

**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

This Document Relates To:
ALL ACTIONS.

Index No: 654482/2018
Hon. Andrea Masley J.S.C.
Part 48

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 DECEMBER 2, 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-TAM (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”), (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, (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.¹

¹ The Stipulation can be viewed and/or downloaded at www.PPD AISecuritiesSettlement.com. 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 or acquired 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, acquired and sold PPDAI ADSs, the purchase, acquisition and sales prices, and the total number and amount of claims filed.
- Plaintiffs’ 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 expenses, if the Court approves Plaintiffs’ Counsel’s fee and expense application, is \$0.15 per affected PPDAI ADS.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
Submit a Proof of Claim and Release Form	Proofs of Claim must be postmarked (if mailed) or received (if submitted online) on or before December 2, 2021. This is the only way to get a payment.
Exclude Yourself from the Settlement Class	Submit a request for exclusion no later than November 2, 2021. 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. If you exclude yourself, you will receive no payment and cannot object or speak at the hearing.
Object	Write to the Court no later than November 2, 2021 about why you do not like the Settlement. You can still submit a Proof of Claim. If the Court approves the Settlement, you will be bound by it.
Go to the Hearing	Ask to speak in Court about the fairness of the Settlement at the hearing on December 16, 2021. You can still submit a Proof of Claim. If the Court approves the Settlement, you will be bound by it.
Do Nothing	Get no payment AND give up your right to bring your own individual action relating to the claims asserted in the Actions.

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.² 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

² The Served State Defendants are: PPDAI, the Underwriter Defendants, and the Law Debenture Defendants.

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 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 to 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 PPDAl 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 December 2, 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 or Acquisitions of PPDAl Group Inc. (“PPDAI” or the “Company”) American Depository Shares (“ADSs”)

Publicly tradable ADSs of PPDAl 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 or acquired 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 A.
 - (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, Acquisition and Sale³

Period	Begin Date	End Date	Inflation per Share
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
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 or acquisition in the IPO or through May 9, 2018 (the last day of trading) 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).

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

- (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 or acquired 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 of 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”⁴ and (ii) the sum of the “Total Sales Proceeds”⁵ (for ADSs sold during the Settlement Class Period) and (for ADSs not sold but still held as of the end of the Settlement Class Period) the “Holding

⁴ 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.

⁵ 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.”

Value.⁶ This difference shall be deemed a Claimant's market gain or loss with respect to his, her, or its overall transactions in PPD AI 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 Proof of Claim. 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 Proof of Claim. 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:

PPDAI Group Inc. Securities Litigation Settlement
c/o A.B. Data, Ltd.
P.O. Box 173003
Milwaukee, WI 53217
Tel.: 877-777-9307

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 Actions 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

⁶ The Claims Administrator shall ascribe a value of \$5.79 per share for PPD AI 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".

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, 40th 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, 17th Floor
New York, NY 10169
Telephone: (212) 223-6444

State Court Lead Counsel

If you have any questions about the Actions, 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 173003
Milwaukee, WI 53217
Tel.: 877-777-9307

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 $\frac{1}{3}$ % 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 \$110,000.⁷ 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.

⁷ Plaintiffs' Counsel will allocate the attorneys' fees awarded among Federal Court Lead Counsel, State Court Lead Counsel, Robbins LLP and Hedin Hall LLP.

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 PPDAl Group Inc. Securities Litigation*, No. 1:18-cv-06716-LDH-TAM (E.D.N.Y.). Be sure to include your name, address, telephone number, and the date(s), price(s), and number of PPDAl 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 November 2, 2021**, and sent to the Claims Administrator at:

PPDAI Group Inc. Securities Litigation Settlement
c/o A.B. Data, Ltd.
P.O. Box 173001
Milwaukee, WI 53217
Tel.: 877-777-9307

You cannot exclude yourself by phone or by email. 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 November 2, 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 addresses are Laurence Rosen, The Rosen Law Firm, P.A., 275 Madison Avenue, 40th Floor, New York, NY 10016 and Ellen Gusikoff Stewart, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA, 92101; PPDAl 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’s address 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.PPDAISecuritiesSettlement.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 December 2, 2021**. The Proof of Claim may be submitted online at www.PPDAISecuritiesSettlement.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 the 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.PPDAISecuritiesSettlement.com, or by contacting Plaintiffs’ Counsel listed on Page 9 above.

THE SETTLEMENT FAIRNESS HEARING

The Court will hold a Settlement Fairness Hearing on December 16, 2021, at 10:00 a.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 November 2, 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 PPDAI Defendants and
Law Debenture Defendants*

Daniel C. Lewis
SHEARMAN & STERLING LLP
599 Lexington Avenue
New York, NY 10022

Counsel for the Underwriter Defendants

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
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, 17th 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.PPDAISecuritiesSettlement.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 November 2, 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, acquired or sold PPDAI 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 Notices and Proofs 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: September 3, 2021

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