7100

---

David R. Scott

**SCOTT + SCOTT ATTORNEYS  
AT LAW LLP**

David R. Scott  
(david.scott@scott-scott.com)  
Max R. Schwartz  
(mschwartz@scott-scott.com)  
Randy L. Moonan  
(rmoonan@scott-scott.com)  
230 Park Avenue, 17th Floor  
New York, NY 10169  
Tel: (212) 223-6444

*Attorneys for Plaintiffs in the State  
Court Action*



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Robert A. Fumerton

**SKADDEN, ARPS, SLATE,  
MEAGHER & FLOM LLP**

Scott D. Musoff  
(scott.musoff@skadden.com)  
Robert A. Fumerton



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Samuel H. Rudman

ROBBINS GELLER RUDMAN  
& DOWD LLP

Samuel Rudman

(srudman@rgrdlaw.com)

Joseph Russello

(jrussello@rgrdlaw.com)

Robert D. Gerson

(rgerson@rgrdlaw.com)

58 South Service Road, Suite 200

Melville, NY 11747

Tel.: (631) 367-7100



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~~David R. Scott~~ Max R. Schwartz 2

SCOTT + SCOTT ATTORNEYS  
AT LAW LLP

David R. Scott

(david.scott@scott-scott.com)

Max R. Schwartz

(mschwartz@scott-scott.com)

Randy L. Moonan

(rmoonan@scott-scott.com)

230 Park Avenue, 17th Floor

New York, NY 10169

Tel: (212) 223-6444

*Attorneys for Plaintiffs in the State  
Court Action*

---

Robert A. Fumerton

SKADDEN, ARPS, SLATE,  
MEAGHER & FLOM LLP

Scott D. Musoff

(scott.musoff@skadden.com)

Robert A. Fumerton

(robert.fumerton@skadden.com)  
Michael C. Griffin  
(michael.griffin@skadden.com)

One Manhattan West  
New York, NY 10001  
Tel: (212) 735-3000

*Attorneys for Defendants PPD  
Group Inc., Jun Zhang, Tiezheng Li,  
Honghui Hu, Shaofeng Gu, Ronald  
Cao, Zehui Liu, Congliang Li, Qiong  
Wang, Simon Tak Leung Ho, and  
Neil Nanpeng Shen, Law Debenture  
Corporate Services, Inc. and Giselle  
Manon*



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Adam S. Hakki

SHEARMAN & STEARLING LLP  
Daniel C. Lewis  
(daniel.lewis@shearman.com))  
Adam S. Hakki  
(adam.hakki@shearman.com)  
425 Lexington Avenue  
New York, NY 10017  
Tel: (212) 455-2000

*Attorneys for Defendants Credit  
Suisse Securities (USA) LLC,  
Citigroup Global Markets Inc., and  
Keefe, Bruyette & Woods, Inc.*

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

IN RE PPD AI GROUP INC. SECURITIES  
LITIGATION

No: 1:18-cv-06716-LDH-TAM

Hon. LaShann DeArcy Hall

Hon. Taryn A. Merkl

**[PROPOSED] ORDER GRANTING PLAINTIFFS' UNOPPOSED MOTION  
FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT**

WHEREAS, on June 11, 2021, the Parties to the above-entitled action (the “Action”) and *In re PPDAl Group Securities Litigation*, Index No. 650427/2019 (Sup. Ct. N.Y.) (the “State Court Action”)<sup>1</sup> entered into a Stipulation of Settlement (the “Stipulation” or “Settlement”), which is subject to review by this Court and which, together with the exhibits thereto, sets forth the terms and conditions for the Settlement and dismissal of the claims alleged in the Action and Federal Court Action; and the Court having read and considered the Stipulation and the accompanying documents; and the Parties to the Stipulation having consented to the entry of this Notice Order; and, unless otherwise indicated, all capitalized terms used herein having the meanings defined in the Stipulation;

NOW, THEREFORE, IT IS HEREBY ORDERED, this \_\_\_ day of \_\_\_\_\_ 2021, that:

1. The Court preliminarily finds that:

(a) the Settlement resulted from informed, extensive arm’s-length negotiations, including mediation among Plaintiffs and Defendants under the direction of an experienced mediator, Robert Meyer, Esq. of JAMS; and

(b) the Settlement appears to fall within the range of possible approval and is sufficiently fair, reasonable, and adequate to warrant providing notice of the Settlement to the Settlement Class.

2. The Court hereby preliminarily approve the Settlement and finds, pursuant to Rule 23(e)(1)(B)(i) of the Federal Rules of Civil Procedure, that it will likely be able to order final approval of the Settlement under Rule 23(e)(2) as it will likely find that the Settlement is fair,

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<sup>1</sup> Unless otherwise indicated, all capitalized terms used herein shall have the same meaning as in the Stipulation. As used herein, the term “Parties” means Plaintiffs Golden Section Holding Corporation and Weichen Lai of the Federal Court Action, Plaintiffs Yizhong Huang and Ravindra Vora of the State Court Action, and Defendants PPDAl Group Inc. (“PPDAI” or the “Company”), Jun Zhang, Tiezheng Li, Honghui Hu, Shaofeng Gu, Ronald Cao, Zehui Liu, Congliang Li, Qiong Wang, Simon Tak Leung Ho, Neil Nanpeng Sheng, Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., Keefe, Bruyette & Woods, Inc., Law Debenture Corporate Services, Inc. and Giselle Manon.

reasonable and adequate to the Settlement Class, subject to further consideration at the Settlement Fairness Hearing described below.

3. For purposes of the Settlement only, and preliminarily, for purposes of this Order, the Action shall proceed as a class action, pursuant to Fed. R. Civ. P. 23(a) and (b)(3), on behalf of a settlement class (the “Settlement Class”) consisting of all Persons that purchased or otherwise acquired PPDAI ADSs (i) during the period from November 10, 2017 through May 9, 2018, both dates inclusive (the “Settlement Class Period”), which includes all Persons who purchased or otherwise acquired PPDAI ADSs pursuant or traceable to PPDAI’s Offering Materials. Excluded from the Settlement Class are Defendants, the officers, directors of PPDAI, Underwriter Defendants, or Law Debenture Defendants (at all relevant times), members of their immediate families, and their legal representatives, heirs, successors or assigns, and any entity in which any Defendant has a controlling interest. For avoidance of doubt, Investment Vehicles are not excluded from the Settlement Class solely because they are, or are managed by, affiliates or subsidiaries of a Defendant. However, to the extent that any Defendant or any entity that might be deemed to be an affiliate or subsidiary thereof (i) managed or advised, and (ii) directly or indirectly held a beneficial interest in, said Investment Vehicle during the Settlement Class Period, that beneficial interest in the Investment Vehicle is excluded from the Settlement Class. Also excluded from the Settlement Class are those Persons who would otherwise be Settlement Class Members but who timely and validly exclude themselves therefrom.

4. For purposes of the Settlement only, and preliminarily, for purposes of this Order, the Plaintiffs are hereby certified as Class Representatives, and Lead Counsel and State Court Lead Counsel are appointed as Class Counsel.

5. A Settlement Fairness Hearing is hereby scheduled to be held before the Court at 225 Cadman Plaza East, Courtroom 4H North, Brooklyn, New York 11201, on \_\_\_\_\_, 2021, at \_\_\_\_:\_\_\_\_.m., for the following purposes:

(a) to determine whether the proposed Settlement is fair, reasonable, and adequate, and should be approved by the Court;

(b) to determine whether the Judgment as provided under the Stipulation should be entered;

(c) to determine whether the proposed Plan of Allocation for the distribution of the Net Settlement Fund should be approved by the Court as fair, reasonable and adequate;

(d) to determine whether to grant final certification of a Settlement Class for purposes of the Settlement;

(e) to consider Plaintiffs' Counsel's application for an award of attorneys' fees and expenses;

(f) to consider Plaintiffs' request for compensation for their efforts in prosecuting the Actions on behalf of the Settlement Class;

(g) to consider any objections or opt outs received by the Court; and

(h) to rule upon such other matters as the Court may deem appropriate.

6. The Court reserves the right to approve the Settlement with or without modification and with or without further notice to the Settlement Class and may adjourn the Settlement Fairness Hearing without further notice to the Settlement Class.<sup>2</sup> The Court reserves the right to hold the

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<sup>2</sup> In light of the outbreak of the Coronavirus (COVID-19), the Court may decide to conduct the Settlement Fairness Hearing by video or telephone conference, or otherwise allow Settlement Class Members to appear at the hearing by telephone without further notice to the Settlement Class. No further notice of such decision will be provided to the Settlement Class. In order to determine whether the date and time of the Settlement Fairness Hearing have changed, or whether Settlement

Settlement Fairness Hearing telephonically or by other virtual means. The Court reserves the right to enter the Judgment approving the Stipulation regardless of whether it has approved the Plan of Allocation, Plaintiffs' Counsel's request for an award of attorneys' fees and expenses and Plaintiffs' request for payment for their representation of the Settlement Class.

7. The Court approves the form, substance, and requirements of the Notice of Pendency and Proposed Settlement of Class Action (the "Notice"), the Proof of Claim and Release (the "Proof of Claim"), and the Summary Notice of Proposed Settlement of Class Action (the "Summary Notice"), annexed hereto as Exhibits A-1, A-2 and A-3, respectively.

8. The Court approves the appointment of A.B. Data, Ltd. as the Claims Administrator to supervise and administer the notice procedure in connection with the proposed Settlement as well as the processing of Proofs of Claim as more fully set forth below.

9. The Claims Administrator shall cause the Notice and the Proof of Claim, substantially in the forms annexed hereto, to be mailed, by first class mail, postage prepaid, within twenty-one (21) calendar days of entry of this Notice Order, to all Settlement Class Members who can be identified with reasonable effort. Within ten (10) calendar days of this Notice Order, PPDAI, at its expense, shall provide, or cause to be provided, the last known addresses of PPDAI record shareholders to the Claims Administrator for the purpose of identifying and giving notice to the Settlement Class.

10. The Claims Administrator shall use reasonable efforts to give notice to nominee purchasers such as brokerage firms and other persons or entities who purchased or otherwise acquired PPDAI ADSs during the Settlement Class Period as record owners but not as beneficial

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Class Members must or may participate by phone or video, it is important that you monitor the Settlement website, [www.\\_\\_\\_\\_\\_.com](http://www._____.com), before making any plans to attend the Settlement Fairness Hearing. Any updates will be posted to the Settlement website.

owners. Such nominee purchasers shall: **(a)** within seven (7) calendar days of receipt of the letter providing notice of the Settlement, request from the Claims Administrator sufficient copies of the Notice and Proof of Claim to forward to all such beneficial owners, and within seven (7) calendar days of receipt of those Notice and Proof of Claim forward them to all such beneficial owners; or **(b)** within seven (7) calendar days of receipt of the letter, request from the Claims Administrator an electronic copy of the Notice and Proof of Claim and within seven (7) calendar days of receipt of the electronic Notice and Proof of Claim, email the Notice and Proof of Claim to beneficial owners for which the broker or nominee has valid email addresses; or **(c)** within seven (7) calendar days of receipt of the letter, send a list of the names, mailing addresses, and, if available, email addresses, of all such beneficial owners to the Claims Administrator in which event the Claims Administrator shall promptly mail or email the Notice and Proof of Claim to such beneficial owners. Upon full compliance with this Order, such nominees may seek payment of their reasonable expenses actually incurred in complying with this Order, up to a maximum of \$0.20 per Notice and Proof of Claim plus postage at the current pre-sort rate used by the Claims Administrator if the Notice and Proof of Claim is mailed by the broker or nominee; or \$0.05 per Notice and Proof of Claim transmitted by email by the broker or nominee; or \$0.10 per name, mailing address, and email address (to the extent available) provided to the Claims Administrator, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Such properly documented expenses incurred by nominees in compliance with the terms of this Order shall be paid from the Settlement Fund, with any disputes as to the reasonableness or documentation of expenses incurred subject to review by the Court.



11. The Claims Administrator shall cause the Summary Notice to be published once in *Investor's Business Daily* and once over a national newswire service, within ten (10) calendar days after the mailing of the Notice.

12. Plaintiffs' Counsel shall, at least seven (7) calendar days before the Settlement Fairness Hearing, file with the Court and serve on the Parties proof of mailing of the Notice and Proof of Claim and proof of publication of the Summary Notice.

13. The form and content of the Notice and the Summary Notice, and the method set forth herein of notifying the Settlement Class of the Settlement and its terms and conditions, meet the requirements of Fed. R. Civ. P. 23, the Private Securities Litigation Reform Act of 1995 ("PSLRA"), due process, and all other applicable laws and constitute the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all persons and entities entitled thereto and reasonably calculated under the circumstances to describe the terms and effect of the Settlement and to apprise the Settlement Class Members of their right to object to the proposed Settlement and to exclude themselves from the Settlement Class. No Settlement Class Member will be relieved from the terms and conditions of the Settlement, including the releases provided pursuant thereto, based upon the contention or proof that such Settlement Class Member failed to receive actual or adequate notice.

14. In order to be entitled to participate in the Net Settlement Fund, in the event the Settlement is consummated in accordance with its terms set forth in the Stipulation, each Settlement Class Member shall take the following actions and be subject to the following conditions:

(a) Within ninety (90) calendar days after such time as set by the Court for the Claims Administrator to mail the Notice to the Settlement Class, each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of

Claim, substantially in a form contained in Exhibit A-2 attached hereto and as approved by the Court, signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim and as are reasonably available to the Authorized Claimant.

(b) Except as otherwise ordered by the Court, all Settlement Class Members who fail to timely submit a Proof of Claim within such period, or such other period as may be ordered by the Court, shall be forever barred from receiving any payments pursuant to the Stipulation and the Settlement set forth therein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained therein, and the Final Judgment. Notwithstanding the foregoing, Plaintiffs' Counsel may, in their discretion, accept for processing late submitted claims so long as the distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed. In connection with processing the Proofs of Claim, no discovery shall be allowed on the merits of the Action or the Settlement. No Person shall have any claim against Plaintiffs, Plaintiffs' Counsel or the Claims Administrator by reason of the decision to exercise such discretion whether to accept late-submitted claims.

(c) As part of the Proof of Claim, each Settlement Class Member shall submit to the jurisdiction of the Court with respect to the claim submitted, and shall (subject to effectuation of the Settlement) release all Released Claims as provided in the Stipulation.

15. Settlement Class Members shall be bound by all determinations and judgments in this Action, whether favorable or unfavorable, unless they request exclusion from the Settlement Class in a timely and proper manner, as hereinafter provided. A Settlement Class Member wishing to make such request shall, no later than sixty (60) calendar days after the date set for the initial mailing of the Notice to Settlement Class Members, mail a request for exclusion in written form by first class mail postmarked to the address designated in the Notice. Such request for exclusion shall clearly

indicate the name, address and telephone number of the person seeking exclusion, that the sender requests to be excluded from the Settlement Class, and must be signed by such person. Such persons requesting exclusion are also directed to state the date(s), price(s), and number of shares of PPD AI ADSs they purchased or acquired during the Settlement Class Period (and such persons should retain records of the foregoing transactions, as they may be necessary to effectuate the request for exclusion). The request for exclusion shall not be effective unless it is made in writing within the time stated above, and the exclusion is accepted by the Court. Settlement Class Members requesting exclusion from the Settlement Class shall not be entitled to receive any payment out of the Net Settlement Fund as described in the Stipulation and Notice.

16. The Court will consider objections to the Settlement, the Plan of Allocation, the payment to Plaintiffs, and/or the award of attorneys' fees and expenses. Any person wanting to object must do so in writing and may also appear at the Settlement Fairness Hearing. To the extent any person wants to object in writing, such objections and any supporting papers, accompanied by proof of Settlement Class membership, shall be filed with Clerk of the Court, U.S. District Court, Eastern District of New York, 225 Cadman Plaza East, Brooklyn, New York 11201, and copies of all such papers shall be served no later than \_\_\_\_\_, 2021, which is sixty (60) calendar days after the date set for the initial mailing of the Notice to the Settlement Class, on each of the following: Laurence Rosen, The Rosen Law Firm, P.A., 275 Madison Avenue, 40<sup>th</sup> Floor, New York, NY 10016 and Ellen Gusikoff Stewart, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101 on behalf of the Plaintiffs and the Settlement Class, Robert A. Fumerton, Skadden, Arps, Slate, Meagher & Flom LLP, One Manhattan West, New York, NY 10001 on behalf of the PPD AI Defendants and Law Debenture Defendants, and Daniel C. Lewis, Shearman & Sterling LLP, 599 Lexington Avenue, New York, NY 10022 on behalf of the

Underwriter Defendants. Persons who intend to object in writing to the Settlement, the Plan of Allocation, the request for an award of attorneys' fees and expenses and/or Plaintiffs' request for payment for representing the Settlement Class and desire to present evidence at the Settlement Fairness Hearing must include in their written objections copies of any exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. In addition, the objection must state whether it applies only to the objector, to a specific subset of the Settlement Class, or to the entire Settlement Class. If an objector hires an attorney to represent him, her, or it for the purposes of making an objection, the attorney must both effect service of a notice of appearance on counsel listed above and file it with the Court by no later than \_\_\_\_\_, 2021. A Settlement Class Member who files a written objection does not have to appear at the Settlement Fairness Hearing for the Court to consider his, her or its objection. If the Settlement Class Member intends to appear at the Settlement Fairness Hearing, the Settlement Class Member shall identify any witnesses they may seek to call and exhibits they intend to offer at the Settlement Fairness Hearing in the papers served as set forth above no later than \_\_\_\_\_, 2021. Any member of the Settlement Class who does not make his, her, or its objection in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the Settlement set forth in the Stipulation, to the Plan of Allocation, and to the award of attorneys' fees and expenses to Plaintiffs' Counsel and Plaintiffs' request for payment, unless otherwise ordered by the Court.

17. Any Person that submits a request for exclusion may thereafter submit to the Claims Administrator and to Plaintiffs' Counsel a written and signed revocation of that request for exclusion, provided that it is received no later than one (1) business days before the Settlement Fairness Hearing, in which event that Person will be included in the Settlement Class.

18. All papers in support of the Settlement, the Plan of Allocation, and any application by Plaintiffs' Counsel for attorneys' fees and expenses and payment to Plaintiffs shall be filed fourteen (14) calendar days prior to the deadline in paragraph 16 for objections to be filed. All reply papers shall be filed and served at least seven (7) calendar days prior to the Settlement Fairness Hearing.

19. Defendants shall serve the notice required under the Class Action Fairness Act, 28 U.S.C. § 1715, *et seq.* ("CAFA") no later than ten (10) calendar days following the filing of the Stipulation with the Court. PPD AI is solely responsible for the costs of the CAFA notice and administering the CAFA notice. No later than seven (7) calendar days before the Settlement Fairness Hearing, Defendants shall cause to be served on Lead Counsel and filed with the Court proof, by affidavit or declaration, regarding compliance with the notice requirements of CAFA.

20. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

21. The Claims Administrator, Defendants' Counsel, and Plaintiffs' Counsel shall promptly furnish each other with copies of any and all objections that come into their possession.

22. Pending final determination of whether the Settlement should be approved, the Plaintiffs, all Settlement Class Members, and each of them, and anyone who acts or purports to act on their behalf, shall not institute, commence, maintain or prosecute, and are hereby barred and enjoined from instituting, continuing, commencing, maintaining or prosecuting any action in any court or tribunal that asserts Released Claims against any of the Released Parties. Unless and until the Stipulation is cancelled and terminated pursuant to its terms, all proceedings in the Action, other than such proceedings as may be necessary to carry out the terms and conditions of the Settlement, are hereby stayed and suspended until further order of the Court.

23. All reasonable expenses incurred in identifying and notifying Settlement Class Members, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation and herein. In the event the Settlement is not approved by the Court, or otherwise fails to become effective, neither Plaintiffs nor any of their counsel shall have any obligation to repay any amounts actually and properly disbursed from the Settlement Fund, except as provided for in the Stipulation.

24. If any specified condition to the Settlement set forth in the Stipulation is not satisfied and Plaintiffs or Defendants elect to terminate the Settlement, then, in any such event, the Stipulation, including any amendment(s) thereof, shall be null and void and of no further force or effect (except to the extent otherwise expressly provided in the Stipulation), without prejudice to any party, and may not be introduced as evidence or referred to in this Action, or any action or proceeding by any person or entity for any purpose, and each Party shall be restored to his, her or its respective position as it existed on June 10, 2021.

25. Neither the Stipulation nor the terms of the Settlement, nor any of the negotiations or proceedings connected with it, nor this Order, shall be construed as an admission or concession by Defendants of the truth of any of the allegations in the Actions, or of any liability, fault, or wrongdoing of any kind.

26. The Court may adjourn or continue the Settlement Fairness Hearing without further written notice.

27. The Court retains exclusive jurisdiction over the Action to consider all further matters arising out of or connected with the Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Parties, if appropriate, without further notice to the Settlement Class.

DATED: \_\_\_\_\_

\_\_\_\_\_  
HONORABLE LASHANN DEARCY HALL  
UNITED STATES DISTRICT JUDGE

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

IN RE PPD AI GROUP INC. SECURITIES  
LITIGATION

No: 1:18-cv-06716-LDH-TAM

Hon. LaShann DeArcy Hall

Hon. Taryn A. Merkl

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: COMMERCIAL DIVISION**

_____	X	
In re PPD AI GROUP SECURITIES	:	Index No. 654482/2018
LITIGATION	:	
_____	:	The Honorable Andrea Masley J.S.C.
	:	
This Document Relates To:	:	Part 48
	:	
ALL ACTIONS.	:	
	:	
	:	
	:	
	:	
_____	X	

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION**



**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION**

**TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED PPD AI GROUP INC. (“PPDAI” OR THE “COMPANY”) AMERICAN DEPOSITORY SHARES (“ADSS”) FROM NOVEMBER 10, 2017 THROUGH MAY 9, 2018, INCLUSIVELY, INCLUDING THOSE PERSONS THAT PURCHASED OR OTHERWISE ACQUIRED PPD AI ADSS PURSUANT OR TRACEABLE TO PPD AI’S REGISTRATION STATEMENTS AND PROSPECTUS FOR PPD AI’S NOVEMBER 10, 2017 INITIAL PUBLIC OFFERING (“IPO”).**

**IN ORDER TO QUALIFY FOR A SETTLEMENT PAYMENT, YOU MUST TIMELY SUBMIT A PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) BY \_\_\_\_\_, 2021.**

*THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.*

**WHY SHOULD I READ THIS NOTICE?**

This Notice is given pursuant to an order issued by the United States District Court for the Eastern District of New York (the “Court”). This Notice serves to inform you of the proposed settlement of the above-captioned class action lawsuit (the “Settlement”) and the hearing (the “Settlement Fairness Hearing”) to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, as set forth in the Stipulation of Settlement dated June 11, 2021 (the “Stipulation”), in the action captioned *In re PPD AI Group Inc. Securities Litigation*, No. 1:18-cv-06716-LDH-SJB (the “Action” or “Federal Court Action”) pending before this Court, and in the action captioned *In re PPD AI Group Securities Litigation*, Index No. 654482/2018, pending before the Supreme Court of the State of New York, County of New York (the “State Court Action” and together with the Federal Court Action, the “Actions”), entered into by and between: (i) Plaintiffs Golden Section Holding Corporation and Weichen (collectively, the “Federal Court Plaintiffs”) and (ii) Plaintiffs Yizhong Huang and Ravindra Vora (collectively, the “State Court Plaintiffs,” and collectively with the Federal Court Plaintiffs, “Plaintiffs”), on behalf of themselves and the Settlement Class, and (iii) Defendants PPD AI Group Inc. (“PPDAI”), Jun Zhang, Tiezheng Li, Honghui Hu, Shaofeng Gu, Ronald Cao, Zehui Liu, Congliang Li, Qiong Wang, Simon Tak Leung Ho, and Neil Nanpeng Shen (the “PPDAI Defendants”), (iv) Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., and Keefe, Bruyette & Woods, Inc. (the “Underwriter Defendants.”), and (v) Law Debenture Corporate Services, Inc. and Giselle Manon (the “Law Debenture Defendants”, and together with PPD AI Defendants and Underwriter Defendants, the “Defendants”), by their respective counsel.<sup>1</sup>

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<sup>1</sup> The Stipulation can be viewed and/or downloaded at \_\_\_\_\_. All capitalized terms used herein have the same meaning as the terms defined in the Stipulation.

**This Notice is intended to inform you how this lawsuit and proposed Settlement may affect your rights and what steps you may take in relation to it. This Notice is NOT an expression of any opinion by the Court as to the merits of the claims or defenses asserted in the lawsuit or whether the Defendants engaged in any wrongdoing.**

- If approved by the Court, the Settlement will provide nine million dollars (\$9,000,000) (the “Settlement Amount”) gross, plus interest as it accrues, minus any Court-awarded attorneys’ fees, costs, administrative expenses, and net of any taxes on interest (the “Settlement Fund”), to pay claims of investors who purchased PPDAI ADSs during the Settlement Class Period.
- The estimated average recovery is \$0.45 per ADS (before the deduction of any Court-approved fees, expenses, and costs as described herein) for the approximately 20.2 million affected PPDAI ADSs. This is not an estimate of the actual recovery per ADS you should expect. Your actual recovery, if any, will depend on the aggregate losses of all Settlement Class Members, the date(s) you purchased and sold PPDAI ADSs, the purchase and sales prices, and the total number and amount of claims filed.
- Plaintiff’s Counsel have been prosecuting the Actions on a wholly contingent basis since their inception, have not received any payment of attorneys’ fees for their representation of the Settlement Class, and have advanced the funds to pay expenses necessarily incurred to prosecute the Actions. Plaintiffs’ Counsel will apply to the Court to award attorneys’ fees in an amount not to exceed 33⅓% of the Settlement Fund. In addition, Plaintiffs’ Counsel will seek no more than \$110,000 in litigation expenses, as well as an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs of no more than \$2,000 each directly related to their representation of the Settlement Class. The estimated average cost for such fees and expense, if the Court approves Plaintiffs’ Counsel’s fee and expense application, is \$0.15 per affected PPDAI ADS.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>Submit a Proof of Claim and Release Form</b>	Proofs of Claim and Release forms must be postmarked (if mailed) or received (if submitted online) on or before ____, 2021. <b>This is the only way to get a payment.</b>

<b>Exclude Yourself from the Class</b>	Submit a request for exclusion no later than _____. This is the only way you can ever be part of any other lawsuit against the Defendants or the other Released Parties relating to the legal claims in this case. <b>If you exclude yourself, you will receive no payment and cannot object or speak at the hearing.</b>
<b>Object</b>	Write to the Court no later than _____ about why you do not like the Settlement. You can still submit a Proof of Claim and Release Form. If the Court approves the Settlement, you will be bound by it.
<b>Go to the Hearing</b>	Ask to speak in Court about the fairness of the Settlement at the hearing on _____. You can still submit a Proof of Claim and Release. If the Court approves the Settlement, you will be bound by it.
<b>Do Nothing</b>	<b>Get no payment AND give up your right to bring your own individual action relating to the claims asserted in the Actions.</b>

## DEFINITIONS

All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation of Settlement, dated June 11, 2021 (the “Stipulation”).

## WHAT IS THIS LAWSUIT ABOUT?

### I. THE ALLEGATIONS

PPDAI is headquartered in Shanghai, China, and operates an online peer-to-peer consumer finance marketplace that matches borrowers with lenders for short-term loans. In the Actions, Plaintiffs allege several theories of liability against Defendants. The State Court Plaintiffs allege that Defendants failed to disclose in the IPO Registration Statement and Prospectus, as amended (“Offering Materials”), the magnitude of PPDAI’s exposure to loans with annualized all-in interest rates in excess of 36%. The Federal Court Plaintiffs allege that Defendants failed to disclose in the Offering Materials and during the class period alleged in the Federal Court Action that: (1) PPDAI employs illegal tactics to collect overdue loans; (2) PPDAI was violating Chinese privacy laws by secretly downloading and storing users’ contact lists in order to carry out illegal collection practices; (3) PPDAI was charging borrowers interest rates above 36%; and (4) PPDAI continued lending to college students after the Chinese government prohibited loans to college students. Both Actions also allege that certain defendants were control persons of, and therefore liable for, the improprieties of other defendants, including PPDAI. As described below, the State Court Plaintiffs assert claims under the Securities Act of 1933 (the “Securities Act”), and the Federal Court Plaintiffs assert claims under both the Securities Act and the Securities Exchange Act of 1934 (the “Exchange Act.”).

Defendants deny all of Plaintiffs' allegations. Without limiting the generality of the foregoing in any way, Defendants have denied and continue to deny, among other things, that any misstatements or materially misleading omissions were made or that Plaintiffs or the Settlement Class have suffered any damages. Defendants do not admit any liability or wrongdoing in connection with the allegations set forth in the Actions, or any facts related thereto.

## **II. PROCEDURAL HISTORY**

### **The State Court Action:**

On September 10, 2018, Yizhong Huang filed a putative class action in the State Court under Index No. 654482/2018 against the Defendants, alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act on behalf of all persons who purchased or otherwise acquired PPDAI American Depository Shares pursuant or traceable to the Offering Materials. Ravindra Vora filed a similar complaint on September 27, 2018 under Index No. 654777/2018.

On October 12, 2018, the State Court consolidated the two cases pending before it and appointed Scott+Scott Attorneys at Law LLP and Robbins Geller Rudman & Dowd LLP as co-lead counsel (collectively, "State Court Lead Counsel"). On December 17, 2018, the State Court Plaintiffs filed their Consolidated Amended Complaint, which became and is presently the operative complaint in the State Court Action (the "State Court Complaint").

On November 7, 2018, State Court Plaintiffs and Defendants who were served in the State Court Action ("Served State Defendants") attended a conference, required by the State Court, at which they set discovery and other deadlines.<sup>2</sup> On December 7, 2018, Served State Defendants filed a motion to stay discovery, pending resolution of their forthcoming motion to dismiss, pursuant to the Private Securities Litigation Reform Act of 1995. On January 3, 2019, State Court Plaintiffs served their First Request for the Production of Documents. State Court Plaintiffs opposed the motion to stay discovery on January 4, 2019 and Served State Defendants filed a reply on January 18, 2019. On February 5, 2019, Served State Defendants filed a motion to stay the State Court Action in favor of the Federal Court Action. State Court Plaintiffs opposed the motion on February 14, 2019 and Served State Defendants filed a reply on February 20, 2019. Oral argument was held on March 6, 2019 before the Honorable Saliann Scarpulla, who then presided over the State Court Action. On July 5, 2019, Justice Scarpulla denied both of Served State Defendants' stay motions. Served State Defendants appealed the decisions on July 12, 2019.

On July 29, 2019, Served State Defendants applied, at the First Department, for an interim stay of all proceedings during the pendency of their concurrently filed motion for a stay pending appeal. The same day, counsel for State Court Plaintiffs and Served State Defendants presented oral argument on the interim stay application at the First Department before the Honorable Jeffrey K. Oing. At oral argument, State Court Plaintiffs agreed to stay all discovery pending resolution of Served State Defendants' motion to dismiss and Served State Defendants agreed to withdraw

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<sup>2</sup> The Served State Defendants are: PPDAI, the Underwriter Defendants, and the Law Debenture Defendants.

their motion for a stay of all proceedings in the trial court during the pendency of the appeal. On February 28, 2020, Served State Defendants withdrew the appeal.

On July 31, 2019, Served State Defendants filed a joint motion to dismiss the State Court Action. State Court Plaintiffs opposed the motion on September 16, 2019, and Served State Defendants filed a reply on October 16, 2019. Justice Scarpulla held oral argument on the motion on November 20, 2019. On February 26, 2020, Justice Scarpulla granted in part and denied in part the motion. Specifically, Justice Scarpulla dismissed all claims regarding PPDAl's loan collection practices, credit enhancement services and loan origination volume, but sustained State Court Plaintiffs' claims regarding interest rates. On February 28, 2020, Served State Defendants filed a Notice of Appeal of that decision.

On May 26, 2020, State Court Plaintiffs served their Second Request for the Production of Documents and their First Notice to Admit on Served State Defendants. On June 29, 2020, after State Court Plaintiffs and Served State Defendants participated in a telephone conference with the State Court concerning discovery, Justice Scarpulla issued an order establishing deadlines for certain discovery and Served State Defendants' Answers to the State Court Complaint. On July 2, 2020, State Court Plaintiffs served a subpoena for documents and testimony on The Piacente Group, Inc. ("Piacente"), which rendered marketing services for PPDAl, including for the IPO. On July 3, 2020, State Court Plaintiffs and Served State Defendants engaged in negotiations on the scope of document discovery, as Justice Scarpulla had previously directed. The discovery issues discussed were the subject of continued negotiation between State Court Plaintiffs and Served State Defendants.

On July 23, 2020, State Court Plaintiffs engaged in negotiations with counsel for Piacente on the subpoena and the scope of its potential production. Piacente ultimately produced materials responsive to the subpoena. On July 24, 2020, Served State Defendants filed Answers to the State Court Complaint and served responses and objections to State Court Plaintiffs' First and Second Document Requests and First Notice to Admit. On September 1, 2020, the Underwriter Defendants began producing documents.

On September 22, 2020, State Court Plaintiffs filed their motion for class certification. On October 2, 2020, PPDAl and the Law Debenture Defendants began their document production, and Served State Defendants served their First Set of Requests for Production of Documents on State Court Plaintiffs. State Court Plaintiffs served responses and objections to those requests on October 28, 2020.

On March 16, 2020, Served State Defendants filed the opening brief in connection with their partial appeal of the dismissal decision. State Court Plaintiffs filed a response brief on August 12, 2020, and Served State Defendants filed a reply on August 21, 2020. After briefing concluded, the appeal was adjourned to the First Department's December 2021 term, pending approval of the settlement of the Actions.

**The Federal Action:**

On November 26, 2018, a putative class action complaint was filed in this Court, asserting claims under the Securities Act against substantially the same Defendants named in the State Court

Action. A similar lawsuit was filed on January 9, 2019, also in this Court. On February 21, 2019, the Court consolidated the two pending cases, appointed Golden Section Holding Corporation (“Golden Section”) as Lead Plaintiff, and approved Golden Section’s selection of The Rosen Law Firm, P.A. as Lead Counsel (“Federal Court Lead Counsel”).

On April 22, 2019, the Federal Court Plaintiffs Golden Section and Weichen Lai filed an amended complaint (the “Federal Court Complaint”). The Federal Court Complaint asserts claims under Sections 11, 12(a)(2) and 15 of the Securities Act and claims against the PPDAl Defendants under Sections 10(b) and 20 of the Exchange Act and Rule 10b-5 promulgated thereunder. The Federal Court Complaint was brought on behalf of all purchasers of PPDAl ADSs from November 10, 2017 through December 1, 2017, inclusive.

On June 12, 2019, PPDAl and the Underwriter Defendants filed a joint letter requesting a pre-motion conference on their anticipated motion to dismiss the Federal Court Complaint. Federal Court Plaintiffs filed a letter in response on June 12, 2019. On September 4, 2019, counsel for Federal Court Plaintiffs, PPDAl and the Underwriter Defendants appeared for a pre-motion conference before the Hon. Frederic Block, who was presiding over the Federal Court Action at that time. On October 4, 2019, the Federal Court Action was reassigned to the Hon. LaShann DeArcy Hall. On November 4, 2019, Defendants served their motion to dismiss the Federal Court Complaint. The Federal Court Plaintiffs served their opposition papers on December 19, 2019, and Defendants served their reply papers on January 17, 2020. The fully-briefed motion papers were then filed on ECF on January 17, 2020. On February 28, 2020, Defendants filed a supplemental authority letter regarding Justice Scarpulla’s decision on the motion to dismiss the State Court Complaint. Federal Court Plaintiffs filed a letter in response on March 2, 2020. All discovery in the Federal Court Action was stayed pending resolution of the motion to dismiss, pursuant to the Private Securities Litigation Reform Act of 1995.

On April 10, 2020, the parties in the Federal Court Action applied to the Court to stay the Federal Court Action pending outcome of a mediation agreed to by the parties. The Court granted the application on April 13, 2020. At the Federal Court Action parties’ request, the Court lifted the stay on June 17, 2020.

**Settlement Negotiations:**

On May 21, 2020, after exchanging detailed mediation statements, the State Court Plaintiffs, Federal Court Plaintiffs, and PPDAl attended an all-day virtual mediation with Mr. Robert A. Meyer, Esq., of JAMS, a respected mediator with substantial experience mediating complex securities class actions. The Parties were unable to reach a settlement at that time. However, the Parties and Mr. Meyer continued to engage in negotiations over the next seven months in an effort to achieve a global resolution of the Actions. Ultimately, on December 9, 2020, after lengthy negotiations, the Parties agreed to the \$9,000,000 Settlement, subject to Court approval.

**HOW DO I KNOW IF I AM A SETTLEMENT CLASS MEMBER?**

If you purchased or acquired PPDAl ADSs during the Settlement Class Period, issued pursuant or traceable PPDAl’s IPO, you may be a Settlement Class Member, unless you are

excluded from the Settlement Class by definition. As set forth in the Stipulation, excluded from the Settlement Class are Defendants, the officers, directors of PPD AI or the Underwriter Defendants and Law Debenture Corporate Services, Inc. (at all relevant times), members of their immediate families, and their legal representatives, heirs, successors or assigns, and any entity in which any Defendant has a controlling interest. For avoidance of doubt, Investment Vehicles are not excluded from the Settlement Class solely because they are, or are managed by, affiliates or subsidiaries of a Defendant. However, to the extent that any Defendant or any entity that might be deemed to be an affiliate or subsidiary thereof (i) managed or advised, and (ii) directly or indirectly held a beneficial interest in, said Investment Vehicle during the Settlement Class Period, that beneficial interest in the Investment Vehicle is excluded from the Settlement Class. Also excluded from the Settlement Class are those Persons who would otherwise be Settlement Class Members but who timely and validly exclude themselves therefrom.

**PLEASE NOTE:** Receipt of this Notice does not mean that you are a Settlement Class Member or that you will be entitled to receive a payment from the Settlement. If you are a Settlement Class Member and you wish to be eligible to participate in the distribution of proceeds from the Settlement, you are required to submit the Proof of Claim that is being distributed with this Notice and the required supporting documentation as set forth therein postmarked or submitted online on or before \_\_\_\_\_, 2021.

#### **WHAT IS THE MONETARY VALUE OF THE PROPOSED SETTLEMENT?**

The Settlement, if approved, will result in the creation of a cash settlement fund of \$9,000,000 (the "Settlement Fund"). The Settlement Fund, plus accrued interest and minus the costs of this Notice and all costs associated with the administration of the Settlement Fund, as well as attorneys' fees and expenses, and the payment to Plaintiffs for representing the Settlement Class, as approved by the Court (the "Net Settlement Fund"), will be distributed to eligible Settlement Class Members pursuant to the Plan of Allocation that is described in the next section of this Notice.

#### **WHAT IS THE PROPOSED PLAN OF ALLOCATION?**

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Settlement Class Members based on their respective alleged economic losses resulting from the securities law violations alleged in the Action and the State Court Action.

The Claims Administrator shall determine each Settlement Class Member's share of the Net Settlement Fund based upon the recognized loss formula (the "Recognized Loss") described below. The Recognized Loss is not intended to estimate the amount a Settlement Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to Settlement Class Members pursuant to the Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to Settlement Class Members.

**A. Calculation of Recognized Losses on Purchases of PPD AI Group Inc. (“PPDAI” or the “Company”) American Depository Shares (“ADSs”)**

Publicly tradable ADSs of PPD AI Group Inc. (“PPDAI”, now trading as “FINV”) purchased in the initial public offering pursuant or traceable to the Prospectus dated **November 9, 2017**, or purchased in the secondary market on or between **November 9, 2017, and May 9, 2018**, are potentially eligible for damages under the Securities Act of 1933 (the “Eligible ADSs”) based on their Recognized Losses (as a percentage of the Aggregate Recognized claims of all Authorized Claimants), as set forth below. The total number of damaged Eligible ADSs is estimated to be no more than 20.2 million. The expected gross recovery per damaged ADS is expected to average at least \$0.45 per ADS. Persons that sold such Eligible ADSs on or before November 20, 2017 shall not be credited with any Recognized Losses due to Securities Act of 1933 loss limitation rules and due to the fact that such ADSs would have been sold prior to the first corrective disclosure date (November 21, 2017).

1. For each Eligible ADS purchased on or before December 15, 2017, the Recognized Loss for each such ADS shall be based on the lesser of:
  - (i) the difference between the inflation per ADS on the date of purchase minus the inflation per ADS on the date of sale as set forth in the following Table 1.
  - (ii) the difference between the lesser of either the purchase price (excluding any fees or commissions) or \$13.00 per ADS (the IPO price) minus the sale price (excluding any fees or commissions).
  - (iii) the difference between the lesser of either the purchase price (excluding any fees or commissions) or \$13.00 per ADS (the IPO price) minus \$5.79 (the closing price on September 10, 2018), if sold after September 10, 2018.

**Table A: Recognized Inflation on Eligible ADSs Based on Date of Purchase and Sale<sup>3</sup>**

<b>Period</b>	<b>Begin Date</b>	<b>End Date</b>	<b>Inflation per Share</b>
1	11/9/2017	11/20/2017	\$ 5.397
2	11/21/2017	11/21/2017	\$3.45+(Price paid or sold-\$10.80)
3	11/22/2017	11/22/2017	\$0.84+(Price paid or sold-\$8.18)
4	11/23/2017	11/23/2017	\$0.84
5	11/24/2017	11/24/2017	\$0.49+(Price paid or sold-\$7.83)
6	11/27/2017	11/30/3017	\$2.13

<sup>3</sup> Inflation per share was based on an event study analysis limited to the primary disclosure events.



7	12/1/2017	12/6/2017	\$1.47
8	12/7/2017	12/7/2017	\$0.49+(Price paid or sold-\$7.16)
9	12/8/2017	12/12/2017	\$0.49
10	12/13/2017	12/13/2017	\$0.95+(Price paid or sold-\$8.50)
11	12/14/2017	12/14/2017	\$0.65+(Price paid or sold-\$8.09)
12	12/15/2017	12/15/2017	\$0.00+(Price paid or sold-\$7.51)
13	12/16/2017	Current Date	\$0.00

2. For each Eligible ADS purchase in the IPO or through May 9, 2018 (the last day of tracing) and sold on or after November 21, 2017, the Alternative Recognized Loss shall be based on the lesser of:

- (i) 10% of the difference between the lesser of either the purchase price (excluding any fees or commissions) or \$13.00 per ADS (the IPO price) minus the sale price (excluding any fees or commissions).
- (ii) 10% of the difference between the lesser of either the purchase price (excluding any fees or commissions) or \$13.00 per ADS (the IPO price) minus \$5.79 (the closing price on September 10, 2018), if sold after September 10, 2018 or still held.

3. PPD AI ADSs purchased on or after May 10, 2018 are not Eligible ADSs and will not be credited with any Recognized Losses.

All Eligible ADSs will be entitled to the greater of the Recognized Loss or the Alternative Recognized Loss for each such ADS.

## **B. Additional Provisions**

For Settlement Class Members who made multiple purchases, acquisitions, or sales during the Settlement Class Period, the First-In, First-Out (“FIFO”) method will be applied to such purchases, acquisitions, and sales for purposes of calculating a claim. Under the FIFO method, sales of PPD AI ADSs during the Settlement Class Period will be matched, in chronological order, starting with ADSs purchased in the IPO. The remaining ADSs purchased during the Settlement Class Period will then be matched, in chronological order, against ADSs purchased or acquired during the balance of the Settlement Class Period.

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date. All purchase, acquisition, and sale prices shall exclude any fees and commissions. The receipt or grant by gift, devise or operation of law PPD AI ADSs during the Settlement Class Period shall not be deemed a purchase or sale of PPD AI ADSs for the calculation of a claimant’s Recognized Claim, nor shall it be deemed an assignment of any claim relating to the purchase of such ADSs unless specifically provided in the instrument of gift or assignment.

Gains on short sales of ADSs made on or between November 20, 2017, and May 9, 2018, will be used to offset losses. The date of covering a “short sale” is deemed to be the date of purchase of the PPD AI ADSs. The date of a “short sale” is deemed to be the date of sale of the PPD AI ADSs. Under the Plan of Allocation, however, the Recognized Loss on “short sales” is zero.

Option contracts are not securities eligible to participate in the Settlement. With respect to PPD AI ADSs purchased or sold through the exercise of an option, the purchase/sale date of the PPD AI ADSs is the exercise date of the option and the purchase/sale price of the PPD AI ADSs is the exercise price of the option.

**C. Allocation of Net Settlement Proceeds Based on Recognized Losses**

The Net Settlement Fund will be distributed to Authorized Claimants on a pro rata basis based on the relative size of their Recognized Loss. Specifically, a “Distribution Amount” will be calculated for each Authorized Claimant, which shall be the Authorized Claimant’s Recognized Loss divided by the aggregate Recognized Losses of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant’s Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to such Authorized Claimant.

A Settlement Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Settlement Class Member had a net overall loss, after all profits from transactions in all PPD AI ADSs described above during the Settlement Class Period are subtracted from all losses. To the extent a Claimant had a market gain with respect to his, her, or its overall transactions in PPD AI ADSs during the Settlement Class Period, the value of the Claimant’s Recognized Loss shall be zero. Such Claimants shall in any event be bound by the Settlement. To the extent that a Claimant suffered an overall market loss with respect to his, her, or its overall transactions in PPD AI ADSs stock during the Settlement Class Period, but that market loss was less than the total Recognized Loss calculated above, then the Claimant’s Recognized Loss shall be limited to the amount of the actual market loss.

For purposes of determining whether a Claimant had a market gain with respect to his, her, or its overall transactions in ADSs during the Settlement Class Period or suffered a market loss, the Claims Administrator shall determine the difference between (i) the “Total Purchase Amount”<sup>4</sup> and (ii) the sum of the “Total Sales Proceeds”<sup>5</sup> (for ADSs sold during the Class Period) and (for

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<sup>4</sup> The “Total Purchase Amount” is the total amount the Claimant paid (excluding commissions and other charges) for PPD AI ADSs purchased or acquired during the Settlement Class Period.

<sup>5</sup> The Claims Administrator shall match any sales of PPD AI ADSs during the Settlement Class Period, first against the Claimant’s opening position in PPD AI ADSs (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (excluding commissions and other charges) for the remaining sales of PPD AI ADSs sold during the Settlement Class Period shall be the “Total Sales Proceeds.”

ADSs not sold but still held as of the end of the Class Period) the “Holding Value”<sup>6</sup>. This difference shall be deemed a Claimant’s market gain or loss with respect to his, her, or its overall transactions in PPDAl ADSs during the Settlement Class Period.

The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired. Approval of the Settlement is separate from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim Form. Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants.

You should contact the Claims Administrator or Lead Counsel if you disagree with any determinations that may be made by the Claims Administrator regarding your Claim Form. If you are unsatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Settlement Class Members and the claims administration process, to decide the issue by submitting a written request. Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Settlement Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against Plaintiffs, Plaintiffs’ Counsel, any Claims Administrator, any other Person designated by Plaintiffs’ Counsel, or any of the Released Parties based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Settlement Class Members who fail to complete and submit a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

**DO I NEED TO CONTACT PLAINTIFFS’ COUNSEL IN ORDER TO PARTICIPATE IN DISTRIBUTION OF THE SETTLEMENT FUND?**

No. If you have received this Notice and timely submit your Proof of Claim to the designated address, you need not contact Plaintiffs’ Counsel. If your address changes, please contact the Claims Administrator at:

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<sup>6</sup> The Claims Administrator shall ascribe a value of \$5.79 per share for PPDAl ADSs purchased or acquired during the Settlement Class Period and still held as of the close of trading on September 10, 2018, the resulting total value of such ADSs using that per share value shall be the “Holding Value”.

*PPDAI Group Inc. Securities Litigation Settlement*  
c/o A.B. Data, Ltd.  
P.O. Box \_\_\_\_\_  
Milwaukee, WI 53217  
Tel.: 877-777-9588

**THERE WILL BE NO PAYMENTS IF THE SETTLEMENT IS TERMINATED**

The Settlement may be terminated under several circumstances outlined in it. If the Stipulation is terminated, the Action will proceed as if the Stipulation had not been entered into.

**WHAT ARE THE REASONS FOR SETTLEMENT?**

The Settlement was reached after a thorough investigation by Plaintiffs' Counsel and briefing on the Defendants' motions to dismiss. The Court has not reached any final decisions in connection with Plaintiffs' claims against Defendants. Instead, Plaintiffs and Defendants have agreed to this Settlement, which was reached with the substantial assistance of a highly respected mediator of complex class actions. In reaching the Settlement, the Parties have avoided the cost, delay and uncertainty of further litigation.

As in any litigation, Plaintiffs and the proposed Settlement Class would face an uncertain outcome if they did not agree to the Settlement. The Parties expected that the case could continue for a lengthy period of time and that if Plaintiffs succeeded, Defendants would file appeals that would postpone final resolution of the case. Continuation of the Action and the State Court Action against Defendants could result in a judgment greater than this Settlement. Conversely, continuing the case could result in no recovery at all or a recovery that is less than the amount of the Settlement.

Plaintiffs and Plaintiffs' Counsel believe that this Settlement is fair and reasonable to the members of the Settlement Class. They have reached this conclusion for several reasons. Specifically, if the Settlement is approved, the Settlement Class will receive a certain and immediate monetary recovery. Additionally, Plaintiffs' Counsel believe that the significant and immediate benefits of the Settlement, when weighed against the significant risk, delay and uncertainty of continued litigation, are a very favorable result for the Settlement Class.

**WHO REPRESENTS THE SETTLEMENT CLASS?**

The following attorneys are counsel for the Settlement Class:

Laurence Rosen, Esq.  
THE ROSEN LAW FIRM, P.A.  
275 Madison Avenue, 40<sup>th</sup> Floor  
New York, NY 10016  
Telephone: (212) 686-1060

*Federal Court Lead Counsel*

Ellen Gusikoff Stewart, Esq.  
ROBBINS GELLER RUDMAN &  
DOWD LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
Telephone: (800) 449-4900

Max Schwartz, Esq.  
Scott+Scott, Attorneys at Law LLP

The Helmsley Building  
230 Park Avenue, 17<sup>th</sup> Floor  
New York, NY 10169  
Telephone: (212) 223-6444

*State Court Lead Counsel*

If you have any questions about the Action, or the Settlement, you are entitled to consult with Plaintiffs' Counsel by contacting counsel at the phone numbers listed above.

You may obtain a copy of the Stipulation by contacting the Claims Administrator at:

*PPDAI Group Inc. Securities Litigation Settlement*  
c/o A.B. Data, Ltd.  
P.O. Box \_\_\_\_  
Milwaukee, WI 53217  
Tel.: 877-777-9588

### **HOW WILL THE PLAINTIFFS' LAWYERS BE PAID?**

Lead Counsel will file a motion for an award of attorneys' fees and expenses that will be considered at the Settlement Fairness Hearing. Lead Counsel will apply for an attorneys' fee award for Plaintiffs' Counsel in the amount of up to 33-1/3% of the Settlement Fund, plus payment of Plaintiffs' Counsel's expenses incurred in connection with this Action and the State Court Action in an amount not to exceed \$110,000. In addition, Plaintiffs may seek a payment of up to \$8,000 in the aggregate for their efforts in representing the Settlement Class. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Plaintiffs' Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. The fees requested will compensate Plaintiffs' Counsel for their work in achieving the Settlement. The Court will decide what constitutes a reasonable fee award and may award less than the amount requested by Plaintiffs' Counsel.

### **CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?**

Yes. If you do not want to receive a payment from this Settlement, or you want to keep the right to sue or continue to sue Defendants on your own about the legal issues in this case, then you must take steps to get out of the Settlement Class. This is called excluding yourself from, or "opting out" of, the Settlement Class. If you are requesting exclusion because you want to bring your own lawsuit based on the matters alleged in this Action, you may want to consult an attorney and discuss whether any individual claim that you may wish to pursue would be time-barred by the applicable statutes of limitation or repose.

To exclude yourself from the Settlement Class, you must send a signed letter by mail saying that you want to be excluded from the Settlement Class in the following Action: *In re PPDAI Group Inc. Securities Litigation*, No. 1:18-cv-06716-LDH-SJB (E.D.N.Y.). Be sure to include

your name, address, telephone number, and the date(s), price(s), and number of shares of PPD AI ADSs that you purchased or acquired during the Settlement Class Period (November 10, 2017 through May 9, 2018, inclusive). (Please retain any documents establishing the foregoing transactions, as you may be asked to provide them in order to effectuate your exclusion). Your exclusion request must be **postmarked no later than \_\_\_\_\_, 2021**, and sent to the Claims Administrator at:

*PPDAI Group Inc. Securities Litigation Settlement*  
c/o A.B. Data, Ltd.  
P.O. Box \_\_\_\_  
Milwaukee, WI 53217  
Tel.: 877-777-9588

You cannot exclude yourself by phone or by e-mail. If you make a proper request for exclusion, you will not receive a settlement payment, and you cannot object to the Settlement. If you make a proper request for exclusion, you will not be legally bound by anything that happens in this Action or the State Court Action.

**CAN I OBJECT TO THE SETTLEMENT, THE REQUESTED ATTORNEYS' FEES, THE REQUESTED PAYMENT OF COSTS AND EXPENSES AND/OR THE PLAN OF ALLOCATION?**

Yes. If you are a Settlement Class Member, you may object to the terms of the Settlement. Whether or not you object to the terms of the Settlement, you may also object to the requested attorneys' fees, costs and expenses, Plaintiffs' request for payment for representing the Settlement Class and/or the Plan of Allocation. In order for any objection to be considered, you must file a written statement, accompanied by proof of Settlement Class membership, with the Court and send a copy to one of Plaintiffs' Counsel and one of Defendants' Counsel, at the addresses listed below **by \_\_\_\_\_, 2021**. The Court's address is Clerk of the Court, United States District Court, Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201; Plaintiffs' Counsel's address is Laurence Rosen, The Rosen Law Firm, P.A., 275 Madison Avenue, 40<sup>th</sup> Floor, New York, NY 10016 and Ellen Gusikoff Stewart, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA, 92101; PPD AI Defendants and Law Debenture Defendants' Counsel's address is Robert A. Fumerton, Skadden, Arps, Slate, Meagher & Flom LLP, One Manhattan West, New York, NY 10001; and Underwriter Defendants' Counsel is Daniel C. Lewis, Shearman & Sterling LLP, 599 Lexington Avenue, New York, NY 10022. In addition, the objection must state whether it applies only to the objector, to a specific subset of the Settlement Class, or to the entire Settlement Class. Attendance at the Settlement Fairness Hearing is not necessary; however, persons wishing to be heard orally at the Settlement Fairness Hearing are required to indicate in their written objection their intention to appear at the hearing and identify any witnesses they may call to testify and exhibits, if any, they intend to introduce into evidence.

**WHAT IS THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING MYSELF FROM THE SETTLEMENT?**

Objecting is telling the Court that you do not like something about the proposed Settlement, the Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and expenses. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court

that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the case no longer applies to you.

### **WHAT ARE MY RIGHTS AND OBLIGATIONS UNDER THE SETTLEMENT?**

If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you may receive the benefit of, and you will be bound by, the terms of the Settlement described in this Notice, upon approval by the Court.

### **HOW CAN I GET A PAYMENT?**

In order to qualify for a payment, you must timely complete and return the Proof of Claim that accompanies this Notice. A Proof of Claim is enclosed with this Notice and also may be downloaded at [www.\\_\\_\\_\\_.com](http://www.____.com). Read the instructions carefully; fill out the Proof of Claim; sign it; and mail or submit it online so that it is **postmarked (if mailed) or received (if submitted online) no later than \_\_\_\_\_, 2021**. The Proof of Claim may be submitted online at [www.\\_\\_\\_\\_.com](http://www.____.com). If you do not submit a timely Proof of Claim with all of the required information, you will not receive a payment from the Settlement Fund; however, unless you expressly exclude yourself from the Settlement Class as described above, you will still be bound in all other respects by the Settlement, the Judgment, and the release contained in them.

### **WHAT CLAIMS WILL BE RELEASED BY THE SETTLEMENT?**

If the Settlement is approved by the Court, the Court will enter a Judgment. If the Judgment becomes final pursuant to the terms of the Stipulation, all Settlement Class Members shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released, relinquished, and discharged any and all of the Released Parties from all Released Claims.

- “Related Parties” means each of a Defendant’s past, present or future direct or indirect parents, subsidiaries, divisions, branches, Controlling Persons, associates, entities, affiliates or joint ventures, as well as each of their respective present or former directors, officers, employees, managers, servants, partners, limited partners, members, principals, trustees, advisors, auditors, accountants, agents, underwriters, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, fiduciaries, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, agents, predecessors, predecessors-in-interest, successors, assigns, spouses, heirs, related or affiliated entities, anyone acting or purporting to act for or on behalf of any of them or their successors, heirs or assigns, any other persons, firms, trusts, corporations and other entity in which a Defendant has a controlling interest, any member of an Individual Defendant’s immediate family, any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his or her family, and the legal representatives, heirs, successors in interest or assigns of the Defendants.
- “Released Parties” means Defendants and each and all of their Related Parties.

- “Released Claims” means all claims, demands, losses, costs, interest, penalties, fees, attorneys’ fees, expenses, rights, causes of action, actions, duties, obligations, judgments, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, including “Unknown Claims” as defined below, whether direct or indirect, representative, class, individual, asserted or unasserted, matured or unmatured, accrued or unaccrued, foreseen or unforeseen, disclosed or undisclosed, contingent or fixed or vested, at law or equity, whether arising under federal, state, local, foreign, statutory, common or administrative, or any other law, statute, rule, or regulation, both (a) arising out of or related to the facts which were alleged or which could have been alleged by Plaintiffs or any member of the Settlement Class against the Released Parties; and (b) arising out of or related to the purchase, acquisition, holding, sale, disposition, transfer, or investment of PPDAI ADSs issued in the IPO during the Settlement Class Period. “Released Claims” also includes any and all claims arising out of, relating to, or in connection with the Settlement or resolution of the Actions (including Unknown Claims), except claims to enforce any of the terms of this Stipulation, or the claims of any Person that submits a request for exclusion that is accepted by the Court.
- “Unknown Claims” means (i) any and all claims and potential claims against Released Parties which Plaintiffs or any Settlement Class Members do not know or suspect to exist in their, his, her, or its favor as of the Effective Date, and (ii) any claims against Plaintiffs which Defendants do not know or suspect to exist in their favor, which if known by any of them, might have affected their, his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Released Defendants’ Claims, the Parties stipulate and agree that by operation of the Final Judgment, upon the Effective Date, the Plaintiffs and Defendants shall have expressly waived, and each Settlement Class Member shall be deemed to have waived, and by operation of the Final Judgment shall have expressly waived, the provisions, rights and benefits of Cal. Civ. Code §1542, which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY;**

and any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code §1542. Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs shall expressly fully, finally, and forever settle and release, and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims, known or unknown,



suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants acknowledge, and Settlement Class Members shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Defendants’ Claims was separately bargained for and was an essential element of the Settlement.

The above description of the proposed Settlement is only a summary. The complete terms are set forth in the Stipulation (including its exhibits), which may be obtained at [www.\\_\\_\\_\\_\\_.com](http://www._____.com), or by contacting Plaintiffs’ Counsel listed on Page \_\_ above.

### **THE SETTLEMENT FAIRNESS HEARING**

The Court will hold a Settlement Fairness Hearing on \_\_\_\_\_, 2021, at \_\_\_\_\_.m., before the Honorable LaShann DeArcy Hall at the U.S. District Court for the Eastern District of New York, 225 Cadman Plaza East, Courtroom 4H North, Brooklyn, NY 11201, for the purpose of determining whether: (1) the Settlement as set forth in the Stipulation for \$9,000,000 in cash should be approved by the Court as fair, reasonable and adequate; (2) Judgment as provided under the Stipulation should be entered; (3) to award Plaintiffs’ Counsel attorneys’ fees and expenses out of the Settlement Fund and, if so, in what amount; (4) to compensate Plaintiffs for their efforts in representing the Settlement Class out of the Settlement Fund and, if so, in what amount; and (5) the Plan of Allocation should be approved by the Court. The Court may adjourn or continue the Settlement Fairness Hearing without further notice to members of the Settlement Class.

Any Settlement Class Member may appear at the Settlement Fairness Hearing and be heard on any of the foregoing matters; provided, however, that no such person shall be heard unless his, her, or its objection is made in writing and is filed, together with proof of membership in the Settlement Class and with copies of all other papers and briefs to be submitted by him, her, or it to the Court at the Settlement Fairness Hearing, with the Court no later than \_\_\_\_\_, 2021, and showing proof of service on the following counsel:

Robert A. Fumerton  
SKADDEN, ARPS, SLATE,  
MEAGHER & FLOM LLP  
One Manhattan West  
New York, NY 10001

*Counsel for PPDAl Defendants and Law  
Debenture Defendants*

Daniel C. Lewis  
SHEARMAN & STERLING LLP

Laurence Rosen, Esq.  
THE ROSEN LAW FIRM, P.A.  
275 Madison Avenue, 40th Floor  
New York, NY 10016  
Telephone: (212) 686-1060

*Counsel for Federal Court Plaintiffs*

Ellen Gusikoff Stewart, Esq.  
ROBBINS GELLER RUDMAN &  
DOWD LLP

599 Lexington Avenue  
New York, NY 10022

*Counsel for the Underwriter Defendants*

655 West Broadway, Suite 1900  
San Diego, CA 92101  
Telephone: (800) 449-4900

Max Schwartz, Esq.  
Scott+Scott, Attorneys at Law LLP  
The Helmsley Building  
230 Park Avenue, 17<sup>th</sup> Floor  
New York, NY 10169  
Telephone: (212) 223-6444

*Counsel for State Court Plaintiffs*

Unless otherwise directed by the Court, any Settlement Class Member who does not make his, her or its objection in the manner provided shall be deemed to have waived all objections to this Settlement and shall be foreclosed from raising (in this or any other proceeding or on any appeal) any objection and any untimely objection shall be barred.

The COVID-19 pandemic is a fluid situation that creates the possibility that the Court may decide to conduct the Settlement Fairness Hearing by video, telephone conference, or otherwise allow Settlement Class Members to appear at the hearing by telephone without further notice to the Settlement Class. In order to determine whether the date and time of the Settlement Fairness Hearing have changed, or whether Settlement Class Members must or may participate by phone or video, it is important that you monitor the Settlement website, [www.\\_\\_\\_\\_\\_.com](http://www._____.com), or the Court's docket, before making any plans to attend the Settlement Fairness Hearing. Any updates regarding the Settlement Fairness Hearing will be posted to the Settlement website. Also, if the Court requires or allows Settlement Class Members to participate in the Settlement Fairness Hearing by telephone, the phone number for accessing the telephonic conference will be posted to the Settlement website. You will not receive another notice such as this one regarding such changes; they will only be posted to the Settlement website.

If you hire an attorney (at your own expense) to represent you for purposes of objecting, your attorney must serve a notice of appearance on counsel listed above and file it with the Court (at the address set out above) by no later than \_\_\_\_\_, 2021.

### **INJUNCTION**

The Court has issued an order enjoining all Settlement Class Members from instituting, commencing, maintaining or prosecuting any action in any court or tribunal that asserts Released Claims against any Released Party, pending final determination by the Court of whether the Settlement should be approved.

**SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES**

If, during the Settlement Class Period, you purchased or sold PPD AI ADSs for the beneficial interest of a person or organization other than yourself, the Court has directed that you shall: **(a)** within seven (7) calendar days of receipt of the letter providing notice of the Settlement, request from the Claims Administrator sufficient copies of the Notice and Proof of Claim to forward to all such beneficial owners, and within seven (7) calendar days of receipt of those Notice and Proof of Claim forward them to all such beneficial owners; or **(b)** within seven (7) calendar days of receipt of the letter, request from the Claims Administrator an electronic copy of the Notice and Proof of Claim and within seven (7) calendar days of receipt of the electronic Notice and Proof of Claim, email the Notice and Proof of Claim to beneficial owners for which the broker or nominee has valid email addresses; or **(c)** within seven (7) calendar days of receipt of the letter, send a list of the names, mailing addresses, and, if available, email addresses, of all such beneficial owners to the Claims Administrator in which event the Claims Administrator shall promptly mail or email the Notice and Proof of Claim to such beneficial owners. Upon full compliance with this Order, such nominees may seek payment of their reasonable expenses actually incurred in complying with this Order, up to a maximum of \$0.20 per Notice and Proof of Claim plus postage at the current pre-sort rate used by the Claims Administrator if the Notice and Proof of Claim is mailed by the broker or nominee; or \$0.05 per Notice and Proof of Claim transmitted by email by the broker or nominee; or \$0.10 per name, mailing address, and email address (to the extent available) provided to the Claims Administrator, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Such properly documented expenses incurred by nominees in compliance with the terms of this Order shall be paid from the Settlement Fund, with any disputes as to the reasonableness or documentation of expenses incurred subject to review by the Court.

DATED: \_\_\_\_\_

BY ORDER OF THE UNITED STATES DISTRICT  
COURT FOR THE EASTERN DISTRICT OF NEW  
YORK

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

IN RE PPD AI GROUP INC. SECURITIES  
LITIGATION

No: 1:18-cv-06716-LDH-TAM

Hon. LaShann DeArcy Hall

Hon. Taryn A. Merkl

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: COMMERCIAL DIVISION**

_____	X	
In re PPD AI GROUP SECURITIES	:	Index No. 654482/2018
LITIGATION	:	
_____	:	The Honorable Andrea Masley J.S.C.
This Document Relates To:	:	Part 48
	:	
ALL ACTIONS.	:	
	:	
	:	
_____	X	

**PROOF OF CLAIM AND RELEASE**

**I. GENERAL INSTRUCTIONS**

1. To recover as a Settlement Class Member based on the claims in the actions captioned *In re PPD AI Group Inc. Securities Litigation*, No. 1:18-cv-06716-LDH-TAM (E.D.N.Y.) and *In re PPD AI GROUP SECURITIES LITIGATION*, Index No. 654482/2018 pending in New York Supreme Court for New York County (the “Actions”),<sup>1</sup> you must complete and, on page \_\_\_\_ hereof, sign this Proof of Claim. If you fail to file a properly addressed (as set forth in paragraph 3 below) Proof of Claim, your claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund created in connection with the proposed Settlement.

2. Submission of this Proof of Claim, however, does not assure that you are eligible to share in the proceeds of the Settlement of the Actions.

3. **YOU MUST MAIL OR SUBMIT ONLINE YOUR COMPLETED AND SIGNED PROOF OF CLAIM, ACCOMPANIED BY COPIES OF THE DOCUMENTS REQUESTED HEREIN, ON OR BEFORE \_\_\_\_\_, 2021, ADDRESSED AS FOLLOWS:**

*PPDAI Group Inc. Securities Litigation Settlement*  
c/o A.B. Data, Ltd.  
P.O. Box \_\_\_\_  
Milwaukee, WI 53217  
Tel.: 877-777-9588

If you do NOT meet the criteria described in Section II immediately below for inclusion in the Settlement Class, then you not a Settlement Class Member, as defined in the Notice of Proposed Settlement of Class Action (“Notice”), and you should NOT submit a Proof of Claim.

4. If you are a Settlement Class Member and you do not timely request exclusion, you are bound by the terms of any judgment entered in the Action, including the releases provided therein, **WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM.**

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<sup>1</sup> This Proof of Claim and Release (“Proof of Claim”) incorporates by reference the definitions in the Stipulation of Settlement (“Stipulation”), which can be obtained at [www.\\_\\_\\_\\_.com](http://www.____.com).

## **II. CLAIMANT IDENTIFICATION**

Subject to certain exclusions described in the Notice, you may be a member of the Settlement Class if you purchased or otherwise acquired PPDAI Group Inc. (“PPDAI” or the “Company”) American Depository Shares (“ADSs”) from November 10, 2017 through May 9, 2018, inclusively, including those Persons that purchased or otherwise acquired PPDAI ADSs pursuant or traceable to PPDAI’s Registration Statements and Prospectus for PPDAI’s November 10, 2017 initial public offering (“IPO”).

Use Part I of this form entitled “Claimant Identification” to identify each purchaser or acquiror of record (“nominee”) of the PPDAI ADSs that forms the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER(S) OR ACQUIRER(S) OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S) OR ACQUIRER(S) OF THE PPDAI ADSs UPON WHICH THIS CLAIM IS BASED.

All joint purchasers or acquirers must sign this claim. Executors, administrators, guardians, conservators, and trustees must complete and sign this claim on behalf of persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

## **III. CLAIM FORM**

Use Part II of this form entitled “Schedule of Transactions in PPDAI ADSs” to supply all required details of your transaction(s). If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

On the schedules, provide all of the requested information with respect to *all* of your purchases, acquisitions, and sales of PPD AI ADSs that took place between November 10, 2017 and September 10, 2018, whether such transactions resulted in a profit or a loss. You must also provide all of the requested information with respect to the number of shares of PPD AI ADSs you held at the close of trading on September 10, 2018. Failure to report all such transactions may result in the rejection of your claim.

List each transaction separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

The date of covering a “short sale” is deemed to be the date of purchase of PPD AI ADSs. The date of a “short sale” is deemed to be the date of sale of PPD AI ADSs. .

**COPIES OF BROKER CONFIRMATIONS OR OTHER DOCUMENTATION OF YOUR TRANSACTIONS IN PPD AI ADSs SHOULD BE ATTACHED TO YOUR CLAIM. FAILURE TO PROVIDE THIS DOCUMENTATION COULD DELAY VERIFICATION OF YOUR CLAIM OR RESULT IN REJECTION OF YOUR CLAIM.**

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All such claimants **MUST** also submit a manually signed paper Proof of Claim whether or not they also submit electronic copies. If you wish to submit your claim electronically, you may visit the Settlement website at [www.\\_\\_\\_\\_\\_.com](http://www._____.com) or you may contact the Claims Administrator’s electronic filing department at \_\_\_\_\_ to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the claimant a written acknowledgment of receipt and acceptance of electronically submitted data.





City															State/Province		Zip Code		

Foreign Postal Code (if applicable)										Foreign Country (if applicable)									

Telephone Number (Day)					Telephone Number (Evening)														
					-					-					-				

Email Address (email address is not required, but, if you provide it, you authorize the Claims Administrator to use it in providing you with information relevant to this claim)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**Type of Beneficial Owner:**

Specify one of the following:

- |  |                                      |   |  |
|--|--------------------------------------|---|--|
| <input type="checkbox"/> Individual(s) | <input type="checkbox"/> Corporation | <input type="checkbox"/> UGMA Custodian | <input type="checkbox"/> IRA                     |
| <input type="checkbox"/> Partnership   | <input type="checkbox"/> Estate      | <input type="checkbox"/> Trust          | <input type="checkbox"/> Other (describe: _____) |

**PART II: SCHEDULE OF TRANSACTIONS IN PPD AI ADSs**

A. Purchases or acquisitions of PPD AI ADSs stock (November 10, 2017 through September 10, 2018, inclusive):

Trade Date(s) Month Day Year (List chronologically)	Number of Shares Purchased or Acquired	Total Purchase or Acquisition Price (Excluding commissions, taxes and fees)	Proof of Purchase/ Acquisition Enclosed
1. _____	1. _____	1. _____	<input type="checkbox"/> Y <input type="checkbox"/> N
2. _____	2. _____	2. _____	<input type="checkbox"/> Y <input type="checkbox"/> N
3. _____	3. _____	3. _____	<input type="checkbox"/> Y <input type="checkbox"/> N

IMPORTANT: (i) If any purchase listed covered a “short sale,” please mark Yes:  Yes

(ii) If you received shares through an acquisition or merger, please identify the date, the share amount, and the company acquired:

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
MM DD YYYY                      \_\_\_\_\_  
Merger Shares                      Company

B. Sales of PPD AI ADSs (on or after November 10, 2017 to September 10, 2018 inclusive):

Trade Date Month Day Year	Number of Shares Sold	Total Sales Price (Excluding commissions, taxes and fees)	Proof of Sale Enclosed
1. _____	1. _____	1. _____	<input type="checkbox"/> Y <input type="checkbox"/> N
2. _____	2. _____	2. _____	<input type="checkbox"/> Y <input type="checkbox"/> N
3. _____	3. _____	3. _____	<input type="checkbox"/> Y <input type="checkbox"/> N

C. Number of shares of PPD AI ADSs held at the close of trading on September 10, 2018 \_\_\_\_\_

D. Proof of Position Enclosed:  Yes  No

**YOU MUST READ AND SIGN THE RELEASE ON PAGE \_\_. FAILURE TO SIGN THE RELEASE MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF YOUR CLAIM.**

**IV. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS**

I (We) submit this Proof of Claim under the terms of the Stipulation described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Eastern District of New York with respect to my (our) claim as a Settlement Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Actions. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim covering the same purchases, acquisitions or sales of PPD AI ADSs during the relevant period and know of no other person having done so on my (our) behalf.

**V. RELEASE**

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally, and forever settle, release, and discharge from the Released Claims each and all of the “Released Parties,” defined as Defendants and each and all of their Related Parties.

2. “Related Parties” means each of a Defendant’s past, present or future direct or indirect parents, subsidiaries, divisions, branches, Controlling Persons, associates, entities, affiliates or joint ventures, as well as each of their respective present or former directors, officers, employees, managers, servants, partners, limited partners, members, principals, trustees, advisors, auditors, accountants, agents, underwriters, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, fiduciaries, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, agents, predecessors, predecessors-in-interest, successors, assigns, spouses, heirs, related or affiliated entities, anyone acting or purporting to act for or on behalf of any of them or their successors, heirs or assigns, any other persons, firms, trusts, corporations and other entity in which a Defendant has a controlling interest, any member of an Individual Defendant’s

immediate family, any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his or her family, and the legal representatives, heirs, successors in interest or assigns of the Defendants.

3. “Released Claims” means all claims, demands, losses, costs, interest, penalties, fees, attorneys’ fees, expenses, rights, causes of action, actions, duties, obligations, judgments, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, including “Unknown Claims” as defined below, whether direct or indirect, representative, class, individual, asserted or unasserted, matured or unmatured, accrued or unaccrued, foreseen or unforeseen, disclosed or undisclosed, contingent or fixed or vested, at law or equity, whether arising under federal, state, local, foreign, statutory, common or administrative, or any other law, statute, rule, or regulation, both (a) arising out of or related to the facts which were alleged or which could have been alleged by Plaintiffs or any member of the Settlement Class against the Released Parties; and (b) arising out of or related to the purchase, acquisition, holding, sale, or disposition of PPD AI ADSs issued in the IPO during the Settlement Class Period. “Released Claims” also includes any and all claims arising out of, relating to, or in connection with the Settlement or resolution of the Actions (including Unknown Claims), except claims to enforce any of the terms of this Stipulation, or the claims of any Person that submits a request for exclusion that is accepted by the Court.

4. “Unknown Claims” means (i) any and all Released Claims and potential Released Claims against Released Parties which Plaintiffs or any Settlement Class Members do not know or suspect to exist in their, his, her, or its favor as of the Effective Date, and (ii) any claims against Plaintiffs which Defendants do not know or suspect to exist in their favor, which if known by any of them, might have affected their, his, her, or its decision(s) with respect to the Settlement. With

respect to any and all Released Claims and Released Defendants' Claims, the Parties stipulate and agree that by operation of the Final Judgment, upon the Effective Date, the Plaintiffs and Defendants shall have expressly waived, and each Settlement Class Member shall be deemed to have waived, and by operation of the Final Judgment shall have expressly waived, the provisions, rights and benefits of Cal. Civ. Code §1542, which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY;**

and any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code §1542. Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs shall expressly fully, finally, and forever settle and release, and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants acknowledge, and Settlement Class Members shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims

and Released Defendants' Claims was separately bargained for and was an essential element of the Settlement.

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in PPD AI ADSs that occurred during the relevant period as well as the number of shares held by me (us) at the close of trading on September 10, 2018.

7. I (We) certify that I am (we are) not subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code. (Note: If you have been notified by the I.R.S. that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in this paragraph).

I (We) declare under penalty of perjury under the laws of the State of New York that all of the foregoing information supplied on this Proof of Claim by the undersigned is true and correct.

Executed this \_\_\_\_\_ day of \_\_\_\_\_  
(Month/Year)

in \_\_\_\_\_  
(City) (State/Country)

\_\_\_\_\_  
(Sign your name here)

\_\_\_\_\_  
(Type or print your name here)

---

(Capacity of person(s) signing,  
e.g., Beneficial Purchaser or Acquirer,  
Executor or Administrator)

**ACCURATE CLAIMS PROCESSING TAKES A  
SIGNIFICANT AMOUNT OF TIME.  
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above release and acknowledgment.
2. Remember to attach copies of supporting documentation.
3. **Do not send** originals of certificates or other documentation as they will not be returned.
4. Keep a copy of your Proof of Claim and all supporting documentation for your records.
5. If you desire an acknowledgment of receipt of your Proof of Claim, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send your new address to the address below.
7. **Do not use red pen or highlighter** on the Proof of Claim or supporting documentation.

**THIS PROOF OF CLAIM MUST BE SUBMITTED ONLINE OR MAILED NO  
LATER THAN \_\_\_\_\_, 2021, ADDRESSED AS FOLLOWS:**

*PPDAI Group Inc. Securities Litigation Settlement*  
c/o A.B. Data, Ltd.  
P.O. Box \_\_\_\_  
Milwaukee, WI 53217  
Tel.: 877-777-9588

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

IN RE PPD AI GROUP INC. SECURITIES  
LITIGATION

No: 1:18-cv-06716-LDH-TAM

Hon. LaShann DeArcy Hall

Hon. Taryn A. Merkl

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: COMMERCIAL DIVISION**

_____	X	
In re PPD AI GROUP SECURITIES	:	Index No. 654482/2018
LITIGATION	:	
_____	:	The Honorable Andrea Masley J.S.C.
	:	
This Document Relates To:	:	Part 48
	:	
ALL ACTIONS.	:	
	:	
	:	
	:	
	:	
_____	X	

**SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION**



**TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED PPD AI GROUP INC. (“PPDAI” OR THE “COMPANY”) AMERICAN DEPOSITORY SHARES (“ADSs”) FROM NOVEMBER 10, 2017 THROUGH MAY 9, 2018, INCLUSIVELY, INCLUDING THOSE PERSONS THAT PURCHASED OR OTHERWISE ACQUIRED PPD AI ADSs PURSUANT OR TRACEABLE TO PPD AI’S REGISTRATION STATEMENTS AND PROSPECTUS FOR PPD AI’S NOVEMBER 10, 2017 INITIAL PUBLIC OFFERING (“IPO”).**

*THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.*

YOU ARE HEREBY NOTIFIED that a hearing will be held on \_\_\_\_\_, 2021, at \_\_\_:\_\_\_ .m., before the Honorable LaShann DeArcy Hall at the U.S. District Court for the Eastern District of New York, 225 Cadman Plaza East, Courtroom 4H North, Brooklyn, NY 11201, to determine whether: (1) the proposed settlement (the “Settlement”) of the above-captioned action (the “Action”) as well as the action pending in the Supreme Court of the State of New York, County of New York, styled as *In re PPD AI Group Securities Litigation*, Index No. 654482/2018 (“State Court Action”) as set forth in the Stipulation of Settlement (“Stipulation”)<sup>1</sup> for \$9,000,000 in cash should be approved by the Court as fair, reasonable and adequate; (2) the Judgment as provided under the Stipulation should be entered; (3) to award Plaintiffs’ Counsel attorneys’ fees and expenses out of the Settlement Fund (as defined in the Notice of Proposed Settlement of Class Action (“Notice”), which is discussed below), and, if so, in what amount; (4) to award Plaintiffs for representing the Settlement Class out of the Settlement Fund and, if so, in what amount; and (5) the Plan of Allocation should be approved by the Court as fair, reasonable and adequate.<sup>2</sup>

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<sup>1</sup> The Stipulation can be viewed and/or obtained at [www.\\_\\_\\_\\_\\_.com](http://www._____.com).

<sup>2</sup> In light of the COVID-19 pandemic, the Court may decide to conduct the Settlement Fairness Hearing by video or telephone conference, or otherwise allow Settlement Class Members to appear at the hearing by phone. No further notice of such decision will be provided to the Settlement Class. In order to determine whether the date and time of the Settlement Fairness Hearing have changed, or whether Settlement Class Members must or may participate by phone or video, it is important that you monitor the Settlement website, [www.\\_\\_\\_\\_\\_.com](http://www._____.com), before making any plans to attend

This Action and the State Court Action are securities class actions brought on behalf of those persons who purchased or acquired PPD AI ADSs during the Settlement Class Period, against PPD AI, certain of its officers, directors, and underwriters of PPD AI's IPO (collectively, "Defendants") for, among other things, allegedly misstating and omitting material facts from the Registration Statement and Prospectus filed with the U.S. Securities and Exchange Commission in connection with the IPO. Plaintiffs allege that these purportedly false and misleading statements inflated the price of the Company's ADSs, resulting in damage to Settlement Class Members when the truth was revealed. Defendants deny all of Plaintiffs' allegations.

IF YOU PURCHASED OR ACQUIRED PPD AI ADSs BETWEEN NOVEMBER 10, 2017 THROUGH AND INCLUDING MAY 9, 2018, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THIS ACTION AND THE STATE COURT ACTION.

To share in the distribution of the Settlement Fund, you must establish your rights by submitting a Proof of Claim and Release form ("Proof of Claim") by mail (**postmarked no later than \_\_\_\_\_, 2021**) or electronically (**no later than \_\_\_\_\_, 2021**). Your failure to submit your Proof of Claim by \_\_\_\_\_, 2021, will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement of this Action and the State Court Action. If you are a member of the Settlement Class and do not request exclusion therefrom, you will be bound by the Settlement and any judgment and release entered in the Action and the State Court Action, including, but not limited to, the Judgment, whether or not you submit a Proof of Claim.

If you have not received a copy of the Notice, which more completely describes the Settlement and your rights thereunder (including your right to object to the Settlement), and a Proof of Claim, please contact the Settlement Administrator at \_\_\_\_\_ or call \_\_\_\_\_.

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the Settlement Fairness Hearing. Any updates and information for accessing a telephonic or video Settlement Fairness Hearing will be posted to the Settlement website, [www.\\_\\_\\_\\_\\_.com](http://www._____.com).

of Claim, you may obtain these documents, as well as a copy of the Stipulation (which, among other things, contains definitions for the defined terms used in this Summary Notice) and other settlement documents, online at [www.\\_\\_\\_\\_\\_.com](http://www._____.com), or by writing to:

*PPDAI Group Inc. Securities Litigation Settlement*  
c/o A.B. Data, Ltd.  
P.O. Box \_\_\_\_  
Milwaukee, WI 53217  
Tel.: 877-777-9588

Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court.

Inquiries, other than requests for the Notice or for a Proof of Claim, may be made to Plaintiffs' Counsel:

Laurence Rosen, Esq.  
THE ROSEN LAW FIRM, P.A.  
275 Madison Avenue, 40<sup>th</sup> Floor  
New York, NY 10016  
Telephone: (212) 686-1060

*Federal Court Lead Counsel*

Ellen Gusikoff Stewart, Esq.  
ROBBINS GELLER RUDMAN &  
DOWD LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
Telephone: (800) 449-4900

Max Schwartz, Esq.  
Scott+Scott, Attorneys at Law LLP  
The Helmsley Building  
230 Park Avenue, 17<sup>th</sup> Floor  
New York, NY 10169  
Telephone: (212) 223-6444

*State Court Lead Counsel*

IF YOU DESIRE TO BE EXCLUDED FROM THE SETTLEMENT CLASS, YOU MUST SUBMIT A REQUEST FOR EXCLUSION SUCH THAT IT IS **POSTMARKED BY \_\_\_\_\_, 2021**, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE. ALL MEMBERS OF THE SETTLEMENT CLASS WHO HAVE NOT REQUESTED EXCLUSION FROM THE SETTLEMENT CLASS WILL BE BOUND BY THE SETTLEMENT EVEN IF THEY DO NOT SUBMIT A TIMELY PROOF OF CLAIM.

IF YOU ARE A SETTLEMENT CLASS MEMBER, YOU HAVE THE RIGHT TO OBJECT TO THE SETTLEMENT, THE PLAN OF ALLOCATION, THE REQUEST BY PLAINTIFFS' COUNSEL FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES, AND/OR THE AWARDS TO PLAINTIFFS FOR REPRESENTING THE SETTLEMENT CLASS. ANY OBJECTIONS MUST BE FILED WITH THE COURT AND SENT TO LEAD COUNSEL AND DEFENDANTS' COUNSEL **BY** \_\_\_\_\_, **2021**, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE.

DATED: \_\_\_\_\_ BY ORDER OF THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF NEW YORK

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

IN RE PPD AI GROUP INC. SECURITIES  
LITIGATION

No: 1:18-cv-06716-LDH-TAM

Hon. LaShann DeArcy Hall

Hon. Taryn A. Merkl

**[PROPOSED] JUDGMENT AND ORDER GRANTING FINAL APPROVAL**

WHEREAS, the Court is advised that the Parties,<sup>1</sup> through their counsel, have agreed, subject to Court approval following notice to the Settlement Class and a hearing, to settle this Action and a state court action pending in the Supreme Court of the State of New York, County of New York styled as *In re PPD AI Group Securities Litigation*, Index No. 654482/2018 (“State Court Action”) upon the terms and conditions set forth in the Stipulation of Settlement dated June 11, 2021 (the “Stipulation” or “Settlement”); and

WHEREAS, on \_\_\_\_\_, 2021, the Court entered its Order granting preliminary approval of the Settlement, and approved the form and manner of notice to the Settlement Class of the Settlement, and said notice has been made, and the fairness hearing having been held; and

NOW, THEREFORE, based upon the Stipulation and all of the filings, records and proceedings herein, and it appearing to the Court upon examination that the Settlement set forth in the Stipulation is fair, reasonable and adequate, and upon a Settlement Fairness Hearing having been held after notice to the Settlement Class of the Settlement to determine if the Settlement is fair, reasonable, and adequate and whether the Judgment should be entered in this Action;

**THE COURT HEREBY FINDS AND CONCLUDES THAT:**

A. The provisions of the Stipulation, including definitions of the terms used therein, are hereby incorporated by reference as though fully set forth herein.

B. This Court has jurisdiction over the subject matter of this Action and over all of the Parties and all Settlement Class Members for purposes of the Settlement.

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<sup>1</sup> As used herein, the term “Parties” means Plaintiffs Golden Section Holding Corporation and Weichen Lai of the Federal Court Action, Plaintiffs Yizhong Huang and Ravindra Vora of the State Court Action, and Defendants PPD AI Group Inc. (“PPDAI” or the “Company”), Jun Zhang, Tiezheng Li, Honghui Hu, Shaofeng Gu, Ronald Cao, Zehui Liu, Congliang Li, Qiong Wang, Simon Tak Leung Ho, Neil Nanpeng Sheng, Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., Keefe, Bruyette & Woods, Inc., Law Debenture Corporate Services, Inc. and Giselle Manon.

C. The form, content, and method of dissemination of notice given to the Settlement Class was adequate and reasonable and constituted the best notice practicable under the circumstances, including individual notice to all Settlement Class Members who could be identified through reasonable effort.

D. The form and manner of the Notice is hereby determined to have been the best notice practicable under the circumstances and to have been given in full compliance with each of the requirements of Fed. R. Civ. P. 23, the Private Securities Reform Litigation Act of 1995 (“PLSRA”), due process, and all other applicable laws and rules, and it is further determined that all members of the Settlement Class are bound by this Judgment. The Court further finds that the notice provisions of the Class Action Fairness Act, 28 U.S.C. § 1715, were fully discharged. Thus, it is hereby determined that all members of the Settlement Class are bound by this Order and Final Judgment.

E. The Court finds, pursuant to Fed. R. Civ. P. 23(a) and (b)(3), as follows, that:

(i) the Settlement Class is so numerous that joinder of all members is impracticable;

(ii) there are questions of law and fact common to the Settlement Class;

(iii) the claims of Plaintiffs are typical of the claims of the Settlement Class;

(iv) Plaintiffs and Plaintiffs’ Counsel have fairly and adequately protected the interests of the Settlement Class;

(vii) the Action is hereby finally certified (in connection with Settlement only) as a class action pursuant to Fed. R. Civ. P. 23 on behalf of a settlement class (the “Settlement Class”) consisting of all Persons that purchased or otherwise acquired PPD AI American Depository Shares (“ADSs”) (i) from November 10, 2017 through May 9, 2018, both dates

inclusive (the “Settlement Class Period”) , which includes all Persons who purchased or otherwise acquired PPDAl ADSs pursuant or traceable to PPDAl’s Offering Materials. Excluded from the Settlement Class are Defendants, the officers, directors of PPDAl, Underwriter Defendants, or Law Debenture Defendants (at all relevant times), members of their immediate families, and their legal representatives, heirs, successors or assigns, and any entity in which any Defendant has a controlling interest. For avoidance of doubt, Investment Vehicles are not excluded from the Settlement Class solely because they are, or are managed by, affiliates or subsidiaries of a Defendant. However, to the extent that any Defendant or any entity that might be deemed to be an affiliate or subsidiary thereof (i) managed or advised, and (ii) directly or indirectly held a beneficial interest in, said Investment Vehicle during the Settlement Class Period, that beneficial interest in the Investment Vehicle is excluded from the Settlement Class. Also excluded from the Settlement Class are those Persons who would otherwise be Settlement Class Members but who timely and validly exclude themselves therefrom. [No persons or entities have requested exclusion from the Settlement Class] / [Attached hereto as Exhibit 1 is a list of the persons and entities who requested exclusion from the Settlement Class and are hereby excluded from the Settlement Class]; and

(viii) Plaintiffs are hereby certified as the Class Representatives, and Plaintiffs’ Counsel is certified as Class Counsel. The Court concludes that Class Representatives and Class Counsel have fairly and adequately represented the Settlement Class both in terms of litigating the Actions and for purposes of entering into and implementing the Settlement and have satisfied the requirements of Federal Rules of Civil Procedure 23(a)(4) and 23(g), respectively.

F. The Settlement, as set forth in the Stipulation, is fair, reasonable, and adequate.



(i) The Settlement was negotiated at arm's length by Plaintiffs on behalf of the Settlement Class and by Defendants, all of whom were represented by highly experienced and skilled counsel. The case settled only after, among other things: (a) a mediation conducted by an experienced mediator who was familiar with this Action and the State Court Action; (b) the exchange between the Plaintiffs and the PPDAI Defendants of detailed mediation statements before the mediation which highlighted the factual and legal issues in dispute; (c) Plaintiffs' Counsel's extensive investigation, which included, among other things, a review of PPDAI's press releases, U.S. Securities and Exchange Commission filings, analyst reports, media reports, and other publicly disclosed reports and information about the Defendants, as well as interviews with former PPDAI employees; (d) the drafting and submission of detailed complaints; and (e) motion practice directed to the Complaint and to a discovery stay. Accordingly, both the Plaintiffs and Defendants were well-positioned to evaluate the settlement value of this Action and the State Court Action. The Stipulation has been entered into in good faith and is not collusive.

(ii) If the Settlement had not been achieved, both Plaintiffs and Defendants faced the expense, risk, and uncertainty of extended litigation. The Court takes no position on the merits of either Plaintiffs' or Defendants' arguments, but notes these arguments as evidence in support of the reasonableness of the Settlement.

G. Plaintiffs and Plaintiffs' Counsel have fairly and adequately represented the interest of the Settlement Class Members in connection with the Settlement.

H. Plaintiffs, all Settlement Class Members, and Defendants are hereby bound by the terms of the Settlement set forth in the Stipulation.

**IT IS HEREBY ORDERED THAT:**

1. The Settlement on the terms set forth in the Stipulation is finally approved as fair, reasonable, and adequate. The Settlement shall be consummated in accordance with the terms and

provisions of the Stipulation. The Parties are to bear their own costs, except as otherwise provided in the Stipulation.

2. All Released Parties as defined in the Stipulation are released in accordance with, and as defined in, the Stipulation.

3. Upon the Effective Date, Plaintiffs and each Settlement Class Member shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Parties, whether or not such Settlement Class Member executes and delivers a Proof of Claim and Release.

4. Upon the Effective Date, each of the Released Parties shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released Plaintiffs, Plaintiffs' Counsel, and each and all of the Settlement Class Members from all Released Defendants' Claims.

5. All Settlement Class Members who have not objected to the Settlement in the manner provided in the Notice of Proposed Settlement of Class Action ("Notice") are deemed to have waived any objections by appeal, collateral attack, or otherwise. No Settlement Class Member will be relieved from the terms and conditions of the Settlement, including the releases provided pursuant thereto, based upon the contention or proof that such Settlement Class Member failed to receive actual or adequate notice.

6. All Settlement Class Members who have failed to properly submit requests for exclusion (requests to opt out) from the Settlement Class are bound by the terms and conditions of the Stipulation and this Judgment.

7. The requests for exclusion by the persons or entities identified in Exhibit 1 to this Judgment are accepted by the Court.

8. All other provisions of the Stipulation are incorporated into this Judgment as if fully rewritten herein.

9. Plaintiffs and all Settlement Class Members are hereby barred and enjoined from instituting, commencing, maintaining, or prosecuting in any court or tribunal any of the Released Claims against any of the Released Parties.

10. Neither the Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement:

(a) Shall be offered or received against Defendants as evidence of, or evidence in support of, a presumption, concession, or admission with respect to any liability, negligence, fault, or wrongdoing, or in any way referred to for any other reason as against Defendants, in any civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; however, Defendants may refer to it to effectuate the liability protection granted them hereunder;

(b) Shall be construed as or received in evidence as an admission, concession, or presumption against Plaintiffs or any of the Settlement Class Members that any of their claims are without merit, or that any defenses asserted by Defendants have any merit, or that damages recoverable in this Action and the State Court Action would have exceeded the Settlement Fund; and

(c) Notwithstanding the foregoing, Defendants, Plaintiffs, Settlement Class Members and/or the Released Parties may file the Stipulation and/or this Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

11. In the event that the Stipulation is terminated in accordance with its terms: (i) this Judgment shall be rendered null and void and shall be vacated *nunc pro tunc*; and (ii) this Action and the State Court Action shall proceed as provided in the Stipulation.

12. The Court finds that during the course of the Action, the Parties and their respective counsel at all times complied with the requirements of Fed. R. Civ. P. 11 and all other similar statutes.

13. Without further order of the Court, the Parties may agree in writing to such amendments, modifications, and expansions of the Stipulation and reasonable extensions of time to carry out any of the provisions of the Stipulation, provided that such amendments, modifications, expansions, and extensions do not materially alter the rights of the Settlement Class Members or the Released Parties under the Stipulation.

14. Without affecting the finality of this Judgment in any way, this Court retains continuing jurisdiction over: (a) implementation of this Settlement and any award or distribution of the Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund; (c) hearing and determining applications for attorneys' fees, interest, and expenses in the Action; and (d) all Parties hereto for the purpose of construing, enforcing, and administering the Stipulation.

15. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the Court is directed pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

DATED: \_\_\_\_\_

\_\_\_\_\_  
HONORABLE LASHANN DEARCY HALL  
UNITED STATES DISTRICT JUDGE