

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

IN RE CHINA INTELLIGENT LIGHTING AND  
ELECTRONICS, INC. SECURITIES LITIGATION

Case No. 2:11-cv-02768 (PSG) (SSx)

CLASS ACTION

THIS DOCUMENT RELATES TO:

ALL ACTIONS

**NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED PARTIAL SETTLEMENT, SETTLEMENT HEARING, AND MOTION FOR ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES**

***A Federal Court authorized this Notice. This is not a solicitation from a lawyer.***

**NOTICE OF PENDENCY OF CLASS ACTION:** Please be advised that your rights may be affected by a class action lawsuit (the "Litigation") pending in the United States District Court for the Central District of California (the "Court") if you purchased or otherwise acquired China Intelligent Lighting and Electronics, Inc. ("CIL" or the "Company") common stock ("CIL common stock") from June 18, 2010 through and including March 24, 2011 (the "Class Period"), and were damaged thereby.

**NOTICE OF SETTLEMENT:** Please also be advised that the Court-appointed Lead Plaintiffs, Perritt Emerging Opportunities Fund, Acerco SA and Antoine de Sejournet, ("Lead Plaintiffs"), on behalf of themselves and the Class (as defined in ¶11 below), have reached an agreement to partially settle the Litigation with MaloneBailey LLP ("MaloneBailey"), WestPark Capital, Inc. ("WestPark"), Richard A. Rappaport ("Rappaport")<sup>1</sup>, and Kempisty & Company, P.C. ("Kempisty") (together, "Settling Defendants") for a total of six hundred thirty-one thousand, six hundred dollars (\$631,600) that, if approved by the Court, will resolve all claims in the Litigation against MaloneBailey, the WestPark Defendants, and Kempisty (the "Settlement").<sup>2</sup>

**PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a Class Member, your legal rights will be affected whether or not you act.**

**1. Description of the Litigation and Class:** This Notice relates to a proposed partial Settlement of claims in a pending class action lawsuit brought by all Persons who purchased or otherwise acquired the common stock of CIL pursuant or traceable to two (2) separate Registration Statements and three (3) accompanying Prospectuses filed with the U.S. Securities and Exchange Commission ("SEC") by CIL (the "Class"). These Registration Statements included the Registration Statement for an initial public offering ("IPO") of CIL common stock that was declared effective by the SEC on June 17, 2010 (No. 333-164925) ("IPO Registration Statement") and was accompanied by a Prospectus filed with the SEC on June 21, 2010 ("IPO Prospectus") (collectively the "IPO Offering Documents"). Also related to this Registration Statement was a Resale Prospectus filed with the SEC on July 27, 2010 ("Initial Resale Prospectus"). An additional Registration Statement was declared effective by the SEC on December 15, 2010 (No. 333-170943) and was accompanied by a Prospectus filed with the SEC on December 15, 2010 ("Secondary Prospectus") (collectively the "Secondary Offering Documents").<sup>3</sup>

All Persons who purchased or otherwise acquired CIL common stock during the Class Period can trace their shares to one of the Registration Statements. The class action lawsuit alleges that during the Class Period the Company's revenues, gross profits, net income, total assets, and shareholders' equity for CIL's fiscal years 2008 and 2009 were grossly overstated in the Offering Documents, and as a result, the prices of CIL common stock were inflated. Defendants have denied and continue to deny that they did anything wrong. The Defendants named in the Litigation are CIL, Li Xuemei, Kui Jiang, Wu Shiliang, Michael Askew, Su Yang, Zhang Hongfeng, WestPark Capital, Inc., Richard A. Rappaport, Rodman & Renshaw LLC ("Rodman & Renshaw"), John Borer, Edward Rubin, MaloneBailey, and Kempisty & Company, P.C. The Court on October 25, 2013, certified a Class

<sup>1</sup> WestPark and Rappaport are collectively referred to as the "WestPark Defendants."

<sup>2</sup> All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings provided in the Stipulations and Agreements of Settlement (the "Stipulations"), which are available on the website established for the Settlement at [www.CILSettlement.com](http://www.CILSettlement.com).

<sup>3</sup> The IPO Offering Documents, the Initial Resale Prospectus and the Secondary Offering Documents are collectively referred to as the "Offering Documents."

of all Persons who purchased or otherwise acquired the common stock of CIL pursuant or traceable to the Offering Documents: the Registration Statements that were declared effective on June 17, 2010 and December 15, 2010, respectively, and the Prospectuses that were filed on June 21, 2010, July 27, 2010, and December 15, 2010. Excluded from the Class are Defendants, and all former partners, officers and directors of MaloneBailey, Kempisty, WestPark and excluded Persons' immediate families, legal representatives, heirs, predecessors, successors, and assigns, and any entity in which any excluded Person has or had a controlling interest, and any Persons who have separately filed actions against one or more of the Defendants, based in whole or in part on any claim arising out of or relating to any of the alleged acts, omissions, misrepresentations, facts, events, matters, transactions, or occurrences referred to in the Litigation or otherwise alleged, asserted, or contended in the Litigation. Also excluded from the Class are those Persons who file valid and timely requests for exclusion in accordance with the Court's Order Preliminarily Approving Settlement and Providing For Notice ("Preliminary Approval Order").

**2. Statement of the Class's Recovery:** Subject to Court approval, and as described more fully below, MaloneBailey, the WestPark Defendants, Kempisty and Lead Plaintiffs, on behalf of themselves and the Class, have agreed to settle all claims against MaloneBailey, the WestPark Defendants, and Kempisty for a total settlement payment of six hundred thirty-one thousand, six hundred dollars (\$631,600) (the "Gross Settlement Amount"). MaloneBailey has agreed to pay \$524,100. This amount is a good faith estimate that accounts for the fact that the Stipulation calls for the final amount of the Settlement to be determined when the Settlement is finally approved such that further defense costs are no longer incurred, which reduce the Settlement amount available. The WestPark Defendants are not paying any settlement amount. WestPark Capital Financial Services, LLC ("WPCFS"), the parent company of WestPark, agreed to pay a final amount of \$100,000. WPCFS will pay \$8,000 per month on the 1st of every month from September 1, 2014 to July 1, 2015 into the Escrow Account and on August 1, 2015, they will pay \$12,000 plus the amount of accrued interest. Kempisty has agreed to pay a final amount of \$7,500.

The Settlement Amounts from the Settlements with (1) MaloneBailey, (ii) the WestPark Defendants, and (iii) Kempisty will be deposited into an interest-bearing escrow account (the "Gross Settlement Fund"). The Net Settlement Fund (the Gross Settlement Fund less (i) Attorneys' Fees and Expenses; (ii) Notice and Administration Expenses; (iii) taxes; (iv) any Award to Lead Plaintiffs; and (v) other fees and expenses authorized by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Class. The proposed plan of allocation (the "Plan of Allocation") is set forth on pages 8-10 below.

**3. Estimate of Average Amount of Recovery Per Share:** Lead Plaintiffs' damages expert estimates that approximately 10.09 million shares of CIL common stock purchased during the Class Period may have been affected by the alleged conduct at issue in the Litigation. If all Class Members elect to participate in the Settlement, the estimated average recovery per affected share of CIL common stock would be approximately \$0.063, before deduction of Attorneys' Fees and Expenses, Taxes and Tax Expenses, and the costs of providing notice and administering the Settlement. If the Court approves Lead Plaintiffs' Counsel's fee and expense application, the average deduction per affected share of CIL common stock will be approximately \$0.026 per share. Class Members should note, however, that this is only an estimate based on the overall number of potentially affected shares. Some Class Members may recover more or less than the estimated amount per share.

**4. Statement of Average Amount of Damages Per Share:** The Parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail in the Litigation at trial. MaloneBailey, the WestPark Defendants, and Kempisty have and continue to assert that they did not engage in any actionable conduct under the federal securities laws and that no damages were suffered by any members of the Class.

**5. Statement of Attorneys' Fees and Expenses Sought:** The Court-appointed Lead Plaintiffs' Counsel, Gold Bennett Cera & Sidener LLP, and The Rosen Law Firm, P.A., have been prosecuting the Litigation on a contingent basis since its inception in 2011, and have not received any payment of attorneys' fees for their representation of the Class. Lead Plaintiffs' Counsel will apply to the Court for an award of attorneys' fees from the Gross Settlement Fund in an amount not to exceed 25% of the Settlement Amount. In addition, Lead Plaintiffs' Counsel also will apply for the reimbursement of litigation expenses paid or incurred in connection with the prosecution and resolution of the Litigation, in an amount not to exceed seventy thousand dollars (\$70,000). Additional Notice and Administrative Expenses will not exceed eighty-five thousand dollars (\$85,000).

**6. Identification of Attorneys' Representative:** Lead Plaintiffs and the Class are represented by Solomon B. Cera, Esq. and Thomas C. Bright, Esq. of Gold Bennett Cera & Sidener LLP; and Laurence M. Rosen, Esq. and Philip Kim, Esq. of The Rosen Law Firm, P.A.. Any questions regarding the Settlement can be directed to Laurence M. Rosen, Esq. or Philip Kim, Esq. at The Rosen Law Firm, P.A., 355 South Grand Avenue, Suite 2450, Los Angeles, CA 90071, (213) 785-2610, lrosen@rosenlegal.com, pkim@rosenlegal.com.

**7. Reasons for the Settlement:** Lead Plaintiffs' principal reason for entering into the Settlement is the substantial cash benefit payable to the Class now without further risk or the delays inherent in further litigation, and in light of the fact that: (i) MaloneBailey has limited available insurance and assets and is currently involved in two other similar cases; (ii) the WestPark Defendants have no applicable insurance and limited assets; and (iii) Kempisty also has no applicable insurance and limited assets. The risk of putting either the WestPark Defendants and Kempisty into bankruptcy and thereby both delaying and diminishing recovery is significant. The cash benefit under this Settlement must be considered against the significant risk of a smaller recovery or no recovery at all in the event that defendants declare bankruptcy, the court dismissed the case or Lead Plaintiffs lost at trial. Lead Plaintiffs would have faced hotly contested pretrial motions, trial, and likely appeals, a process that could continue several years into the future. MaloneBailey, the WestPark Defendants, and Kempisty all deny allegations of wrongdoing or liability whatsoever, and the principal reason for entering into the Settlement is to eliminate the expense, risks, and uncertainty of further litigation. The claims in this case involve numerous complex legal and factual issues that would require extensive and costly expert testimony. Among the many key issues about which the two sides do not agree are: (1) whether CIL and its officers and directors made false and misleading statements; (2) whether MaloneBailey and Kempisty had a reasonable basis to issue its audit opinion certifying CIL's financial statements; (3) whether the WestPark Defendants knew or should have known of CIL's false and misleading statements; (4) whether the false statements in the Offering Documents and audit opinions were the cause of the Class Members' alleged damages; and (4) the amount of damages (if any) that could be recovered at trial.

<b>•YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:</b>	
<b>SUBMIT PROOF OF CLAIM AND RELEASE ("PROOF OF CLAIM") BY FEBRUARY 4, 2015.</b>	This is the only way to be eligible to receive a payment from the Net Settlement Fund. If you are a Class Member and you remain in the Class, you will be bound by the Settlement as approved by the Court and you will give up any Settled Claims that you have against Settling Defendants. If you remain in the Class, it is in your interest to submit a Proof of Claim.
<b>EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION POSTMARKED NO LATER THAN FEBRUARY 16, 2015.</b>	If you exclude yourself from the Class, you will not be eligible to get any payment from the Net Settlement Fund. This is the only option that allows you to ever be part of any other lawsuit against any of the Settling Defendants concerning the Settled Claims.
<b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN FEBRUARY 16, 2015.</b>	If you do not like the proposed Settlement with the Settling Defendants, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense request unless you are a Class Member and have not excluded yourself.
<b>GO TO THE SETTLEMENT HEARING ON MARCH 9, 2015 AT COURTROOM 880, 255 EAST TEMPLE STREET LOS ANGELES, CA 90012-3332 AT 1:30 P.M. AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN FEBRUARY 2, 2015.</b>	Filing a written objection and notice of intention to appear by February 2, 2015 allows you to speak in Court about the fairness of the proposed Settlement, the Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses. If you submit a written objection, you may (but do not have to) attend the hearing and speak to the Court about your objection.
<b>DO NOTHING.</b>	If you are a member of the Class and you do not submit a Proof of Claim by February 4, 2015, you will not be eligible to receive any payment from the Net Settlement Fund. You will, however, remain a member of the Class, which means that you give up your right to sue about the claims that are released by the Settlement and you will be bound by any judgments or orders entered by the Court in the Litigation.

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**BASIC INFORMATION**

**Why Did I Get This Notice Package?**

8. This Notice is being sent to you pursuant to an Order of the United States District Court for the Central District of California (the “Court”) because you or someone in your family may have purchased or acquired the CIL common stock between June 18, 2010 and March 24, 2011, inclusive, traceable to the Registration Statements that were declared effective on June 17, 2010 and December 15, 2010, respectively, and the Prospectuses that were filed on June 21, 2010, July 27, 2010, and December 15, 2010 and are therefore a member of the Class certified by the Court. The Court ordered that this Notice be sent to you because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves it, and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows. This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

9. The Court in charge of the case is the United States District Court for the Central District of California, and the case is known as *In re China Intelligent Lighting and Electronics, Inc. Sec. Litig.*, Case No. 2:11-cv-02768 (PSG) (SSx) (the "Litigation"). The Persons who sued are called the Lead Plaintiffs, and the entities and the individuals they sued — CIL, Li Xuemei, Kui Jiang, Wu Shiliang, Michael Askew, Su Yang, Zhang Hongfeng, WestPark Capital, Inc., Richard A. Rappaport, Rodman & Renshaw LLC, John Borer, Edward Rubin, MaloneBailey, and Kempisty & Company, P.C. — are called the Defendants. The Lead Plaintiffs and MaloneBailey, the WestPark Defendants, and Kempisty ("Settling Defendants") have agreed to settle the claims made by Lead Plaintiffs in this case against them. If the Settlement is approved, it will resolve all claims in the Litigation by Lead Plaintiffs and Class Members only against Settling Defendants and the Litigation will continue to be prosecuted against the other Defendants.

10. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Class if you wish to do so. It also is being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement, the proposed Plan of Allocation, and the motion by Lead Plaintiffs' Counsel for an award of attorneys' fees, reimbursement of litigation expenses, and Award to Lead Plaintiffs (the "Settlement Hearing").

11. The Settlement Hearing will be held on March 9, 2015 at 1:30 p.m., before the Honorable Philip S. Gutierrez, in Courtroom 880 of the Edward R. Roybal Federal Building and United States Courthouse, 255 East Temple Street, Los Angeles, CA 90012 to determine:

- (a) whether the proposed Settlement is fair, reasonable, and adequate and should be approved by the Court;
- (b) whether the Settled Claims against Settling Defendants should be dismissed with prejudice as set forth in the Stipulation;
- (c) whether the proposed Plan of Allocation is fair and reasonable and should be approved by the Court; and
- (d) whether Lead Plaintiffs' Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved by the Court;
- (e) whether Lead Plaintiffs' request for an award for costs and expenses directly related to their representation of the Class should be approved by the Court.

12. This Notice does not express any opinion by the Court concerning the merits of any claim in the Litigation, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments to Authorized Claimants will be made after any appeals are resolved, and after the completion of all claims processing. Please be patient.

#### **What Is This Lawsuit About?**

13. This case was brought as a class action alleging that between June 18, 2010 and March 24, 2011, inclusive, the Defendants made certain materially false and misleading statements in CIL's Registration Statements and Prospectuses filed with the Securities and Exchange Commission in June, July and December 2010. Specifically, the Complaint alleges that in connection with these Offering Documents, CIL overstated its revenues, gross profits, net income, total assets, and shareholders' equity for fiscal years 2008 and 2009, and as a result, the prices of CIL common stock were inflated. MaloneBailey's and Kempisty's audit opinions certified CIL's financial statements and WestPark Capital, Inc., operated by Rappaport, and Rodman & Renshaw underwrote the Offerings. Settling Defendants have denied and continue to deny that they did anything wrong. The Partial Settlement resolves all of the Settled Claims in the class action against MaloneBailey, the WestPark Defendants, and Kempisty.

#### **Why Is This a Class Action?**

14. In a class action lawsuit, the Court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. In this Litigation, the Court has appointed Perritt Emerging Opportunities Fund, Acerco SA and Antoine de Sejournet, to serve as Lead Plaintiffs under a federal law governing lawsuits such as this one, and has approved Lead Plaintiffs' selection of the law firms of Gold Bennett Cera & Sidener LLP and The Rosen Law Firm, P.A. to serve as Lead Plaintiffs' Counsel in the Litigation. The Honorable Philip S. Gutierrez of the Central District of California is in charge of this class action. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Because the Class has been certified, the Court will resolve all issues on behalf of the Class members, except for any Persons who choose to exclude themselves from the Class. (For more information on excluding yourself from the Class, please read "EXCLUDING YOURSELF FROM THE SETTLEMENT," on page 11 below.)

## Why Is There a Settlement?

15. Lead Plaintiffs and Settling Defendants do not agree regarding the merits of Lead Plaintiffs' allegations with respect to liability or the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail at trial on each claim. The issues on which the Lead Plaintiffs and Settling Defendants disagree include: (1) whether CIL and its officers/directors made false and misleading statements; (2) whether MaloneBailey had a reasonable basis to issue its audit opinion certifying CIL's financial statements; (3) whether Kempisty had a reasonable basis to issue its audit opinion certifying CIL's financial statements; (4) whether the false statements and audit opinion were the cause of the Class Members' alleged damages; (5) whether WestPark and Rappaport failed to diligently investigate the statements made in the Offering Documents, and (6) the amount of damages, if any, suffered by the Class Members.

This matter has not gone to trial and the Court did not decide in favor of any party involved in this litigation. Instead, Lead Plaintiffs and Settling Defendants agreed to the Settlement. That way, they avoid the cost and uncertainty of continued litigation, including a possible trial, and eligible Class Members who make valid claims will receive compensation. The Lead Plaintiffs and Lead Plaintiffs' Counsel believe the Settlement is best for all Class Members. Even if Plaintiffs were to win at trial, and also withstand Settling Defendants' inevitable challenges on appeal, Plaintiffs might not be able to collect some, or all, of the judgment due to many factors including the possibility that due to the lack of insurance or the presence of limited assets, Settling Defendants could declare bankruptcy.

## WHO IS IN THE SETTLEMENT?

16. To see if you will get money from this Settlement, you first have to determine if you are a Class Member.

### How Do I Know if I Am Part of the Settlement?

17. The Class includes *all Persons who purchased or otherwise acquired CIL common stock pursuant or traceable to either of two of the Registration Statements that were declared effective on June 17, 2010 and December 15, 2010, respectively, and the Prospectuses that were filed on June 21, 2010, July 27, 2010, and December 15, 2010*, except those Persons that are excluded, as described below. All persons or entities who purchased or otherwise acquired CIL common stock from June 18, 2010 through March 24, 2011 can trace their shares to one of the Registration Statements.

### What Are the Exceptions to Being Included?

18. You are not a Class Member if you are:
- a Defendant;
  - a current or former partner, officer or director of MaloneBailey, WestPark or Kempisty during the Class Period;
  - a member of the immediate family of any excluded Person;
  - an entity in which any excluded Person has or had a controlling interest;
  - a legal representative, heir, successor, or assign of any excluded Person; or
  - any Persons who have separately filed actions against one or more of the Defendants, based in whole or in part on any claim arising out of or relating to any of the alleged acts, omissions, misrepresentations, facts, events, matters, transactions, or occurrences referred to in the Litigation or otherwise alleged, asserted, or contended in the Litigation.

If you sold CIL common stock during the period from June 18, 2010 through and including March 24, 2011, that alone does not make you a Class Member. You are a Class Member only if you purchased or acquired CIL common stock during the period from June 18, 2010 through and including March 24, 2011. You are also not a Class Member if you timely and validly exclude yourself from the Class pursuant to this Notice.

**PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU ARE A 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 NO LATER THAN FEBRUARY 4, 2015.**

## **What if I Bought Shares on Someone Else's Behalf?**

19. If you purchased or otherwise acquired CIL common stock during the period from June 18, 2010 through and including March 24, 2011 for the beneficial interest of a Person other than yourself, you must either (a) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Proof of Claim (the "Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to *In re China Intelligent Securities Litigation*, Claims Administrator, c/o Gilardi & Co. LLC, P.O. Box 8040, San Rafael, CA 94912-8040. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Proof of Claim to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Proof of Claim may also be obtained from the website maintained by the Claims Administrator, [www.CILsettlement.com](http://www.CILsettlement.com), or by calling the Claims Administrator toll-free at 1-866-571-4405.

## **THE SETTLEMENT BENEFITS — WHAT YOU GET**

### **What Does the Settlement Provide?**

20. MaloneBailey has agreed to settle this case for five hundred twenty-four thousand, one hundred dollars (\$524,100). This amount is a good faith estimate that accounts for the fact that the Stipulation calls for the final amount of the Settlement to be determined when the Settlement is finally approved such that further defense costs are no longer incurred, which reduce the Settlement amount available. The WestPark Defendants are not paying any settlement amount. WPCFS, the parent company of WestPark, agreed to pay a final amount of \$100,000. WPCFS will pay \$8,000 per month on the 1st of every month from September 1, 2014 to July 1, 2015 into the Escrow Account and on August 1, 2015, they will pay \$12,000 plus the amount of accrued interest. Kempisty has agreed to pay a final amount of \$7,500. The Gross Settlement Amount is a total settlement payment of six hundred thirty-one thousand, six hundred dollars (\$631,600). This settlement is subject to Court approval. The Settlement Amount will be deposited into an interest-bearing escrow account (the "Gross Settlement Fund"). The Net Settlement Fund (the Gross Settlement Fund less (i) Attorneys' Fees and Expenses; (ii) Notice and Administration Expenses; (iii) taxes; (iv) any Award to Lead Plaintiffs; and (v) other fees and expenses authorized by the Court) will be divided among all eligible Class Members who send in a valid Proof of Claim.

### **How Much Will My Payment Be?**

21. At this time, it is not possible to make any determination as to how much any individual Class Member may receive from the Settlement. Your share of the Net Settlement Fund will depend on the number of valid Proof of Claim forms that Class Members send in and the number shares of CIL common stock you purchased during the relevant period and when you bought and sold them. A claim will be calculated, subject to Court approval, under the Plan of Allocation.

22. Pursuant to the Settlement, Settling Defendants have agreed to pay the Settlement Amount of six hundred thirty-one thousand, six hundred dollars (\$631,600). The Settlement Amount will be deposited into an interest-bearing escrow account. The Settlement Amount plus all interest earned thereon is referred to as the "Gross Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Gross Settlement Fund less (a) all federal, state and local taxes on any income earned by the Gross Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Gross Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing Notice to Class Members and administering the Settlement on behalf of Class Members; and (c) any attorneys' fees and Litigation Expenses awarded by the Court) will be distributed to Class Members as set forth in the proposed Plan of Allocation or such other plan as the Court may approve.

23. The Net Settlement Fund will not be distributed until the Court has approved a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

24. Upon the Effective Date, no part of the Net Settlement Fund shall revert back to Settling Defendants or their insurers. Settling Defendants shall not have any liability, obligation or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund or the Plan of Allocation.

25. Approval of the Settlement is independent from approval of the Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Settlement, if approved.

26. Only Class Members (*i.e.*, Persons who purchased or otherwise acquired CIL common stock from June 18, 2010 through and including March 24, 2011 AND WERE DAMAGED AS A RESULT OF SUCH

PURCHASES OR ACQUISITIONS), will be eligible to share in the distribution of the Net Settlement Fund. Each Person wishing to participate in the distribution must timely submit a valid Proof of Claim establishing membership in the Class, and including all required documentation, postmarked on or before February 4, 2015 to the address set forth in the Proof of Claim that accompanies this Notice.

27. Unless the Court otherwise orders, any Class Member who fails to submit a Proof of Claim postmarked on or before February 4, 2015 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Class Member and be subject to the provisions of the Stipulation, including the terms of any Final Judgment entered and the releases given. This means that each Class Member releases the Settled Claims (as defined in ¶72 below) against the Released Parties (as defined in ¶73 below) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Settled Claims against any of the Released Parties regardless of whether or not such Class Member submits a Proof of Claim.

28. Information Required on the Proof of Claim: Among other things, each Proof of Claim must state and provide sufficient documentation for the Claimant's opening and closing positions in CIL common stock on the dates specified in the Proof of Claim and all transactions in CIL common stock during the periods specified in the Proof of Claim.

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

30. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Central District of California with respect to his, her, or its Proof of Claim.

31. Persons that are excluded from the Class by definition or that exclude themselves from the Class will not be eligible to receive a distribution from the Net Settlement Fund and should not submit a Proof of Claim.

#### PROPOSED PLAN OF ALLOCATION

32. The objective of the Plan of Allocation is to distribute equitably the Net Settlement Fund to those Class Members who suffered economic losses as a proximate result of the conduct alleged in the Litigation. In developing the Plan of Allocation, Lead Plaintiffs' damages expert relied upon the statutory measure of damages for Section 11 claims. These damages represent the difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and (1) the value thereof as of the time such suit was brought, or (2) the price at which such security shall have been disposed of in the market before suit, or (3) the price at which such security shall have been disposed of after suit but before judgment if such damages shall be less than the damages representing the difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and the value thereof as of the time such suit was brought. In calculating damages, Lead Plaintiffs' damages expert considered the allegations of the Complaint and the evidence developed in support thereof, as advised by Lead Counsel.

**33. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.**

34. The Plan of Allocation generally measures the amount of Recognized Loss that a Class Member can claim for purposes of making *pro rata* allocations of the cash in the Net Settlement Fund to Authorized Claimants. The Plan of Allocation is not a formal damage analysis. Recognized Loss Amounts are based primarily on the change during the Class Period in the level of alleged artificial inflation in the price of CIL common stock at the time of purchase or acquisition and at the time of sale. In this case, Lead Plaintiffs allege that Defendants made false statements and omitted material facts in the Offering Documents which had the effect of artificially inflating the prices of CIL common stock.

35. Payment pursuant to the Plan of Allocation, or such other plan as may be approved by the Court, shall be conclusive against all Authorized Claimants. No Person shall have any claim against the Lead Plaintiffs, Lead Plaintiffs' Counsel, any claims administrator, the Escrow Agents, or any agent designated by Lead Plaintiffs' Counsel, any agent designated by Settling Defendants, any Defendants or Released Parties, Settling Defendant's Counsel, or their respective counsel, based on the investment or distributions made substantially in accordance with the Stipulation and the Settlement contained herein, the Plan of Allocation, or further orders of the Court. Lead Plaintiffs, Lead Plaintiffs' Counsel, any Defendant, Settling Defendants and the other Released Parties shall have no responsibility for, or liability whatsoever with respect to, the Net Settlement Fund, the Escrow Agent, the Claims Administrator, the Escrow Agent's actions, any transaction executed or approved by the Escrow Agent, or the Escrow Agent's administration or disbursement of the Net Settlement Fund. All Class Members who have failed to file a complete, valid and timely Proof of Claim in this Settlement 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 Settlement and Stipulation, including the terms of the Class Judgment entered and the releases given.

### CALCULATION OF RECOGNIZED LOSS AMOUNTS

36. The calculation of Recognized Loss Amounts for CIL common stock is based on the following Plan of Allocation:

**Initial Public Offering Price:** \$3.00 per share; **Closing price when trading resumed** (as best estimate of value when suit filed<sup>4</sup>): \$0.40 per share.

37. For shares of CIL common stock purchased from June 18, 2010 through March 24, 2011, and 1) sold prior to March 25, 2011, the Recognized Loss Amount is the difference between: (a) the purchase price per share, not to exceed \$3.00 per share, less (b) the sales price per share; or 2) retained at the end of March 24, 2011, the Recognized Loss Amount is the difference between: (a) the purchase price per share, not to exceed \$3.00 per share, less (b) \$0.40 per share.

### ADDITIONAL PROVISIONS

38. The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is ten dollars (\$10.00) or greater. If the Settlement is approved, the Net Settlement Fund will be the total Settlement Amount plus interest thereon, less any Taxes and Tax Expenses, Notice and Administration Costs, and less any attorneys' fees, litigation expenses, and reimbursement to Lead Plaintiffs awarded by the Court.

39. Each Authorized Claimant's Recognized Claim shall be the total of his, her, or its Recognized Loss Amounts. Each Authorized Claimant shall recover his, her, or its Recognized Claim. If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, however, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

40. If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

41. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

42. For Class Members who made multiple purchases, acquisitions, or sales during the Class Period, the First-In, First-Out ("FIFO") method will be applied to such purchases, acquisitions, and sales for the purpose of calculating a claim. Under the FIFO method, sales of CIL common stock during the Class Period will be matched, in chronological order, against CIL common stock purchased or acquired during the Class Period. The purchase and sales prices exclude any brokerage commissions, transfer taxes or other fees.

43. The date of purchase, acquisition, or sale is the "contract" or "trade" date as distinguished from the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of CIL common stock during the Class Period shall not be deemed a purchase, acquisition or sale of these shares of CIL common stock for the calculation of an Authorized Claimant's Recognized Claim nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of CIL common stock unless (i) the donor or decedent purchased or otherwise acquired such CIL common stock during the Class Period; (ii) no Proof of Claim was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such CIL common stock; and (iii) it is specifically so provided in the instrument of gift or assignment.

44. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of the CIL common stock. The date of a "short sale" is deemed to be the date of sale of the CIL common stock. In accordance with the Plan of Allocation, however, the Recognized Loss on "short sales" is zero.

45. CIL common stock is the only security eligible for recovery under the Plan of Allocation. Option contracts are not eligible to participate in the Settlement. With respect to CIL common stock purchased or sold through the exercise of an option, the purchase/sale date of the CIL common stock is the exercise date of the option and the purchase/sale price is the exercise price of the option.

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<sup>4</sup> The first complaint with Section 11 claim was filed on 3/31/11. CIL closing price when trading was halted on 3/24/11 was \$2.12 per share; CIL closing price on 6/17/11 when trading resumed was \$0.40 per share.

46. To the extent a Claimant had a market gain with respect to his, her, or its overall transactions in CIL common stock during the Class Period, the value of his, her, or its Recognized Claim will be zero. Such Claimants will 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 CIL common stock during the Class Period, but that market loss was less than the total Recognized Claim calculated above, then the Claimant's Recognized Claim shall be limited to the amount of the actual market loss.

47. For purposes of determining whether a Claimant had a market gain with respect to his, her, or its overall transactions in CIL common stock during the Class Period or suffered a market loss, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount<sup>5</sup> and (ii) the sum of the Sales Proceeds<sup>6</sup> and the Holding Value.<sup>7</sup> This difference will be deemed a Claimant's market gain or loss with respect to his, her, or its overall transactions in CIL common stock during the Class Period.

48. If any funds remain in the Net Settlement Fund because of uncashed distributions or other reasons, then, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants cash their distribution checks, any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be redistributed to Authorized Claimants who have cashed their initial distribution and who would receive at least \$10.00 from such redistribution, after payment of any unpaid costs or fees incurred in administering the funds, including for such redistribution. Additional redistributions to Authorized Claimants who have cashed their prior distribution checks and who would receive at least \$10.00 on such additional redistributions, subject to the conditions previously noted, may occur thereafter if Lead Plaintiffs' Counsel, in consultation with the Claims Administrator, determines that additional redistribution, after the deduction of any additional fees and expenses that would be incurred with respect to such redistributions, would be cost-effective. At such time as it is determined that the redistribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance of the Net Settlement Fund shall be contributed, subject to Court approval, to non-sectarian, not-for-profit 501(c)(3) organizations recommended by Lead Plaintiffs' Counsel and approved by the Court.

49. The Plan of Allocation set forth herein is the plan that is being proposed by the Lead Plaintiffs and Lead Plaintiffs' Counsel to the Court for approval. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Class. Any orders regarding a modification of the Plan of Allocation will be posted to the Settlement website, [www.CILsettlement.com](http://www.CILsettlement.com).

## HOW YOU GET A PAYMENT — SUBMITTING A PROOF OF CLAIM

### How Will I Get a Payment?

50. To be eligible for payment from the proceeds of the Settlement, you must be a Class Member and you must send in a timely and valid Proof of Claim with adequate supporting documentation. A Proof of Claim form is enclosed with this Notice. You may also obtain one from the website maintained by the Claims Administrator for the Settlement, [www.CILsettlement.com](http://www.CILsettlement.com), or you may request that a Proof of Claim be mailed to you by calling the Claims Administrator toll free at 1-866-571-4405. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope postmarked **no later than February 4, 2015** to:

*In re China Intelligent Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 8040  
San Rafael, CA 94912-8040  
Tel.: 1-866-571-4405  
Email: [classact@gilardi.com](mailto:classact@gilardi.com)

The Claims Administrator will process your claim and determine whether you are an "Authorized Claimant."

<sup>5</sup> The "Total Purchase Amount" is the total amount the Claimant paid (excluding commissions and other charges) for all CIL common stock purchased or acquired during the Class Period.

<sup>6</sup> The "Sales Proceeds" is the total amount received for sales of CIL common stock sold during the Class Period.

<sup>7</sup> The Claims Administrator shall ascribe a value of \$0.40 per share of CIL common stock purchased or acquired from June 18, 2010 through and including March 24, 2011 and still held as of the close of business on March 24, 2011 (the "Holding Value").

If you request exclusion from the Class or do not submit a timely and valid Proof of Claim, you will not be eligible to share in the Net Settlement Fund. Please retain all records of your ownership of and transactions in CIL common stock, as they may be needed to document your Claim.

51. The Court will hold a hearing on March 9, 2015 to decide whether to approve the Settlement. If Judge Gutierrez approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps several years. Everyone who sends in a Proof of Claim will be informed of the determination with respect to their claim. **Please be patient.**

#### **What Am I Giving Up to Get a Payment or Stay in the Class?**

52. Unless you timely and validly exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Settling Defendants (or other Released Parties) about the Settled Claims in this case. It also means that all of the Court's orders will apply to you and legally bind you and you will release your claims in this case against Settling Defendants and the other Released Parties. The terms of the release are included in the Proof of Claim that is enclosed.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

53. If you do not want a payment from this Settlement, but you want to keep the right to sue or continue to sue Settling Defendants (or other Released Parties) on your own about the Settled Claims in this case, then you must take steps to get out of the Class. This is called "excluding" yourself or is sometimes referred to as "opting out" of the Class.

#### **How Do I Opt Out of the Class?**

54. To exclude yourself from the Class, you must deliver or send a letter by mail stating in writing that you want to be excluded from *In re China Intelligent Lighting and Electronics, Inc. Securities Litigation*, Case No. 2:11-cv-02768 (PSG) (SSx) – Settlement. Each Request for Exclusion must (a) state the name, address and telephone number of the Person requesting exclusion; (b) state that such Person or entity "requests exclusion from the Class in *In re China Intelligent Lighting and Electronics, Inc. Securities Litigation*, Case No. 2:11-cv-02768 (PSG) (SSx) – Settlement; (c) state the number of shares of CIL common stock that the Person requesting exclusion purchased/acquired and/or sold during the Class Period, as well as the dates and prices of each such purchase/acquisition and sale, or include brokerage statements that reflect the number of shares of CIL common stock that the Person requesting exclusion purchased/acquired and/or sold during the Class Period and the dates and prices of each such purchase/acquisition and sale; and (d) be signed by the Person requesting exclusion or an authorized representative. A Request for Exclusion shall not be effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

You must mail your exclusion request postmarked no later than February 16, 2015 to:

*In re China Intelligent Securities Litigation*  
EXCLUSIONS  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 8040  
San Rafael, CA 94912-8040

55. If you do not want to be part of the Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Settled Claim against any of the Released Parties.

56. You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to get any Settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

#### **If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing Later?**

57. No. Unless you exclude yourself, you give up any right to sue Settling Defendants (and other Released Parties) for the Settled Claims in this Settlement. If you have a pending lawsuit against any of the Settling Defendants (or other Released Parties), speak to your lawyer in that case immediately. Remember, the deadline to request exclusion from the Class is February 16, 2015.

#### **If I Exclude Myself, Can I Get Money from This Settlement?**

58. No. If you exclude yourself, do not send in a Proof of Claim. But, if you exclude yourself, you may be able to sue, continue to sue, or be part of a different lawsuit involving the Settled Claims against Settling Defendants (or other Released Parties).

## THE LAWYERS REPRESENTING YOU

### Do I Have a Lawyer in This Case?

59. The Court has certified this action as a class action and appointed Gold Bennett Cera & Sidener LLP and the Rosen Law Firm P.A. to represent you and other Class Members. These lawyers, who have been appointed by the Court to represent the Class, are also referred to as Lead Plaintiffs' Counsel. Lead Plaintiffs' Counsel will continue to represent your interests. You will not be directly charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense. If you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her notice of appearance on the attorneys listed in ¶63 below.

### How Will the Lawyers Be Paid?

60. Lead Plaintiffs' Counsel have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the litigation themselves and have not been paid attorneys' fees in advance of this Settlement. Lead Plaintiffs' Counsel have done so with the expectation that if they are successful in recovering money for the Class, they will receive attorneys' fees and be reimbursed for their litigation expenses from the Gross Settlement Fund, as is customary in this type of litigation. Lead Plaintiffs' Counsel will not receive attorneys' fees or be reimbursed for their litigation expenses except from the Gross Settlement Fund. Therefore, Lead Plaintiffs' Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys' fees in an amount not to exceed one-fourth of the Gross Settlement Fund, for reimbursement of reasonable litigation expenses not to exceed \$70,000, reimbursement of reasonable notice and administration expenses not to exceed \$85,000, and an Award to the Lead Plaintiffs in an amount not to exceed \$1,500 for each of them. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Gross Settlement Fund. Class Members are not personally liable for any such fees or expenses.

## OBJECTING TO THE SETTLEMENT, PLAN OF ALLOCATION AND REQUEST FOR ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES

61. You can tell the Court that you do not agree with the Settlement or some part of it.

### How Do I Tell the Court that I Do Not Like the Class Action Settlement, the Plan of Allocation or the Request for Attorneys' Fees and/or Reimbursement of Expenses?

62. Any Class Member who does not request exclusion may object to the proposed Settlement with Settling Defendants, the proposed Plan of Allocation, or Lead Plaintiffs' Counsel's motion for an award of attorneys' fees, reimbursement of litigation expenses, and Award to Lead Plaintiffs. To object, you must send a letter in writing saying that you object to the Settlement in *In re China Intelligent Lighting and Electronics, Inc. Securities Litigation*, Case No. 2:11-cv-02768 (PSG) (SSx) – Settlement. Be sure to include your name, address, telephone number, signature, whether you intend to appear to be heard at the Settlement Hearing, the documents sufficient to prove the number of shares of CIL common stock acquired or purchased and sold during the period June 18, 2010 through and including March 24, 2011, the dates of such purchases, acquisitions, and any sales, the exchange upon which the securities were purchased, acquired or sold, and the price(s) paid and received, and all reasons you object to the Settlement, Plan of Allocation and/or Lead Plaintiffs' Counsel's request for an award of attorneys' fees and reimbursement of litigation expenses. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

63. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Central District of California at the address set forth below so that the papers are **received** on or before February 16, 2015. You must also serve the papers on Lead Plaintiffs' Counsel for the Class and Settling Defendant's Counsel at the addresses set forth below so that the papers are **received** on or before February 16, 2015.

#### Clerk's Office

Clerk of the Court  
United States District Court  
Central District of California - Western Division  
255 East Temple Street  
Los Angeles, CA 90012

### Lead Plaintiffs' Counsel

GOLD BENNETT CERA & SIDENER LLP  
Solomon B. Cera, Esq.  
Thomas C. Bright, Esq.  
595 Market Street, Suite 2300  
San Francisco, CA 94105

THE ROSEN LAW FIRM, P.A.  
Laurence M. Rosen, Esq.  
Phillip Kim, Esq.  
355 South Grand Avenue, Suite 2450  
Los Angeles, CA 90071

### Counsel for Defendant MaloneBailey LLP

Patrick M. Kelly, Esq.  
David S. Eisen, Esq.  
WILSON ELSER MOSKOWITZ EDELMAN & DICKER LLP  
555 South Flower Street, Suite 2900  
Los Angeles, California 90071

### Counsel for Defendant Kempisty & Company, P.C.

James C. McMillin, Esq.  
McAfee & Taft PC  
211 North Robinson, 10th Floor  
Oklahoma City, OK 73102

### Counsel for Defendants WestPark Capital, Inc. and Richard A. Rappaport

Julie Elise Kamps, Esq.  
WestPark Capital Financial Services LLC  
1900 Avenue of the Stars, Suite 310  
Los Angeles, CA 90067

### May I Speak at the Settlement Hearing?

64. You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter saying that it is your intention to appear in *In re China Intelligent Lighting and Electronics, Inc. Securities Litigation*, Case No. 2:11-cv-02768 (PSG) (SSx) – Settlement. Be sure to include your name, address, telephone number, signature, the number of shares of CIL common stock acquired or purchased and sold during the period from June 18, 2010 through and including March 24, 2011, the dates of such purchases, acquisitions, and any sales, the exchange upon which the securities were purchased, acquired or sold, and the price(s) paid and received, the reasons you object to the Settlement, and the identities of any witnesses that you intend to call to testify, and any exhibits that you intend to introduce into evidence at the Settlement Hearing. Your notice of intention to appear must be **received** no later than February 2, 2015, by the Clerk of the Court, Lead Plaintiffs' Counsel, and Settling Defendant's Counsel, at the three addresses listed above. Note that you cannot speak at the hearing if you exclude yourself from the Class.

65. You are not required, but are free to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. If you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Plaintiffs' Counsel so that the notice is **received** on or before February 2, 2015.

66. The Settlement Hearing may be adjourned by the Court without further written notice to the Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Plaintiffs' Counsel.

### What's the Difference Between Objecting and Excluding?

67. Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you. If you stay in the Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself.

**Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Plaintiffs' Counsel's request for an award of attorneys' fees and reimbursement of expenses. Class Members do not need to appear at the hearing or take any other action to indicate their approval.**

### THE COURT'S SETTLEMENT HEARING

68. The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may file an appearance so that you may speak, but you do not have to.

## **When and Where Will the Court Decide Whether to Approve the Settlement?**

69. The Court will hold a Settlement Hearing on March 9, 2015 at 1:30 p.m., at the Edward R. Roybal Federal Building and United States Courthouse, 255 East Temple Street, Courtroom 880, Los Angeles, CA 90012 before the Honorable Philip S. Gutierrez. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. In particular, the court will determine:

- (a) whether the proposed Settlement is fair, reasonable, and adequate and should be approved by the Court;
- (b) whether the Settled Claims against Settling Defendants and the other Released Parties should be dismissed with prejudice as set forth in the Stipulation;
- (c) whether the proposed Plan of Allocation is fair and reasonable and should be approved by the Court; and
- (d) whether Lead Plaintiffs' Counsel's request for an award of attorneys' fees and reimbursement of litigation expenses should be approved by the Court.
- (e) whether Lead Plaintiffs' request for an award for costs and expenses directly related to their representation of the Class should be approved by the Court.

If there are objections, the Court will consider them. Judge Gutierrez will listen to people who have asked to speak at the hearing. The Court will also consider how much to pay to Lead Plaintiffs' Counsel. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

## **Do I Have to Come to the Settlement Hearing?**

70. No. Class Members do not need to attend the Settlement Hearing. Lead Plaintiffs' Counsel will answer any questions Judge Gutierrez may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

## **IF YOU DO NOTHING**

### **What Happens if I Do Nothing at All?**

71. If you do nothing, you will get no money from this Settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Settling Defendants (or other Released Parties) about the Settled Claims in this case. If the proposed Settlement is approved and becomes Final and no longer appealable, any Class Member who does not exclude himself, herself, or itself from the Class will be bound by the Class Judgment entered in the Litigation and the releases and bar orders provided therein.

72. "Settled Claims" means any and all claims, debts, demands, liabilities, rights, and causes of action of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses, or liabilities whatsoever), whether based on federal, state, local, statutory or common law, or any other law, rule, or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and Unknown Claims (as defined below): (i) that have been asserted in the Litigation by the Lead Plaintiffs and/or Class Members or any of them against any of the Released Parties, including, without limitation, all statements made by any of the Settling Defendants that Plaintiffs allege in the Litigation were false or misleading, or any of the alleged acts, omissions, representations, facts, events, matters, transactions, or occurrences asserted in or relating to the Litigation, or otherwise alleged, asserted, or contended in the Litigation; or (ii) that relate to the purchase of CIL common stock during the Class Period, including, without limitation, claims for fraud, negligent misrepresentation, or claims based upon or related in any way to the purchase, acquisition, or sale of CIL securities during the Class Period by the Plaintiffs their heirs, executors, administrators, successors, and assigns against the Released Parties or any of them. Settled Claims also include any and all claims arising out of, relating to, or in connection with the Settlement or resolution of the Litigation against the Released Parties (including Unknown Claims that arise out of, relate to, or are in connection with the Settlement or resolution of the Litigation against the Released Parties), except claims to enforce any of the terms of this Stipulation.

73. "Released Parties" means the Settling Defendants and any of their current, former, or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, attorneys, trustees, insurers (and their respective businesses, affiliates, subsidiaries, parents and affiliated corporations, divisions, predecessors, shareholders,

partners, joint ventures, principals, insurers, reinsurers, successors and assigns, and their respective past, present and future employees, officers, directors, attorneys, accountants, auditors, agents and representatives), reinsurers, advisors, accountants, associates, and/or any other individual or entity in which a Settling Defendant has or had a controlling interest or which is or was related to or affiliated with a Settling Defendant, and the current, former, and future legal representatives, heirs, successors-in-interest, or assigns of any of the Settling Defendants. The Defendants in this Litigation, other than the Settling Defendants, are not Released Parties and this Stipulation shall not release any Defendants other than Settling Defendants, from claims in this Litigation.

74. "Unknown Claims" means (a) any Settled Claim that the Lead Plaintiffs or any Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Parties, which if known by him, her, or it, might have affected his, her, or its decision(s) with respect to the Settlement, including, but not limited to, the decision not to object to the Settlement, provided such claim arises out of or relates to the purchase or sale of CIL common stock during the Class Period, and (b) any Settled Defendant's Claims that any Settling Defendant does not know or expect to exist in his, her, or its favor, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Settled Defendant's Claims, the Settling Parties stipulate and agree that upon the Effective Date, the Settling Parties shall expressly waive, and each of the Class Members shall be deemed to have waived and by operation of the Order and Final Judgment shall have waived, 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 that is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

75. Upon the Effective Date, Lead Plaintiffs and each of the Class Members for themselves and for each of their respective past and present affiliates, agents, assignees, assigns, associates, attorneys, controlling shareholders, directors, divisions, domestic partners, executors, general or limited partners, general or limited partnerships, heirs, marital communities, members, officers, parents, personal or legal representatives, predecessors, principals, representatives, shareholders, spouses, subsidiaries, successors, and any other Person claiming (now or in the future) through or on behalf of any of them (whether or not such Class Member ever seeks or obtains by any means, including without limitation, by submitting a Proof of Claim, any distribution from the Net Settlement Fund) shall be deemed to have, and by operation of the Class Judgment entered in the Litigation shall have, fully, finally, and forever released, relinquished, and discharged all Settled Claims (including Unknown Claims) against each and all of the Released Parties, and shall have covenanted not to sue any of the Released Parties with respect to all such Settled Claims, except to enforce the releases and other terms and conditions contained in the Stipulation or the Class Judgment entered pursuant thereto.

76. Upon the Effective Date, Lead Plaintiffs and each of the Class Members for themselves and for each of their respective past and present affiliates, agents, assignees, assigns, associates, attorneys, controlling shareholders, directors, divisions, domestic partners, executors, general or limited partners, general or limited partnerships, heirs, marital communities, members, officers, parents, personal or legal representatives, predecessors, principals, representatives, shareholders, spouses, subsidiaries, successors, and any other Person claiming (now or in the future) through or on behalf of any of them, directly or indirectly, individually, representatively, or in any other capacity (whether or not such Class Member executes and delivers a Proof of Claim) shall be forever permanently barred, enjoined, and restrained from commencing, instituting, asserting, maintaining, enforcing, prosecuting, or continuing to prosecute, either directly or in any other capacity, any Settled Claim (including any Unknown Claim) against any of the Released Parties, in the Litigation or in any other action or any proceeding, in any state, federal, or foreign court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, or in the court of any foreign jurisdiction.

77. Upon the Effective Date, Settling Defendants shall be deemed to have, and by operation of the Class Judgment entered in the Litigation, shall have, fully, finally, and forever released, relinquished, and discharged each and all of the Class Members and Lead Plaintiffs, including their respective successors, assigns, heirs, domestic partners, spouses, marital communities, executors, administrators, attorneys and legal representatives, from all claims, including Unknown Claims, arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Litigation, except to enforce the releases and other terms and conditions contained in the Stipulation or any Court order (including but not limited to the Class Judgment) entered pursuant thereto.

78. The Class Judgment in the Litigation will contain a Bar Order as required by section 21 D(f)(7) of the Securities Exchange Act of 1934, 15 U.S.C. §78u-4(f)(7) that shall permanently and forever bar all Persons from filing, instituting, prosecuting, or maintaining, directly or indirectly, in any capacity, any claims under state, federal, or common law for contribution against any of the Settling Defendants, whether based in tort, contract, or any other theory, arising from, based upon, or related to the Settled Claims, the Litigation, or the subject matters of the Litigation.

**GETTING MORE INFORMATION**

**Are There More Details About the Settlement?**

79. This Notice summarizes the proposed Settlement. For more detailed information about the matters involved in this Litigation, you are referred to the papers on file in the Litigation, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Central District of California, Edward R. Roybal Federal Building and United States Courthouse, 255 East Temple Street, Los Angeles, CA 90012-3332. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, [www.CILsettlement.com](http://www.CILsettlement.com). All inquiries concerning this Notice or the Proof of Claim should be directed to:

*In re China Intelligent Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 8040  
San Rafael, CA 94912-8040  
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***PLEASE DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE  
CLERK OF COURT REGARDING THIS NOTICE.***

Dated: October 7, 2014

By Order of the Clerk of Court  
United States District Court  
for the Central District of California