

# Exhibit 1

## Stipulation of Settlement, Dated July 27, 2023

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

MARK OWEN, Individually and On Behalf  
of All Others Similarly Situated,

Plaintiff,

- v. -

ELASTOS FOUNDATION, RONG CHEN,  
and FENG HAN

Defendants.

No. 1:19-cv-5462-GHW

**CLASS ACTION STIPULATION OF SETTLEMENT**

This Stipulation of Settlement dated July 27, 2023 (the “Stipulation”), is made and entered into by and among: (1) Lead Plaintiffs Mark Owen and James Wandling (“Lead Plaintiffs”), on behalf of themselves and each of the Settlement Class Members<sup>1</sup>, by and through their counsel Bleichmar, Fonti & Auld LLP (“Settlement Class Counsel”); and (2) Defendants Elastos Foundation (“Elastos” or the “Company”), Rong Chen and Feng Han (collectively, “Defendants”), by and through their counsel of record in this securities class action.

The Stipulation is intended to fully, finally, and forever resolve, discharge, and settle the Released Claims as against all Released Defendants, subject to the approval of the Court and the terms and conditions set forth in this Stipulation.

**I. THE LITIGATION**

The Litigation is currently pending in the United States District Court for the Southern District of New York before Judge Gregory H. Woods (the “Court”). Lead Plaintiff Mark Owen commenced this action on January 31, 2019 in the New York Supreme Court, New York County, styled as *Owen v. Elastos Foundation, et al.*, Index No. 650628/2019, and on May 28, 2019 filed

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<sup>1</sup> Capitalized terms not otherwise defined shall have the meanings assigned to them in Section IV(1).

the initial Class Action Complaint for Violations of Federal Securities Laws. (NYSCEF No. 32.) Defendants removed the case to this Court on June 11, 2019. (ECF 1.) On May 26, 2020, the Court appointed Mark Owen and James Wandling as Lead Plaintiffs and Bleichmar Fonti & Auld LLP as Lead Counsel. (ECF 52.)

Lead Plaintiffs filed the operative Amended Complaint for Violations of the Federal Securities Laws (the “Complaint”) on July 29, 2020. (ECF 68.) The Complaint alleges violations of Sections 5 and 12(a)(1) of the Securities Act of 1933 (the “Securities Act”) by Defendants and Section 15 of the Securities Act by Rong Chen and Feng Han. Lead Plaintiffs alleged that Defendants offered and sold unregistered securities in the form of cryptocurrency tokens called ELA Tokens (“ELA Tokens”) in violation of the Securities Act. On December 9, 2021, the Court denied Defendants’ motion to dismiss the Complaint. (ECF 87.) Defendants filed their answers on January 13, 2022, which denied all claims alleged in the Complaint and asserted multiple defenses thereto. (ECF Nos. 94, 95, 96.)

Lead Plaintiffs and Defendants then engaged in extensive discovery. Lead Plaintiffs requested documents from Defendants, Elastos’ attorneys, cryptocurrency exchanges, certain consultants, and other third parties, resulting in substantial document productions. The parties engaged in several discovery disputes and countless meet-and-confer conferences. They litigated before the Court a discovery dispute involving the withholding of discovery pursuant to the Personal Information Protection Law of the People's Republic of China (PIPL). Lead Plaintiffs deposed four current or former Elastos personnel and consultants, including Defendant Feng Han, and, at the time this settlement was reached, were preparing for two additional fact witness depositions, including of Defendant Rong Chen, and two 30(b)(6) depositions. Lead Plaintiffs also served extensive written discovery.

The parties engaged in two settlement conferences before mediator Robert A. Meyer. The first settlement conference was held on September 7, 2022. Prior to that settlement conference, the parties exchanged settlement conference statements with exhibits. A second settlement conference was held on April 28, 2023, but the parties were still unable to reach an agreement. Following numerous further teleconferences with Mediator Meyer over the following weeks, the parties accepted Mediator Meyer's recommendation to settle the case, reaching a settlement in principle on the terms set forth herein, subject to the approval of the Court.

## **II. LEAD PLAINTIFFS' CLAIMS AND THE BENEFITS OF SETTLEMENT**

Lead Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. However, Lead Plaintiffs and their counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against Defendants through class certification, summary judgment, trial, and any appeals. Lead Plaintiffs and their counsel also have taken into account the uncertain outcome and risk of any litigation, especially in complex actions such as this Litigation, the difficulties and delays inherent in such litigation, and the financial constraints and risks specific to Defendants, all of which could significantly reduce or eliminate any recovery for the Settlement Class in this Litigation. Lead Plaintiffs and their counsel believe that the settlement set forth in this Stipulation confers substantial benefits upon the Settlement Class. Based on their evaluation, Lead Plaintiffs and their counsel have determined that the settlement set forth in this Stipulation is in the best interests of the Settlement Class.

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

Defendants have expressly denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, by Lead Plaintiffs and the Settlement Class. Defendants also have

denied and continue to deny, among other things, the allegations that Defendants offered and sold unregistered securities, or that any Settlement Class member suffered damage, or was otherwise harmed by the conduct alleged in the Litigation. Defendants have asserted and continue to assert that, at all times, they acted in good faith and in a manner reasonably believed to be in accordance with all applicable rules, regulations and laws. Defendants maintain that they have meritorious defenses to all claims alleged in the Litigation.

Defendants, however, have concluded that further litigation could be protracted and expensive. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as this Litigation. Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. As set forth below, this Stipulation shall in no event be construed or be deemed to be evidence or an admission by Defendants or any of the Released Parties with respect to any claim or allegation, nor of any fault or liability or wrongdoing or damage whatsoever.

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

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among Lead Plaintiffs (for themselves and the Settlement Class Members) and Defendants, by and through their respective counsel of record, that, subject to the approval of the Court, the Litigation and the Released Claims shall be finally and fully compromised, settled, and released, and the Litigation shall be dismissed with prejudice, as to all Released Claims against all Released Parties, upon and subject to the terms and conditions of the Stipulation, as follows:

##### **1. Definitions**

As used in this Stipulation the following terms have the meanings specified below:

1.1 “Authorized Claimant” means any Settlement Class Member whose claim for recovery has been allowed by the Claims Administrator.

1.2 “Claims Administrator” means the firm of Epiq Class Action and Claims Solutions, Inc.

1.3 “Defendants” means Elastos Foundation, Rong Chen and Feng Han.

1.4 “ELA Tokens” means digital assets developed for use on the Elastos Blockchain and/or any other Elastos platform and/or offered and sold in the ICO, the Lock-In Program, or secondary market.

1.5 “Elastos” means Elastos Foundation.

1.6 “Elastos ICO” means the initial coin offering in January 2018 pursuant to which Defendants offered and sold ELA Tokens.

1.7 “Effective Date,” or the date upon which this settlement becomes “effective,” means the date by which all of the events and conditions specified in ¶7.1 of this Stipulation have been met and have occurred.

1.8 “Escrow Accounts” means the segregated and separate escrow accounts designated and controlled by Settlement Class Counsel into which the Settlement Amount will be deposited for the benefit of the Settlement Class.

1.9 “Escrow Agents” means The Huntington National Bank and Esquire Bank, National Association.

1.10 “Final” means when the last of the following with respect to the Judgment approving this Stipulation, substantially in the form of Exhibit B attached hereto, shall occur: (a) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59 without any such motion having been filed; (b) the time in which to appeal the

Judgment has passed without any appeal having been taken; and (c) if a motion to alter or amend is filed or if an appeal is taken, immediately after the determination of that motion or appeal so that it is no longer subject to any further judicial review or appeal whatsoever, whether by reason of affirmance by a court of last resort, lapse of time, voluntary dismissal of the appeal or otherwise in such a manner as to permit the consummation of the settlement substantially in accordance with the terms and conditions of this Stipulation. For purposes of this paragraph only, an “appeal” shall include any petition for a writ of certiorari or other writ that may be filed in connection with approval or disapproval of this settlement, but shall not include any appeal which concerns only the issue of any Lead Plaintiffs’ Counsel’s attorneys’ fees and expenses, the Plan of Allocation of the Net Settlement Fund, as hereinafter defined, or the procedures for determining Authorized Claimants’ recognized claims.

1.11 “Judgment” means the Judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit B.

1.12 “Lead Plaintiffs” means Mark Owen and James Wandling.

1.13 “Lead Plaintiffs’ Counsel” means any counsel who have appeared in the Litigation on behalf of Lead Plaintiffs or the Class, including Settlement Class Counsel and Raiti, PLLC.

1.14 “Litigation” means the action captioned *Owen v. Elastos Foundation, et al.*, No. 1:19-cv-5462 (S.D.N.Y.).

1.15 “Lock-In Program” means the program, beginning on or around February 14, 2018, whereby certain purchasers and/or holders of ELA Tokens agreed not to sell their tokens for a pre-specified amount of time in exchange for accruing interest in the form of additional ELA Tokens.

1.16 “Net Settlement Fund” means the Settlement Fund less any attorneys’ fees and expenses provided for herein or approved by the Court and less Notice and Administration Expenses, Taxes and Tax Expenses, and other Court-approved deductions.

1.17 “Notice” means the Notice of Proposed Settlement of Class Action, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit A-1.

1.18 “Notice and Administration Expenses” means reasonable costs and expenses incurred in connection with providing notice to the Settlement Class. Such amounts shall include, without limitation, the actual costs of printing, mailing and publishing both the Notice and any Summary Notice, locating Settlement Class Members, soliciting claims, assisting with the submission of claims, processing Proof of Claim and Release forms, administering and distributing the Net Settlement Fund to Authorized Claimants, and paying escrow fees, taxes and costs, if any.

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

1.20 “Plan of Allocation” means a plan or formula of allocation of the Net Settlement Fund whereby the Net Settlement Fund shall be distributed to Authorized Claimants. Any Plan of Allocation is not part of the Stipulation and Released Defendants shall not have any responsibility or liability with respect thereto. Any order or proceeding relating to the Plan of Allocation shall not operate to terminate or cancel this Stipulation or affect the finality of the Judgment.



1.21 “Preliminary Approval Order” means the Order Preliminarily Approving Settlement and Providing for Notice as approved by the Court, substantially in the form attached hereto as Exhibit A.

1.22 “Proof of Claim and Release” means a Proof of Claim and Release, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit A-2.

1.23 “Related Parties” means, as applicable, each and all of the following: (a) each and every Defendant, including all defendants previously named in this action; (b) each and every member of the Settlement Class, Lead Plaintiffs, and Lead Plaintiffs’ Counsel; (c) the respective present and former parents, affiliates, subsidiaries, divisions, directors, officers, employees, contractors, founders, controlling shareholders, advisors, accountants, auditors, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, coinsurers, related or affiliated entities, general partners and limited partners, and successors in interest of the Persons listed in subparts (a) and (b), including without limitation any Person in which a Person in subpart (a) and (b) has or had a controlling interest, in their respective capacities as such; and (d) the present and former members of the immediate family, heirs, principals, trustees, trusts, executors, administrators, predecessors, successors, assigns, members, agents, subsidiaries, employees, officers, managers, directors, general partners, limited partners, attorneys, representatives, estates, divisions, estate managers, indemnifiers, insurers and reinsurers of each of the Persons (including entities, as defined above) listed in subparts (a), (b), and (c) of this definition, in their respective capacities as such.

1.24 “Released Claims” means any and all claims, rights, causes of action, liabilities, actions, suits, damages, or demands (including Unknown Claims as defined in ¶1.38 herein) of any kind whatsoever, which now exist, heretofore or previously existed, or may hereafter exist,

including, but not limited to, any claims arising under federal, state, or common law, that the Lead Plaintiffs or any Settlement Class Member has asserted in the Amended Complaint, or could have asserted in either the Litigation or could in the future assert in any United States forum that concern, arise out of, refer to, are based upon, or are related in any manner to the allegations, transactions, facts, matters, occurrences, representations, statements, or omissions alleged, involved, set forth, or referred to in the Litigation. “Released Claims” does not include claims relating to the enforcement of the Settlement.

1.25 “Released Defendants” means each and all of the Defendants, their attorneys and each of their applicable Related Parties.

1.26 “Releasing Defendants’ Claims” means all claims and causes of action of every nature and description, whether known or unknown (including Unknown Claims as defined in ¶1.38 herein), whether arising under federal, state, or common law, that arise out of or relate in any way to the institution, prosecution or settlement of the Action or the Released Claims against the Released Defendants. Notwithstanding the foregoing, “Releasing Defendants’ Claims” does not include claims relating to the enforcement of the Settlement.

1.27 “Released Parties” means each and all of the Released Defendants and the Released Plaintiff Parties.

1.28 “Released Plaintiff Parties” means each and all of Lead Plaintiffs, Settlement Class Members, and Lead Plaintiffs’ Counsel and their applicable Related Parties.

1.29 “Settlement Class” means all Persons who purchased or acquired ELA Tokens in domestic transactions in the Elastos ICO, the Lock-In Program, or the secondary market between January 1, 2018 and July 27, 2023, and were damaged thereby. Excluded from the Settlement Class are (1) Defendants and any affiliates or subsidiaries thereof; (2) present and former officers

and directors of Elastos, and their immediate family members (as defined in Item 404 of SEC Regulation S-K, 17 C.F.R. § 229.404, Instructions (1)(a)(iii) & (1)(b)(ii)); (3) any entity in which any Defendant has or has had a controlling interest; and (4) the legal representatives, heirs, estates, agents, successors, or assigns of any person or entity described in the preceding three categories. Also excluded from the Settlement Class are any Settlement Class Members that validly and timely request exclusion in accordance with the requirements set by the Court in the Notice of Pendency and Proposed Settlement of Class Action.

1.30 “Settlement Class Counsel” means Bleichmar Fonti & Auld LLP.

1.31 “Settlement Class Member” or “Member of the Settlement Class” means a Person who falls within the definition of the Settlement Class as set forth in ¶1.29 above.

1.32 “Settlement Amount” means Two Million United States dollars (\$2,000,000.00) in cash to be paid to the Escrow Agents by wire transfer (or as otherwise agreed by Lead Plaintiffs and Defendants) pursuant to ¶2.3 of this Stipulation.

1.33 “Settlement Fund” means the Settlement Amount plus all interest and accretions thereto and which may be reduced by payments or deductions as provided herein or by Court order.

1.34 “Settlement Hearing” means the hearing to be held by the Court to determine whether the proposed settlement is fair, reasonable, and adequate and should be approved.

1.35 “Settling Parties” means, collectively, Defendants, Lead Plaintiffs, and the Settlement Class.

1.36 “Summary Notice” means the Summary Notice for publication, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit A-3.

1.37 “Tax” or “Taxes” mean any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any governmental authority.

1.38 “Unknown Claims” means (i) any Released Claims which any one of the Lead Plaintiffs or Settlement Class Members do not know or suspect to exist in his, her or its favor at the time of the release of the Released Defendants which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Defendants, or might have affected his, her or its decision with respect to the settlement, including, but not limited to, whether or not to object to this settlement or seek exclusion from the Settlement Class, and (ii) any Releasing Defendants’ Claims that any one of the Released Defendants do not know or suspect to exist in his, her or its favor at the time of the release, which, if known by him, her or it, might have affected his, her or its settlement with and release of Lead Plaintiffs and Settlement Class Members. With respect to any and all Released Claims and Releasing Defendants’ Claims, the Released Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs, Lead Plaintiffs’ Counsel and the Released Defendants shall expressly waive, and each of the Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived, the provisions, rights, and benefits of California Civil Code §1542 and any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil 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, which if known by him or her would have materially affected his or her settlement with the debtor or released party.**

Lead Plaintiffs, Lead Plaintiffs’ Counsel, Settlement Class Members, and Released Defendants 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 Lead Plaintiffs, Lead Plaintiffs' Counsel and Released Defendants shall expressly settle and release, and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the 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, disclosed or undisclosed, matured or unmatured, 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. Lead Plaintiffs, Lead Plaintiffs' Counsel and Released Defendants acknowledge, and the Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

**2. The Settlement**

**a. Conditions Precedent**

2.1 The settlement is conditioned on the Court granting final approval of the settlement, and approval of the settlement becoming Final. Approval of the settlement becomes Final when the conditions set forth in ¶1.10 are satisfied.

2.2 The settlement is conditioned on Defendants providing Lead Plaintiffs with sworn documentation, submitted under the penalty of perjury, reflecting a full, complete, and accurate statement of all assets (including but not limited to fiat currency, crypto currency, real estate, stock, bonds, investment accounts, and any other asset) owned or controlled (directly or indirectly) by each Defendant as of the date such statements are provided (the "Verified Financial Information").

For the avoidance of doubt, such statements shall include, but not necessarily be limited to, the information previously provided by the Defendants in the documents entitled “Elastos Foundation Financial Summary” and “Rong Chen Financial Summary,” updated as of the date such statements are provided. If the Verified Financial Information shows that the value of the assets of Rong Chen and Elastos materially exceed the value previously reported by Rong Chen and Elastos, Lead Plaintiffs reserve the right to terminate this Stipulation and settlement. In addition, if the Verified Financial Information is subsequently determined, at any time, to be false, liquidated damages for providing false Verified Financial Information, including but not limited to damages for perjury, shall be the difference between the false and true information. Such liquidated damages will be added to the Settlement Fund and distributed to Settlement Class Members in accordance with the Plan of Allocation. For the avoidance of doubt, no Defendant shall be liable for the misstatements of another Defendant. With respect to any dispute regarding the Verified Financial Information, the Settling Parties agree that they shall first consult the mediator, Robert A. Meyer of JAMS ADR, to attempt a resolution, and if after 30 days mediation is unsuccessful, the Settling Parties hereby agree to submit such dispute to Mr. Meyer for a final, binding and non-appealable determination.

**b. The Settlement Amount**

**2.3 Within fourteen (14) business days after the entry of the Preliminary Approval Order**, the Settlement Amount shall be paid by Elastos into the Escrow Accounts intended to constitute a “qualified settlement fund” (“Qualified Settlement Fund” or “QSF”) within the meaning of Treas. Reg. § 1.468B-1. No individual or entity other than Elastos shall be responsible for paying or causing the Settlement Amount to be paid. The Settlement Amount may be paid by wire transfer or in any other manner agreed upon by Lead Plaintiffs and Defendants. **Within seven**

**(7) business days after filing the Stipulation and motion for preliminary approval**, Settlement Class Counsel will furnish to Defendants adequate payment instructions consisting of wire transfer instructions and a completed IRS Form W-9 for the Settlement Fund, including an address and tax ID number. Notwithstanding the foregoing, if Settlement Class Counsel has not provided Defendants before the entry of the Preliminary Approval Order (i) adequate written instructions for payment of the Settlement Amount by wire into the Escrow Accounts, and (ii) IRS Forms W-9 for the Escrow Accounts, the time limit for payment of the Settlement Amount shall be **14 business days after Settlement Class Counsel provides written instructions for payment of the Settlement Amount by wire into the Escrow Accounts and IRS Forms W-9 for the Escrow Accounts.**

2.4 If the entire Settlement Amount is not timely paid to the Escrow Accounts, Lead Plaintiffs may terminate the settlement but only if (a) Settlement Class Counsel has notified Defendants' counsel in writing of Settlement Class Counsel's intention to terminate the settlement, and (b) the entire Settlement Amount is not transferred to the Escrow Accounts **within ten (10) business days after Settlement Class Counsel has provided such written notice.** Failure by Settlement Class Counsel to timely furnish adequate payment instructions to Defendants pursuant to ¶2.3 shall not be a basis for termination under this section.

2.5 The Escrow Agents shall deposit the Settlement Amount plus any accrued interest in segregated Escrow Accounts maintained by the Escrow Agents.

2.6 Other than the obligation of Defendants to cause the payment of the Settlement Amount pursuant to ¶2.3, the Released Defendants shall have no obligation to make any payments into the Escrow Accounts or to any Settlement Class Member or Settlement Class Counsel pursuant to this Stipulation.

**c. The Escrow Agents**

2.7 The Escrow Agents, with Settlement Class Counsel's prior written consent, shall invest the Settlement Amount deposited pursuant to ¶2.3 hereof in United States Agency or Treasury Securities or other instruments backed by the Full Faith & Credit of the United States Government or an Agency thereof, or fully insured by the Federal Deposit Insurance Corporation ("FDIC") or the United States Government or an Agency thereof, and shall reinvest the proceeds of these instruments as they mature in other such instruments at their then-current market rates. All risks related to the investment of the Settlement Fund in accordance with the investment guidelines set forth in this paragraph shall be borne by the Settlement Fund and the Escrow Agents, provided that they invest the Settlement Fund as set forth herein, shall have no liability whatsoever with respect to investment decisions made in connection with the Settlement Fund.

2.8 Except as provided in the Stipulation, by an order of the Court, or with the written agreement of counsel for Defendants, the Settlement Fund shall remain in the Escrow Accounts.

2.9 Subject to further order(s) and/or directions as may be made by the Court, or as provided in this Stipulation, the Escrow Agents are authorized to execute such transactions as are consistent with the terms of this Stipulation. The Released Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the actions of the Escrow Agents, or any transaction executed by the Escrow Agents.

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

2.11 The settlement is not a claims-made settlement. Upon the occurrence of the Effective Date, no Defendant, or any other person or entity who or which paid any portion of the



Settlement Amount, shall have any right to the return of the Settlement Fund or any portion thereof for any reason whatsoever (including, without limitation, the number of Proof of Claim and Release forms submitted, the collective amount of recognized claims of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund), except as set forth in ¶7.4 below.

2.12 Prior to the Effective Date and without further order of the Court, up to \$150,000 of the Settlement Fund may be used by Settlement Class Counsel, following entry of the Preliminary Approval Order, to pay reasonable Notice and Administration Expenses actually incurred.

2.13 It shall be Settlement Class Counsel's responsibility to disseminate the Notice and Summary Notice to the Settlement Class in accordance with this Stipulation and as ordered by the Court. Settlement Class Members shall have no recourse as to the Released Defendants with respect to any claims they may have that arise from any failure of the notice process.

**d. Taxes**

2.14 (a) To the fullest extent allowed under applicable law, the Qualified Settlement Fund shall be treated as being at all times a "qualified settlement fund" within the meaning of Treas. Reg. §1.468B-1 *et seq.* In addition, Settlement Class Counsel shall timely make such elections as necessary or advisable to carry out the provisions of this ¶2.14, including the "relation-back election" (as defined in Treas. Reg. §1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of Settlement Class Counsel to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(b) For the purpose of §1.468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” shall be Settlement Class Counsel. Settlement Class Counsel shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in ¶2.14(a) hereof) shall be consistent with this ¶2.14 and in all events shall reflect that all Taxes (including any estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶2.14(c) hereof.

(c) All (i) Taxes (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon the Released Defendants or their counsel with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes, and (ii) expenses and costs incurred in connection with the operation and implementation of this ¶2.14 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this ¶2.14) (“Tax Expenses”), shall be paid out of the Settlement Fund; in all events the Released Defendants and their counsel shall have no liability or responsibility for the Taxes or the Tax Expenses. Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely caused to be paid by Settlement Class Counsel out of the Settlement Fund without prior order from the Court and Settlement Class Counsel shall be authorized (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts, including the establishment of

adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(l)(2)); neither the Released Defendants nor their counsel are responsible nor shall they have any liability for any Taxes or Tax Expenses. The parties hereto agree to cooperate with Settlement Class Counsel, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this ¶2.14.

**e. Termination of Settlement**

2.15 In the event that the Stipulation is not approved, including if the Court does not grant final approval of the settlement, or the Stipulation is terminated, canceled, or fails to become effective for any reason, including without limitation in the event the Judgment is reversed or vacated following any appeal taken therefrom, the Settlement Fund (including accrued interest), less Notice and Administration Expenses, Taxes, and Tax Expenses paid, incurred, or due and owing in connection with the settlement provided for herein, shall be refunded pursuant to written instructions from counsel for Defendants in accordance with ¶7.4 herein.

**3. Preliminary Approval Order and Settlement Hearing**

3.1 Promptly, but no later than 14 days after execution of this Stipulation, Settlement Class Counsel shall submit this Stipulation together with its Exhibits to the Court and shall apply for entry of the Preliminary Approval Order, substantially in the form of Exhibit A attached hereto, requesting, *inter alia*, the preliminary approval of the settlement set forth in the Stipulation, approval for the mailing of the settlement Notice and publication of the Proof of Claim and Release, and Summary Notice, substantially in the forms of Exhibits A-1, A-2, and A-3 attached hereto, and approval of their form and content. The Notice shall include the general terms of the settlement set forth in the Stipulation, the proposed Plan of Allocation, the general terms of the Fee and Expense Application, as defined in ¶6.1 hereof, and the date of the Settlement Hearing.

3.2 Defendants shall be responsible for compliance with any Class Action Fairness Act notice requirements and shall take steps to comply with such notice requirements in as expeditious a manner as possible (including without limitation by serving the notice required under 28 U.S.C. § 1715 **within ten days of filing the Stipulation and motion for preliminary approval**) so as to not cause delay in the scheduling of a final settlement approval hearing.

3.3 Settlement Class Counsel shall request that after notice is given, the Court hold the Settlement Hearing and approve the settlement of the Litigation as set forth herein. At or after the Settlement Hearing, Settlement Class Counsel also will request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application.

#### **4. Releases**

4.1 Upon the Effective Date, as defined in ¶1.7 hereof, Lead Plaintiffs and Lead Plaintiffs' Counsel shall, and all Settlement Class Members and anyone claiming through or on behalf of any of them shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Defendants, whether arising under federal, state, or common law, whether or not such Settlement Class Member executes and delivers the Proof of Claim and Release, whether or not such Settlement Class Member shares in the Settlement Fund, and whether or not such Settlement Class Member objects to the settlement. Lead Plaintiffs and Lead Plaintiffs' Counsel shall, and all Settlement Class Members and anyone claiming through or on behalf of any of them are deemed to be aware of California Civil Code § 1542 and to expressly waive and relinquish any rights or benefits available to them under this statute and any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code § 1542.

4.2 Claims to enforce the terms of this Stipulation are not released.

4.3 The Proof of Claim and Release to be executed by Settlement Class Members shall release all Released Claims against the Released Defendants and shall be substantially in the form contained in Exhibit A-2 attached hereto.

4.4 Upon the Effective Date, as defined in ¶1.7 hereof, Lead Plaintiffs, Lead Plaintiffs' Counsel and all Settlement Class Members and anyone claiming through or on behalf of any of them, will be forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, or administrative forum asserting any and all Released Claims against any of the Released Defendants (including, without limitation, Unknown Claims).

4.5 Upon the Effective Date, as defined in ¶1.7 hereof, the Released Defendants shall fully, finally, and forever release, relinquish, and discharge all of Releasing Defendants' Claims against the Released Plaintiff Parties, whether arising under federal, state, or common law. Upon the Effective Date, the Released Defendants will be forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, or administrative forum asserting the Releasing Defendants' Claims against any of the Released Plaintiff Parties (including, without limitation, Unknown Claims). Released Defendants are aware of California Civil Code § 1542 and expressly waive and relinquish any rights or benefits available to them under this statute and any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code § 1542.

**5. Administration and Calculation of Claims, Final Awards and Supervision and Distribution of the Settlement Fund**

5.1 The Claims Administrator, subject to such supervision and direction of the Court as may be necessary or as circumstances may require, shall administer and calculate the claims submitted by Settlement Class Members and shall oversee distribution of the Net Settlement Fund to Authorized Claimants.

5.2 **Within ten (10) business days of the execution of the Stipulation**, Defendants, based on their best knowledge, information and belief, shall, for the purpose of facilitating notice to the Settlement Class, obtain and provide to Settlement Class Counsel a list of (i) all individuals and entities who have purchased or acquired ELA Tokens directly or indirectly from Defendants, including, without limitation, email addresses and any other available contact information for such individuals and entities (the “Acquisition List”), and (ii) all exchanges, secondary markets, digital marketplaces, and/or any other forum in which ELA Tokens were listed for the purposes of trading.

5.3 In accordance with the schedule set forth in the Preliminary Approval Order, the Claims Administrator will distribute the Notice, substantially in the form of Exhibit A-1 attached hereto, to all Persons identified on the Acquisition List. The cost of providing such notice shall be paid out of the Settlement Fund. In addition, Defendants shall disseminate the Notice electronically by posting a link on the Elastos.org website and by email blast, the cost of which will be borne by Defendants.

5.4 The Settlement Fund shall be applied as follows:

- (a) to pay all Notice and Administration Expenses;
- (b) to pay the Taxes and Tax Expenses described in ¶2.14 hereof;

(c) to pay attorneys' fees and expenses of Lead Plaintiffs' Counsel and the award to Lead Plaintiffs of costs and expenses pursuant to 15 U.S.C. § 78u-4(a)(4) (the "Fee and Expense Award"), if and to the extent allowed by the Court; and

(d) after the Effective Date, to distribute the Net Settlement Fund to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or the Court.

5.5 After the Effective Date, and in accordance with the terms of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with the following.

5.6 **Within ninety (90) calendar days after the date specified by the Court to commence mailing of the Notice** (the "Notice Date"), or such other time specified by the Court, each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim and Release, substantially in the form of Exhibit A-2 attached hereto, signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim and Release.

5.7 Except as otherwise ordered by the Court, all Settlement Class Members who fail to timely submit a valid Proof of Claim and Release within the period specified herein, or such other period as may be ordered by the Court or otherwise allowed, shall be forever barred from receiving any payments pursuant to the Stipulation and the settlement set forth herein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained herein, and the Judgment. Notwithstanding the foregoing, Settlement Class Counsel shall have the discretion (but not an obligation) to accept late-submitted claims for processing by the Claims Administrator so long as the distribution of the Net Settlement Fund to Authorized

Claimants is not materially delayed thereby. Settlement Class Counsel shall also have the right, but not the obligation, to advise the Claims Administrator to waive what Settlement Class Counsel deems to be *de minimis* or formal or technical defects in any Proof of Claim and Release submitted.

5.8 Proofs of Claim and Release that do not meet the submission requirements may be rejected. Prior to rejecting a Proof of Claim and Release in whole or in part, the Claims Administrator shall communicate with the claimant in writing to give the claimant the chance to remedy any curable deficiencies in the Proof of Claim and Release submitted. The Claims Administrator, under such supervision of Settlement Class Counsel, as necessary, shall notify, in a timely fashion and in writing, all claimants whose claims the Claims Administrator proposes to reject in whole or in part for curable deficiencies, setting forth the reasons therefor, and shall indicate in such notice that the claimant whose claim is to be rejected has the right to a review by the Court if the claimant so desires and complies with the requirements of ¶5.9 below.

5.9 If any claimant whose timely claim has been rejected in whole or in part for curable deficiency desires to contest such rejection, the claimant must, within twenty (20) calendar days after the date of mailing of the notice required in ¶5.8 above, or a lesser period of time if the claim was untimely, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Settlement Class Counsel shall thereafter present the claimant's request for review to the Court. Each claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Person's claim to the Net Settlement Fund. All proceedings with respect to the administration, processing and determination of claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims,



shall be subject to the jurisdiction of the Court, but shall not in any event delay or affect the finality of the Judgment. All Settlement Class Members, claimants, and parties to this settlement expressly waive trial by jury (to the extent any such right may exist) and any right of appeal or review with respect to such determinations.

5.10 The Net Settlement Fund shall be distributed to the Authorized Claimants substantially in accordance with the Plan of Allocation set forth in the Notice and approved by the Court. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$5.00 or such other amount as deemed appropriate by the Claims Administrator. If there is any balance remaining in the Net Settlement Fund after a reasonable period of time after the date of the initial distribution of the Net Settlement Fund, Settlement Class Counsel shall, if feasible, reallocate (which reallocation may occur on multiple occasions) such balance among Authorized Claimants who would receive a minimum of \$5.00 or such other amount as deemed appropriate by the Claims Administrator in an equitable and economic fashion. Thereafter, any *de minimis* balance which still remains in the Net Settlement Fund and is not feasible or economical to reallocate and distribute shall be donated to the Food Bank for New York City or to another 501(c)(3) non-profit organization unaffiliated with the Parties or their counsel, subject to the approval of the Court.

5.11 The Released Defendants shall have no responsibility for, interest in, or liability whatsoever with respect to: (i) any act, omission, or determination by Settlement Class Counsel, the Escrow Agents, or the Claims Administrator, or any of their respective designees or agents, in connection with the administration of the settlement or otherwise; (ii) the management, investment, or distribution of the Settlement Fund; (iii) the Plan of Allocation; (iv) the determination, administration, or calculation of claims to be paid from the Settlement Fund; or (v)

the payment or withholding of Taxes or Tax Expenses, or any expenses or losses incurred in connection therewith. No Person shall have any claim of any kind against the Released Defendants with respect to the matters set forth in ¶¶5.1-5.10 hereof; and the Settlement Class Members, Lead Plaintiffs, and Settlement Class Counsel release the Released Defendants from any and all liability and claims arising from or with respect to the administration, investment or distribution of the Settlement Fund.

5.12 Defendants take no position, and shall take no position, with respect to the Plan of Allocation or any other such plan as may be approved by the Court. Defendants shall have no role in adjudicating any claims submitted by Settlement Class Members for participation in distribution of the Settlement Fund.

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

5.14 It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Net Settlement Fund, including, but not limited to, any adjustments to an Authorized Claimant's claim set forth therein, is not a part of the Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the settlement set forth in the Stipulation, and any order or proceeding relating to the Plan of Allocation shall not operate to terminate or cancel the Stipulation or affect the finality of the Court's Judgment approving the Stipulation and the settlement set forth therein.

**6. Lead Plaintiffs' Counsel's Attorneys' Fees and Expenses**

6.1 Settlement Class Counsel may submit an application or applications (the "Fee and Expense Application") for distributions from the Settlement Fund for: (a) an award of attorneys' fees; plus (b) expenses or charges incurred in connection with prosecuting the Litigation; plus (c) any interest on such attorneys' fees and expenses at the same rate and for the same periods as earned by the Settlement Fund (until paid) as may be awarded by the Court.

6.2 Any fees and expenses awarded by the Court shall be paid to Settlement Class Counsel from the Settlement Fund, as ordered, immediately after the Court executes the Judgment and an order awarding such fees and expenses, notwithstanding any appeals. Settlement Class Counsel may thereafter allocate the attorneys' fees among Lead Plaintiffs' Counsel in a manner in which it in good faith believes reflects the contributions of such counsel to the initiation, prosecution, and resolution of the Litigation.

6.3 In the event that the Effective Date does not occur, or the Judgment or the order making the Fee and Expense Award is reversed or modified, or this Stipulation is canceled or terminated for any other reason, and such reversal, modification, cancellation, or termination becomes Final and not subject to review, and in the event that the Fee and Expense Award has been paid to any extent, then Settlement Class Counsel, including its partners and/or shareholders, and such other Lead Plaintiffs' Counsel, including their law firms, partners, and/or shareholders who have received any portion of the Fee and Expense Award shall, within ten (10) business days from receiving notice from Defendants' counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund such fees and expenses previously paid to them from the Settlement Fund plus interest thereon at the same rate as earned on the Settlement Fund in an amount consistent with such reversal, modification, cancellation, or termination. Any refunds required pursuant to

this ¶6.3 shall be the several obligation of Settlement Class Counsel, including its partners and/or shareholders, and Lead Plaintiffs' Counsel, including their law firms, partners, and/or shareholders that received fees or expenses to make appropriate refunds or repayments to the Settlement Fund. Settlement Class Counsel and each Lead Plaintiffs' Counsel receiving fees and expenses, as a condition of receiving such fees and expenses, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph.

6.4 The procedure for and the allowance or disallowance by the Court of any applications by Settlement Class Counsel and any Lead Plaintiffs' Counsel for attorneys' fees and expenses to be paid out of the Settlement Fund are not part of the settlement set forth in the Stipulation, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement set forth in the Stipulation, and shall have no effect on the terms of the Stipulation or on the validity or enforceability of this settlement. The approval of the settlement, and it becoming Final, shall not be contingent on the award of attorneys' fees and expenses, any award to Lead Plaintiffs, Settlement Class Counsel, and/or any Lead Plaintiffs' Counsel, nor any appeals from such awards. Any order or proceeding relating to the Fee and Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the settlement of the Litigation set forth therein.

6.5 Any fees and/or expenses awarded by the Court shall be paid solely from the Settlement Fund. Released Defendants shall not take any position concerning, have no responsibility for, and no liability whatsoever with respect to, any payment of attorneys' fees

and/or expenses (including taxes) to Settlement Class Counsel or Lead Plaintiffs' Counsel. Defendants are not entitled to any award of fees or expenses from the Settlement Fund.

6.6 Released Defendants shall not take any position concerning, have no responsibility for, and no liability whatsoever with respect to, the allocation among Lead Plaintiffs' Counsel, and/or any other Person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Litigation.

6.7 The Released Defendants shall not take any position concerning, have no responsibility for, and no liability whatsoever with respect to, any attorneys' fees, costs, or expenses (including Taxes) incurred by or on behalf of any Settlement Class Member, whether or not paid from the Escrow Account.

**7. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination**

7.1 The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

- (a) the Court has entered the Preliminary Approval Order;
- (b) the Settlement Amount has been deposited into the Escrow Accounts;
- (c) the Court has entered the Judgment, or a judgment substantially in the form of Exhibit B attached hereto (and, for the avoidance of doubt, any non-substantive departure from Exhibit B shall not be a basis for any party to fail to perform under this Stipulation);
- (d) Lead Plaintiffs have not exercised their option to terminate the Stipulation pursuant to ¶2.2 hereof; and
- (e) the Judgment has become Final, as defined in ¶1.10 hereof.

7.2 Upon the Effective Date, any and all remaining interest or right of the Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished.

7.3 If the conditions specified in ¶7.1 hereof are not met and are unlikely to be met, then the Stipulation shall be canceled and terminated subject to ¶7.4 hereof unless Settlement Class Counsel and counsel for the Defendants mutually agree in writing to proceed with the Stipulation.

7.4 Unless otherwise ordered by the Court, in the event the Stipulation shall terminate, or be canceled, or shall not become effective for any reason, within ten (10) business days after written notification of such event is sent by counsel for any Defendant or Settlement Class Counsel to the Escrow Agents, the Settlement Fund (including accrued interest), less expenses which have either been disbursed pursuant to ¶¶2.12 and 2.14 hereof, or are chargeable to the Settlement Fund pursuant to ¶¶2.12 and 2.14 hereof, shall be refunded by the Escrow Agents based upon written instruction from Settlement Class Counsel pursuant to written instructions from Defendants' counsel. Such written instructions shall be provided by Defendants' counsel within five (5) business days before any refund is to be made, provided that, in the event Defendants' counsel provides such written instructions fewer than five (5) business days before any refund is required to be made under the first sentence of this paragraph, the deadline to make the refund payment shall be extended to five (5) business days from the date that Defendants' counsel provides such written instructions. Settlement Class Counsel or its designee shall apply for any tax refund owed on the Settlement Amount and pay the proceeds, after deduction of any fees or expenses incurred in connection with such application(s) for refund, pursuant to written instructions from Defendants' counsel.

7.5 In the event that the Stipulation is not approved by the Court or the settlement set forth in the Stipulation is terminated or fails to become effective in accordance with its terms, the Settling Parties shall be restored to their respective positions in the Litigation as of May 26, 2023. In such event, the terms and provisions of the Stipulation, with the exception of ¶¶1.1-1.38, 2.11-

2.15, 6.3-6.4, 7.1, 7.3-7.6, 8.2, 8.6, 8.9, 8.11, 8.12, 8.15, and 8.17-8.20 hereof, shall be null and void, have no further force and effect, and shall not be used in this Litigation or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*, and shall not be used in this Litigation or in any other proceeding for any purpose. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or the amount of any attorneys' fees, costs, expenses, and interest awarded by the Court shall operate to terminate or cancel this Stipulation or constitute grounds for cancellation or termination of the Stipulation.

7.6 If the Effective Date does not occur, or if the Stipulation is terminated pursuant to its terms, neither Lead Plaintiffs nor any of their counsel shall have any obligation to repay any amounts disbursed pursuant to ¶¶2.12 or 2.14. In addition, any expenses already incurred pursuant to ¶¶2.12 or 2.14 hereof at the time of such termination or cancellation, but which have not been paid, shall be paid from the Settlement Fund upon written instruction by Settlement Class Counsel to the Escrow Agents in accordance with the terms of the Stipulation prior to the balance being refunded in accordance with ¶¶2.15 and 7.4 hereof.

7.7 Elastos warrants and represents that it is not "insolvent" within the meaning of 11 U.S.C. §101(32) as of the time the Stipulation is executed and will not be as of the time the payments of the Settlement Amount are actually transferred or made as reflected in the Stipulation. This representation is made by Elastos and not by Elastos's counsel.

## **8. Miscellaneous Provisions**

8.1 The Settling Parties (a) acknowledge that it is their intent to consummate this Stipulation; and (b) agree to cooperate to the extent reasonably necessary to effectuate and

implement all terms and conditions of the Stipulation and to exercise their best efforts to accomplish the foregoing terms and conditions of the Stipulation.

8.2 The Settling Parties agree that this Stipulation is intended to inure to the benefit of, and be enforceable by, all Released Parties.

8.3 To the extent permitted by law, the commencement by or against any Defendant of a case or proceeding under Title 11 of the United States Code (including Chapter 15 thereunder) or any foreign equivalent, any foreign or state insolvency or receivership law, or any foreign or state law relating to general assignment for the benefit of creditors, composition, marshaling, or other similar arrangements and procedures, shall not operate to stay, terminate, cancel, suspend, excuse, delay, impede, or otherwise interfere with or impair (i) the rights, if any, of any other Settling Parties to receive the Settlement Fund pursuant to this Stipulation, or (ii) the duties of the Escrow Agents under this Stipulation, including but not limited to the Escrow Agents' obligation to release the Settlement Fund from escrow consistent with this Stipulation.

8.4 Upon the payment of the Settlement Amount into the Escrow Accounts, (a) this Stipulation shall not be, and shall not be deemed or considered to be, executory, as that term has been interpreted under 11 U.S.C. § 365, and (b) no further obligations of any of the Defendants pursuant to this Stipulation or any further effort or responsibility to defend against any appeal or proceeding seeking judicial review of any order contemplated by this Stipulation shall render the Settlement or all or any portion of this Stipulation executory, as that term has been interpreted under 11 U.S.C. § 365.

8.5 The Settling Parties intend this settlement to be a final and complete resolution of all disputes between them with respect to the Litigation. The settlement resolves claims which are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim



or defense. The Settling Parties and their respective counsel (Lead Plaintiffs' Counsel and all counsel for Defendants) shall not contest good faith or assert or pursue any action, claim, or rights that any Party or their respective counsel violated Rule 11 of the Federal Rules of Civil Procedure or the Private Securities Litigation Reform Act ("PSLRA") relating to this Litigation, and no Settling Party or its counsel will object to any finding by the Court in the Final Judgment or otherwise that the Settling Parties and their respective counsel have complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure or the PSLRA in connection with the institution, prosecution, defense, and settlement of the Litigation. The Settling Parties agree that the Settlement Amount and the other terms of the settlement were negotiated in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily, at arms-length, and after consultation with competent legal counsel.

8.6 Neither this Stipulation nor the settlement contained herein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, the truth of any of the allegations in the Litigation of any wrongdoing, fault, or liability of the Released Defendants, or that Lead Plaintiffs or any Settlement Class Members have suffered any damages, harm, or loss; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Released Defendants in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal.

8.7 The Released Defendants may file this Stipulation and/or the Judgment from this Litigation in any other action brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment

bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim.

8.8 The Settling Parties jointly request that the Judgment include the broadest bar order permissible by law barring all future claims for contribution or indemnity (or any other claim or claim-over, however denominated on whatsoever theory, for which the injury claimed is that person's or entity's alleged liability to Lead Plaintiffs or Settlement Class Members) among and against Lead Plaintiffs, any and all Settlement Class Members, and the Released Defendants arising out of the Litigation and Released Claims ("Bar Order"), provided, however, that the Bar Order shall not preclude either (i) the Released Defendants from seeking to enforce any rights they may have under any applicable insurance policies or (ii) any right of indemnification or contribution that the Released Defendants may have under contract or otherwise. The Bar Order shall be consistent with, and apply to the full extent of, the Private Securities Litigation Reform Act.

8.9 All agreements made and orders entered during the course of the Litigation relating to the confidentiality of documents and information shall survive this Stipulation.

8.10 All of the Exhibits to the Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

8.11 The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

8.12 No waiver of any term or provision of this Settlement Agreement, or of any breach or default hereof or hereunder, shall be valid or effective unless in writing and signed by or on behalf of all Settling Parties or their respective successors-in-interest. No waiver of any term or provision of this Settlement Agreement, or of any breach or default hereof or hereunder, shall be

construed as a waiver of the same or any other term or provision or of any previous or subsequent breach thereof.

8.13 The Stipulation and the Exhibits attached hereto constitute the entire agreement among the parties hereto and no representations, warranties or inducements have been made to any party concerning the Stipulation or its Exhibits other than the representations, warranties, and covenants contained and memorialized in such documents. Except as otherwise provided herein, each party shall bear its own costs.

8.14 Settlement Class Counsel, on behalf of the Settlement Class, is expressly authorized by Lead Plaintiffs to take all appropriate action required or permitted to be taken by the Settlement Class pursuant to the Stipulation to effectuate its terms and also is expressly authorized to enter into any modifications or amendments to the Stipulation on behalf of the Settlement Class which it deems appropriate.

8.15 Each counsel or other Person executing the Stipulation or any of its Exhibits on behalf of any party hereto hereby warrants that such Person has the full authority to do so.

8.16 Neither the Settlement Class Members nor Defendants shall be bound by this Stipulation if the Court modifies material terms thereof, provided, however, that it shall not be a basis for Settlement Class Members to terminate the settlement if the Court modifies any proposed Plan of Allocation or criteria for allocation of the Net Settlement Fund amongst Authorized Claimants, or the Plan of Allocation is modified on appeal. Nor shall it be a basis to terminate the settlement if the Court disapproves of or modifies the terms of this Stipulation with respect to attorneys' fees or expenses or the distribution of the Net Settlement Fund. Notwithstanding any such modification of the terms or Plan of Allocation or this Stipulation with respect to attorneys'

fees or expenses, Released Defendants shall be entitled to all benefits of the settlement and shall not, under any circumstances, be called upon to contribute additional funds to the Settlement Fund.

8.17 The Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of executed counterparts shall be filed with the Court. Signatures sent by facsimile or PDF via e-mail shall be deemed originals.

8.18 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

8.19 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and all Settling Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the settlement embodied in the Stipulation and matters related to the settlement.

8.20 This Stipulation and the Exhibits hereto shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of New York, and the rights and obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of New York without giving effect to any choice-of-law principles that would result in applying substantive laws other than those of the State of New York.



## Exhibit A

# Proposed Preliminary Approval Order

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MARK OWEN, Individually and On Behalf of  
All Others Similarly Situated,

Plaintiff,

vs.

ELASTOS FOUNDATION, FENG HAN, and  
RONG CHEN,

Defendants.

Hon. Gregory H. Woods

Civil Action No. 1:19-cv-5462-GHW

CLASS ACTION

EXHIBIT A

**[PROPOSED] ORDER PRELIMINARILY APPROVING  
SETTLEMENT AND PROVIDING FOR CLASS NOTICE**

WHEREAS, the purported class action *Owen et al. v. Elastos Foundation, et al.*, Case No. 1:19-cv-5462-GHW (the “Litigation”) is pending before the Court;

WHEREAS, the parties having made application, pursuant to Federal Rule of Civil Procedure 23(e), for an order preliminarily approving the settlement of this Litigation, in accordance with a Stipulation of Settlement dated \_\_\_\_\_, 2023 (the “Stipulation”), which, together with the Exhibits annexed thereto, sets forth the terms and conditions for a proposed settlement of the Litigation and for dismissal of the Litigation with prejudice upon the terms and conditions set forth therein; and the Court having read and considered the Stipulation and the Exhibits annexed thereto; and

WHEREAS, unless otherwise defined, all terms used herein have the same meanings as set forth in the Stipulation.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court has reviewed the Stipulation and hereby preliminarily approves the settlement set forth therein, subject to further consideration at the Settlement Hearing described below.
2. Pursuant to Rule 23(a) and Rule 23(b)(3) of the Federal Rules of Civil Procedure, for purposes of this settlement only, the Court preliminarily certifies a Settlement Class comprised of: All Persons who purchased or acquired ELA Tokens in domestic transactions in the Elastos ICO, the Lock-In Program, or the secondary market between January 1, 2018 and July 27, 2023, and were damaged thereby (the “Settlement Class”). Excluded from the Settlement Class are (1) Defendants and any affiliates or subsidiaries thereof; (2) present and former officers and directors of Elastos, and their immediate family members (as defined in Item 404 of SEC Regulation S-K, 17 C.F.R. § 229.404, Instructions (1)(a)(iii) & (1)(b)(ii)); (3) any entity in which any Defendant has or has had a controlling interest; and (4) the legal representatives, heirs, estates, agents, successors, or assigns of any person or entity described in the preceding three categories. Also excluded from the Settlement Class are any Settlement Class Member that validly and timely requests exclusion in accordance with the requirements set by the Court in the Notice of Pendency and Proposed Settlement of Class Action.
3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, James Wandling and Mark Owen are preliminarily appointed as Class Representatives for the Settlement Class, and Bleichmar Fonti & Auld LLP is preliminarily appointed as Class Counsel for the Settlement Class.
4. The Court preliminarily finds that the proposed settlement should be approved as: (i) it is the result of extensive arm’s-length and non-collusive negotiations; (ii) it falls within a



range of reasonableness warranting final approval; (iii) it has no obvious deficiencies; and (iv) the proposed settlement warrants notice to Settlement Class Members and further consideration at the Settlement Hearing described below.

5. A hearing (the “Settlement Hearing”) shall be held before this Court on \_\_\_\_, 2023 [a date that is at least 125 calendar days from the date of this Order], before the Honorable Gregory Woods, United States District Judge, at the United States District Court for the Southern District of New York, 500 Pearl Street New York, New York 10007, to determine (1) whether the proposed settlement, as set forth in the Stipulation, should be approved as fair, reasonable, and adequate to Settlement Class Members; (2) whether the proposed plan to distribute the Net Settlement Fund (the “Plan of Allocation”) is fair, reasonable, and adequate; (3) whether the applications by Class Counsel for attorneys’ fees and expenses should be approved; and (4) whether the proposed Judgment as defined in ¶1.11 of the Stipulation should be entered.
6. The Court approves, as to form and content, the Notice of Proposed Settlement of Class Action (the “Notice”), the Proof of Claim and Release form (the “Proof of Claim and Release”), and the Summary Notice annexed to the Stipulation as Exhibits A-1, A-2, and A-3, respectively, and finds that the mailing, distribution, and publication of the Notice, Summary Notice, and Proof of Claim and Release, substantially in the manner and form set forth in ¶¶7-10 of this Order, meet the requirements of Federal Rule of Civil Procedure

23 and due process, and are the best notice practicable under the circumstances and shall constitute due and sufficient notice to all Persons entitled thereto.

7. The firm of Epiq Class Action and Claims Solutions, Inc. (“Claims Administrator”) is hereby appointed to supervise and administer the notice procedure as well as the processing of claims as more fully set forth below.
8. No later than \_\_\_\_\_, 2023 [ten (10) business days after the Court signs and enters this Order] (the “Notice Date”),
  1. the Claims Administrator shall distribute notice electronically or by mail to all individuals and entities identified on a list to be provided by the Defendants pursuant to the Stipulation identifying (i) all individuals and entities who have purchased or acquired ELA Tokens directly or indirectly from the Defendants, and (ii) all exchanges, secondary markets, digital marketplaces, and/or any other forum in which ELA Tokens were listed for the purposes of trading.
  2. The Claims Administrator shall publish the Summary Notice via Reddit and Twitter feed advertisements specifically focused on individuals who have shown interest in cryptocurrency, Elastos Foundation, Blockchain, and/or ELA Tokens.
  3. The Claims Administrator shall publish the Summary Notice via Sponsored Search Listings on Google, Yahoo, and Bing.
  4. The Claims Administrator shall publish the Summary Notice over PR Newswire.
  5. The Claims Administrator shall post the Notice, Long-Form Notice, Proof of Claim and Release and other materials on the case-specific website for the settlement.

6. Defendants shall disseminate the Notice electronically by posting a link on the Elastos.org website and by email blast.
7. Class Counsel shall publish the Notice on its website, www.bfalaw.com.
9. At least fourteen (14) calendar days prior to the Settlement Hearing, Class Counsel shall serve on Defendants' counsel and file with the Court proof, by affidavit or declaration, of such mailing and publishing.
10. All Members of the Settlement Class shall be bound by all determinations and judgments in the Litigation concerning the settlement, whether favorable or unfavorable to the Settlement Class.
11. Settlement Class Members shall be bound by all determinations and judgments in this Litigation, whether favorable or unfavorable, unless they request exclusion from the Settlement Class in a timely and proper manner, as hereinafter provided. Requests for exclusion from the Settlement Class shall be made by submitting a written request for exclusion to the Claims Administrator, and shall be timestamped (for online submissions) or received by the Claims Administrator no later than \_\_\_\_\_, 2023 [twenty one (21) calendar days before the Settlement Hearing]. The request for exclusion must: (1) include your name, email address, address, and telephone number; (2) state that you wish to be "excluded from the Class and do not wish to participate in the settlement in *Owen et al. v. Elastos Foundation, et al.*, Case No. 1:19-cv-5462-GHW"; (3) state the date(s), price(s), and number(s) of ELA Tokens of all your purchases, acquisitions, and/or sales of ELA Tokens; and (4) be signed by you. No request for exclusion will be considered valid unless all of the information described above is included in any such request. No further opportunity to request exclusion will be given in the Litigation. If you choose to be

excluded from the Class, (a) you are not entitled to share in the proceeds of the settlement described herein; (b) you are not bound by any judgment entered in the Litigation; and (c) you are not precluded by the settlement from otherwise prosecuting an individual claim against Defendants, if timely, based on the matters complained of in the Litigation.

- 12.** Settlement Class Members who wish to participate in the settlement shall complete and submit a Proof of Claim and Release in accordance with the instructions contained therein. All Proof of Claim and Release forms must be postmarked or submitted electronically no later than \_\_\_\_\_, 2023, ninety (90) calendar days after the Notice Date. Any Settlement Class Member who does not timely submit a Proof of Claim and Release on or before the foregoing deadlines shall be barred from sharing in the distribution of the proceeds of the Settlement Fund, unless otherwise ordered by the Court. Notwithstanding the foregoing, Class Counsel may, in its discretion, accept late-submitted claims for processing by the Claims Administrator so long as distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed thereby.
- 13.** Any Member of the Settlement Class may enter an appearance in the Litigation, at their own expense, individually or through counsel of their own choice. If they do not enter an appearance, they will be represented by Class Counsel.
- 14.** Any Class Member who objects to any aspect of the settlement, including the Plan of Allocation, or the application for attorneys' fees and expenses, may appear and ask to be heard at the Settlement Hearing. Any Class Member may object to the proposed settlement in writing or appear at the Settlement Hearing, either in person or through the Class Member's own attorney. Any objection must (1) include Class Member name, email address, address, and telephone number; (2) clearly identify the case name and number

(*Owen et al. v. Elastos Foundation, et al.*, Case No. 1:19-cv-5462-GHW); (3) demonstrate membership in the Class, including the date(s), price(s), and number(s) of ELA Tokens of all the Class Member's purchases, acquisitions, and/or sales of ELA Tokens; (4) contain a statement of the reasons for objection; and (5) be submitted to the Court either by mail to the Clerk of the United States District Court Southern District of New York, 500 Pearl Street New York, New York 10007, or by filing them in person at any location of the United States District Court for the Southern District of New York, or electronically by ECF on the docket for this case. Such objections, papers, and briefs must be received or filed, not simply postmarked, on or before \_\_\_\_\_, 2023 [twenty one (21) calendar days before the Settlement Hearing].

15. Only Class Members who have submitted written notices of objection in the manner and time provided above will be heard at the Settlement Hearing, unless the Court orders otherwise. Any Class Member who does not make their objection in the manner and time provided above shall be deemed to have waived such objection and shall be foreclosed from making any objection to the fairness or adequacy of the proposed settlement, to the Plan of Allocation, or to the award of attorneys' fees and expenses, unless otherwise ordered by the Court.
16. The Court approves the establishment of the Escrow Accounts into which the Settlement Amount will be deposited for the benefit of the Settlement Class. All funds held by the Escrow Agents shall be deemed and considered to be in *custodia legis* of the Court, and

shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

17. All opening briefs and supporting documents in support of final approval of the settlement, the Plan of Allocation, and any application by Class Counsel for attorneys' fees and expenses shall be filed and served by \_\_\_\_\_, 2023 [thirty-five (35) calendar days prior to the Settlement Hearing]. Replies to any objections shall be filed and served by \_\_\_\_, 2023 [fourteen (14) calendar days prior to the Settlement Hearing].
18. Neither the Released Defendants nor the Defendants' counsel shall have any responsibility for the Plan of Allocation or any application for attorneys' fees or expenses submitted by Class Counsel, and such matters will be considered separately from the fairness, reasonableness, and adequacy of the settlement.
19. At or after the Settlement Hearing, the Court shall determine whether the Plan of Allocation proposed by Class Counsel, and any application for attorneys' fees or payment of expenses, shall be approved.
20. All reasonable expenses incurred in identifying and notifying Settlement Class Members, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation. In the event the settlement is not approved by the Court, or otherwise fails to become effective, neither Class Representatives nor any of their counsel shall have any obligation to repay any amounts incurred and properly disbursed pursuant to ¶¶2.12 or 2.14 of the Stipulation.
21. Neither the Stipulation, nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of

any Released Claim, the truth of any of the allegations in the Litigation, of any wrongdoing, fault, or liability of the Released Defendants, or that Class Representatives or any Settlement Class Members have suffered any damages, harm, or loss; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any Released Defendants in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal.

22. The Court reserves the right to adjourn the date of the Settlement Hearing without further notice to the Members of the Settlement Class, and retains jurisdiction to consider all further applications arising out of or connected with the proposed settlement. The Court may approve the settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Settlement Class.
23. In the event that the Stipulation is not approved by the Court or the settlement set forth in the Stipulation is terminated or fails to become effective in accordance with its terms, (i) the Settling Parties shall be restored to their respective positions in the Litigation as of May 26, 2023 and shall promptly raise with the Court any relief requested concerning the case schedule; and (ii) the Settlement Amount shall be refunded, to the extent provided in Paragraphs 7.4 and 7.6 of the Stipulation, pursuant to written instructions from counsel for Defendants as set forth in the Stipulation. In such event, the terms and provisions of the Stipulation, except as set forth in the Stipulation, shall be null and void, have no further force and effect, and shall not be used in the Litigation or in any other proceeding for any purpose, and this Order, in accordance with the terms of the Stipulation, shall be treated as

vacated, *nunc pro tunc*, and shall not be used in this Litigation or in any other proceeding for any purpose.

24. Pending final determination of whether the proposed settlement should be approved, neither Class Representatives nor any Settlement Class Member, directly or indirectly, representatively, or in any other capacity, shall commence or prosecute against any of the Defendants any action or proceeding in any court or tribunal asserting any Released Claims.
25. Pending further order of the Court, all litigation activity, except that contemplated herein, in the Stipulation, in the Notice, in the Summary Notice, or in the Judgment, is hereby stayed, and all hearings, deadlines and other proceedings in this Litigation, except the Settlement Hearing and any deadlines set forth in this Order, are hereby taken off calendar.

IT IS SO ORDERED.

Dated: \_\_\_\_\_, 2023

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Gregory H. Woods  
United States District Judge  
Southern District of New York



## Exhibit A-1

# Notice of Pendency and Proposed Settlement of Class Action

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MARK OWEN, Individually and On Behalf  
of All Others Similarly Situated,

Plaintiff,

- v. -

ELASTOS FOUNDATION, RONG CHEN,  
and FENG HAN

Defendants.

No. 1:19-cv-5462-GHW

EXHIBIT A-1

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

**TO: All Persons who purchased or acquired ELA Tokens in domestic transactions in the Elastos ICO, the Lock-In Program, or the secondary market between January 1, 2018 and July 27, 2023, and were damaged thereby (the “Class”).**

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY A PROPOSED CLASS ACTION SETTLEMENT IN A LAWSUIT PENDING IN FEDERAL COURT.

IF YOU ARE A CLASS MEMBER, YOU MUST SUBMIT A CLAIM FORM TO OBTAIN YOUR SHARE OF THE SETTLEMENT. IF YOU DO NOT SUBMIT A CLAIM, YOU WILL NOT HAVE ANY RIGHT TO COMPENSATION UNLESS YOU OPT OUT OF THE CLASS.

This Notice concerns a lawsuit alleged as a class action on behalf of investors (individuals and entities) who purchased or acquired ELA Tokens in domestic transactions in the Elastos ICO, the Lock-In Program, or the secondary market between January 1, 2018 and July 27, 2023, and were damaged thereby.<sup>1</sup> The lawsuit is referred to as *Owen et al. v. Elastos Foundation, et al.*, Case No. 1:19-cv-5462-GHW (the “Litigation”) and is pending before the Honorable Gregory Woods in the United States District Court for the Southern District of New York (the “Court”).

This Notice is to inform you that the Lead Plaintiffs, Mark Owen and James Wandling (the “Lead Plaintiffs”), on behalf of themselves and the Settlement Class, have reached a proposed settlement agreement with Defendants Elastos Foundation, Feng Han, and Rong Chen

<sup>1</sup> All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings provided in the Stipulation of Settlement dated July 27, 2023 (the “Stipulation”), which is available on the website for the litigation, [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com).

(collectively, “Defendants”). If the settlement is approved by the Court, all of the Released Claims (defined in Question 25 below) against Released Defendants (defined in Question 25 below) will be resolved on behalf of all Class Members.

**Overview of the Litigations and Settlement:** Lead Plaintiffs filed the operative Amended Complaint for Violations of the Federal Securities Laws (the “Complaint”) on July 29, 2020. (ECF No. 68.) The Complaint alleges that Defendants violated Sections 5 and 12(a)(1) of the Securities Act of 1933 (the “Securities Act”) by offering and selling unregistered securities in the form of digital asset tokens called ELA Tokens (“ELA Tokens”) in violation of the Securities Act. The Complaint further alleges that Defendants Chen and Han are controlling persons individually liable for the Defendants’ violation of Sections 5 and 12(a)(1). You may review a copy of the Complaint in the Action by visiting [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com).

The parties engaged in two settlement conferences before independent mediator Robert A. Meyer. The first settlement conference was held on September 7, 2022. Prior to that settlement conference, the parties exchanged settlement conference statements with exhibits. A second settlement conference was held on April 28, 2023, but the parties were still unable to reach an agreement. Following numerous further teleconferences with Mediator Meyer over the following weeks, the parties accepted Mediator Meyer’s recommendation to settle the case, reaching a settlement in principle on the terms set forth herein, subject to the approval of the Court.

**Overview of the Recovery:** Lead Plaintiffs have agreed to settle all claims and grant the Released Defendants a full and complete release of all Released Claims in exchange for a cash payment of \$2,000,000 (the “Settlement Amount”). The Settlement Amount plus any interest earned thereon is called the “Settlement Fund.” The “Net Settlement Fund” (the Settlement Fund less any attorneys’ fees and expenses (not to exceed 30% or \$600,000 for all attorneys’ fees and expenses combined) provided for herein or approved by the Court and less Notice and Administration Expenses (currently estimated to be no more than \$175,000), Taxes and Tax Expenses, and other Court-approved deductions) will be distributed pursuant to the plan of allocation that is approved by the Court (the “Plan of Allocation”), which determines how the Net Settlement Fund will be allocated among Class Members who become eligible to participate in the distribution of the Net Settlement Fund by submitting a timely and valid Proof of Claim and Release form (“Proof of Claim” or “Claim Form”). The proposed Plan of Allocation is described at page 19 below.

Based on the analysis performed by Lead Plaintiffs and their damages experts, the estimated average recovery per ELA Token for a Class Member from the Settlement Fund (*before* the deduction of any Court-approved fees, expenses and costs as described herein) would be approximately \$2.76 per ELA Token purchased and/or acquired in the Elastos ICOs or Lock-In Program, and \$0.0007 per ELA Token purchased and/or acquired in the secondary market.

In addition, based on the analysis performed by Lead Plaintiffs and their damages experts, the estimated average recovery per ELA Token for a Class Member from the Settlement Fund (*after* the deduction of any Court-approved fees, expenses and costs as described herein) would be

approximately \$1.69 per ELA Token purchased and/or acquired in the Elastos ICOs or Lock-In Program, and \$0.0004 per ELA Token purchased and/or acquired in the secondary market.

These amounts assume all eligible Class Members submit valid and timely Proofs of Claim. If fewer than all Class Members submit timely and valid Proofs of Claim (which is likely), the distributions per ELA Token will be higher. A Class Member's recovery from the Net Settlement Fund will be a proportional *pro rata* share of the Net Settlement Fund determined by a Class Member's individual damages as compared to the total damages of all Class Members who

submit timely and valid Proofs of Claim. (See the Plan of Allocation beginning on page 19 below for details and more information.)

Settlement Class Counsel intends to seek combined attorneys' fees and expenses not to exceed 30% or \$600,000 of the Settlement Amount. Please note that these amounts are subject to approval by the Court.

**Identification of Attorneys:** Lead Plaintiffs and all other Class Members are represented by counsel identified in the answer to Question 16 below.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
<p><b>SUBMIT A PROOF OF CLAIM POSTMARKED OR SUBMITTED ONLINE BY _____, 2023</b></p>	<p>This is the only way to be eligible to get a payment from the settlement. If you wish to participate in the settlement, you will need to complete and submit a Proof of Claim. Class Members who do not complete and submit the Proof of Claim in accordance with the instructions on the Proof of Claim and do not submit it within the time required will be bound by the settlement but will not participate in any distribution of the Net Settlement Fund.</p>
<p><b>EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS POSTMARKED NO LATER THAN _____, 2023</b></p>	<p>You will not be bound by the results of the Litigation, and you will not receive any payment. This is the <b>only</b> option that allows you to ever bring or be part of any other lawsuit against the Released Defendants about the legal claims related to the issues raised in the Litigation.</p> <p><b><u>If you request to be excluded because you want to bring your own lawsuit based on the matters alleged in the Litigation, you should consult an attorney and discuss whether it is too late to pursue your individual claim because it may be time-barred by the applicable statutes of limitations or repose.</u></b></p>
<p><b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED OR FILED NO LATER THAN _____, 2023</b></p>	<p>If you believe the settlement is objectionable in any respect, you may write to the Court about why you oppose the settlement, the Plan of Allocation, and/or the request for attorneys' fees, costs and expenses. You will still be a Class Member.</p>
<p><b>ATTEND THE SETTLEMENT HEARING ON _____, 2023, AT _____, AND PROVIDE A NOTICE OF INTENTION TO APPEAR TO SETTLEMENT CLASS COUNSEL SO THAT IT IS RECEIVED NO LATER THAN _____, 2023</b></p>	<p>The hearing on whether to approve the settlement is scheduled for _____, 2023, at _____ (the "Settlement Hearing"), and is open to the public. You do not need to attend the hearing unless you wish to speak either in support of the settlement or in support of any objection you may have submitted, and have submitted to Settlement Class Counsel a Notice of Intention to Appear so that it is received no later than _____, 2023. The Court may postpone the Settlement Hearing without prior notice on the date scheduled for the hearing.</p>

<b>DO NOTHING</b>	If you are a Class Member and do not submit a Proof of Claim postmarked or submitted online by _____, 2023, you will not be eligible to receive any payment from the Settlement Fund. You will, however, be bound by the settlement, unless you have requested exclusion from the Settlement Class.
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These rights and options are explained in further detail later in this Notice.

**Further Information**

For further information regarding this settlement, you may contact a representative of Settlement Class Counsel: Javier Bleichmar, Bleichmar Fonti & Auld LLP, 75 Virginia Road, White Plains, New York 10603, Telephone: 888-879-9418. You may also visit the website for the case: [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com) (the “Settlement Website”).

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## BASIC INFORMATION

### 1. Why did I get this Notice?

You have received this Notice because the parties are seeking approval of a proposed settlement on behalf of Class Members, and you have been identified as a potential Class Member either from Elastos's internal records or records maintained by certain secondary exchanges.

The Court directed that this Notice be sent to Class Members because they have a right to know about the proposed settlement of the Litigation, and about all of their options, before the Court decides whether to approve the settlement.

This Notice explains the Litigation, the settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

### 2. What is the Litigation about?

This Litigation is a securities class action first filed on January 31, 2019 on behalf of all persons who purchased or acquired ELA Tokens in domestic transactions in the Elastos ICO, the Lock-In Program, or the secondary market between January 1, 2018 and July 27, 2023, and were damaged thereby.

On May 26, 2020, the Court appointed Mark Owen and James Wandling as Lead Plaintiffs and Bleichmar, Fonti & Auld LLP as lead counsel. (ECF No. 52.)

Lead Plaintiffs filed the operative Amended Complaint for Violations of the Federal Securities Laws (the "Complaint") on July 29, 2020. (ECF No. 68.) The Complaint alleges violations of Sections 5 and 12(a)(1) of the Securities Act of 1933 (the "Securities Act") by Defendants and Section 15 of the Securities Act by Rong Chen and Feng Han. Lead Plaintiffs alleged that Defendants offered and sold unregistered securities in the form of cryptocurrency tokens called ELA Tokens ("ELA Tokens") in violation of the Securities Act. Lead Plaintiffs further allege that Defendants offered and sold the ELA Tokens via an Initial Coin Offering (or "ICO") in January 2018, in which investors paid Defendants BTC or NEO in exchange for ELA Tokens; a so-called "Lock-In Program," pursuant to which investors agreed not to sell their tokens for a pre-specified amount of time in exchange for accruing interest in the form of additional ELA Tokens; and secondary market digital asset exchanges.

On December 9, 2021, the Court denied Defendants' motion to dismiss the Complaint. (ECF No. 87.) Defendants filed their answers on January 13, 2022, which denied all claims alleged in the Complaint and asserted multiple defenses thereto. (ECF Nos. 94, 95, 96.)

Lead Plaintiffs and Defendants then engaged in extensive discovery. Lead Plaintiffs requested documents from Defendants, Elastos' attorneys, cryptocurrency exchanges, certain consultants, and other third parties, resulting in substantial document productions. The parties engaged in several discovery disputes and countless meet-and-confer conferences. They litigated before the Court a discovery dispute involving the withholding of discovery pursuant to the Personal Information Protection Law of the People's Republic of China (PIPL). Lead Plaintiffs deposed four current or former Elastos personnel and consultants, including Defendant Feng Han,

and, at the time this settlement was reached, and were preparing for two additional fact witness depositions, including of Defendant Rong Chen, and two 30(b)(6) depositions. Lead Plaintiffs also served extensive written discovery.

### **Settlement Proceedings**

The parties engaged in two settlement conferences before mediator Robert A. Meyer. The first settlement conference was held on September 7, 2022. Prior to that settlement conference, the parties exchanged settlement conference statements with exhibits. A second settlement conference was held on April 28, 2023, but the parties were still unable to reach an agreement. Following numerous further teleconferences with Mediator Meyer over the following weeks, the parties accepted Mediator Meyer's recommendation to settle the case, reaching a settlement in principle on the terms set forth herein, subject to the approval of the Court.

On \_\_\_\_\_, 2023, the Court entered an order preliminarily approving the proposed settlement, approving this Notice, setting deadlines, and scheduling the Settlement Hearing to consider whether to grant final approval of the settlement.

**This Notice is NOT an expression of the Court's opinion on the merits of any of the claims in the Litigation or whether Defendants engaged in any wrongdoing.**

To learn more about what has happened in the Litigation to date, including a detailed history, please see the Stipulation and other relevant pleadings which are available at [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com) (the "Settlement Website"). Instructions on how to get more information are also included in Question 26 below.

### **3. Why is this a class action?**

In a class action, one or more persons or entities sue on behalf of people and entities who have similar claims. Together, these people and entities are referred to as a Class or Settlement Class, and each is a Class Member. One court resolves the issues for all Class Members at the same time, except for those Class Members who exclude themselves from the Class (the process which is described more fully in Question 13 below).

### **4. Why is there a settlement?**

Lead Plaintiffs made claims against Defendants on behalf of Class Members. Defendants deny that they have done anything wrong or violated any statute and admit no liability. No court has decided in favor of the Defendants or the Class. Instead, all parties agreed to the settlement to avoid the costs and risks of further litigation, including trial and post-trial appeals, and Lead Plaintiffs agreed to the settlement to ensure that Class Members will receive compensation. Lead Plaintiffs and Class Counsel all believe the settlement is in the best interest of all Class Members in light of the real possibility that continued litigation could result in no recovery at all.

## **WHO IS IN THE SETTLEMENT**

To see if you will get money from this settlement, you first have to decide if you are a Class Member.

**5. How do I know if I am part of the settlement?**

For purposes of the settlement, the Court directed that everyone who fits this description is a Class Member: *All Persons who purchased or acquired ELA Tokens in domestic transactions in the Elastos ICO, the Lock-In Program, or the secondary market between January 1, 2018 and July 27, 2023, and were damaged thereby*, except those Persons and entities that are excluded, as described below.

**PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN YOU ARE A CLASS MEMBER OR ENTITLED TO RECEIVE PAYMENT FROM THE SETTLEMENT. IF YOU ARE A CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO GET PAYMENT FROM THE SETTLEMENT, YOU MUST SUBMIT THE CLAIM FORM INCLUDED WITH THIS NOTICE SO THAT IT IS POSTMARKED OR SUBMITTED ONLINE BY \_\_\_\_\_, 2023.**

**6. Are there exceptions to being included?**

Excluded from the Settlement Class are (1) Defendants and any affiliates or subsidiaries thereof; (2) present and former officers and directors of Elastos, and their immediate family members (as defined in Item 404 of SEC Regulation S-K, 17 C.F.R. § 229.404, Instructions (1)(a)(iii) & (1)(b)(ii)); (3) any entity in which any Defendant has or has had a controlling interest; and (4) the legal representatives, heirs, estates, agents, successors, or assigns of any person or entity described in the preceding three categories. Also excluded from the Settlement Class are any Settlement Class Members that validly and timely request exclusion in accordance with the requirements set by the Court in the Notice of Pendency and Proposed Settlement of Class Action.

**7. What if I am still not sure if I am included?**

If you are still not sure whether you are included in the settlement, you can ask for free help. You can contact the Claims Administrator toll-free at 1-800-280-6458, or you can fill out and return the Proof of Claim available on the website, [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com), to see if you qualify.

**THE SETTLEMENT BENEFITS – WHAT YOU GET**

**8. What does the settlement provide?**

A settlement has been reached in the Litigation between Lead Plaintiffs and Defendants, the terms and conditions of which are set forth in the Stipulation and the Exhibits thereto. The following description of the proposed settlement is only a summary, and reference is made to the text of the Stipulation, on file with the Court or accessible at [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com), for a full statement of its provisions.

The Settlement Fund consists of Two Million Dollars (\$2,000,000.00) in cash, plus any interest earned thereon.

The Settlement Fund will be used to pay expenses for the Litigation, to pay for this Notice and the processing of claims submitted by Class Members, to pay Taxes and Tax Expenses, and to pay attorneys' fees.

The balance of the Settlement Fund (the “Net Settlement Fund”) will be distributed, in accordance with the Plan of Allocation described below, to Class Members who submit valid and timely Proofs of Claim.

The effectiveness of the settlement is subject to a number of conditions and reference to the Stipulation is made for further particulars regarding these conditions.

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**9. How much will my payment be?**

Your share of the fund will depend on several things, including how many Class Members submit a timely and valid Proof of Claim, the total dollar amount of the claims represented by the valid Proofs of Claim that Class Members send in, the number of ELA Tokens you purchased or acquired, how much you paid for the tokens, when you purchased or acquired them, and if you sold your tokens and for how much.

By following the instructions in the Plan of Allocation, you can calculate your claim. It is unlikely that you will get a payment for the full amount of your claim. After all Class Members have sent in their Proofs of Claim, the payment you get will be a part of the Net Settlement Fund equal to your claim divided by the total of all valid claimants’ claims. (See the Plan of Allocation beginning on page 19 below for more information on your claim.)

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**10. How can I receive a payment?**

You may submit a Proof of Claim as described below. If you choose this option, you will share in the proceeds of the proposed settlement if your claim is timely, valid, and entitled to a distribution under the Plan of Allocation described below and if the proposed settlement is finally approved by the Court; and you will be bound by the Judgment and release to be entered by the Court as described below.

**TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY SUBMIT A PROOF OF CLAIM.** A Proof of Claim may be downloaded at [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com). Read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail or submit it to the Claims Administrator so that it is *postmarked or electronically submitted no later than \_\_\_\_\_, 2023*. The Claim Form may be submitted online at [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com). Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

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**11. When would I receive my payment?**

The Court will hold a Settlement Hearing on \_\_\_\_\_, *2023, at \_\_\_\_*, to decide whether to approve the settlement. If the Court approves the settlement after that hearing, there might be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

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**12. What am I giving up to receive a payment or to stay in the Class?**

If you do not make a valid and timely request in writing to be excluded from the Class, you will be bound by any and all determinations or judgments in the Litigation in connection with the settlement entered into or approved by the Court, whether favorable or unfavorable to the Class, and you shall be deemed to have, and by operation of the Judgment shall have, fully released all of the Released Claims against the Released Defendants, whether or not you submit a valid Proof of Claim.

### EXCLUDING YOURSELF FROM THE CLASS

#### 13. How do I get out of the proposed settlement?

If you wish to be excluded from the Class, meaning to opt out of the lawsuit, you must submit a request for exclusion in accordance with the instructions below. **If you choose to be excluded: (1) you will NOT be entitled to share in any recovery from the Net Settlement Fund; (2) you will NOT be bound by any judgment or release entered in this lawsuit; and (3) AT YOUR OWN EXPENSE, you MAY pursue any claims that you have by filing your own lawsuit or taking other action.**

**If you are requesting exclusion because you want to bring your own lawsuit based on the matters alleged in the Litigation, you should consult an attorney and discuss whether it is too late to pursue your individual claim because it may be time-barred by the applicable statutes of limitations or repose.**

**If you are excluded and pursue your own individual action you may also have to produce information and/or documents upon the Defendants' request (a process known as "discovery"), which could include, but not be limited to, providing testimony under oath.**

If you wish to be excluded, you must mail a written request stating that you wish to be excluded from the Class to the Claims Administrator, Epiq Class Action and Claims Solutions, Inc., at the following address:

Elastos Securities Litigation  
EXCLUSIONS  
Epiq Class Action and Claims Solutions, Inc.  
P.O. Box 2169  
Portland, OR 97208-2169

The request for exclusion must: (1) include your name, email address, address, and telephone number; (2) state that you wish to be "excluded from the Class and do not wish to participate in the settlement in *Owen et al. v. Elastos Foundation, et al.*, Case No. 1:19-cv-5462-GHW"; (3) state the date(s), price(s), and number(s) of ELA Tokens of all your purchases, acquisitions, and/or sales of ELA Tokens; and (4) be signed by you.

***YOUR EXCLUSION REQUEST MUST BE POSTMARKED NO LATER THAN \_\_\_\_\_, 2023.***

No request for exclusion will be considered valid unless all of the information described above is included in any such request. No further opportunity to request exclusion will be given in the Litigation. If you choose to be excluded from the Class, (a) you are not entitled to share in the proceeds of the settlement described herein; (b) you are not bound by any judgment entered in the Litigation; and (c) you are not precluded by the settlement from otherwise prosecuting an individual claim against Defendants, if timely, based on the matters complained of in the Litigation.

**14. If I do not exclude myself, can I sue the Released Defendants for the same thing later?**

No. Unless you exclude yourself, you give up any rights to sue the Released Defendants for any and all Released Claims. If you have a pending lawsuit against the Released Defendants, speak to your lawyer in that case immediately. You must exclude yourself from the Class if you want to continue your own lawsuit. Remember, the exclusion deadline is \_\_\_\_\_, 2023.

**15. If I exclude myself, can I get money from the proposed settlement?**

No. If you exclude yourself, you may not send in a Proof of Claim to ask for any money.

**THE LAWYERS REPRESENTING YOU**

**16. Do I have a lawyer in this case?**

The Court appointed the law firm of Bleichmar Fonti & Auld LLP to represent the Settlement Class in this Litigation, including you (assuming you are a Class Member). These lawyers are called Settlement Class Counsel.

You will not be charged for these lawyers. They will be paid from the Settlement Fund to the extent the Court approves their application for fees and expenses. If you want to be represented by your own lawyer, you may hire one at your own expense.

**17. How will the lawyers be paid?**

At the Settlement Hearing, Settlement Class Counsel will request that the Court award aggregate attorneys' fees and expenses, the combined value of which will be no more than 30% of the Settlement Amount, or \$600,000. The Claims Administrator currently estimates that it will seek no more than \$175,000 for Notice and Administration Expenses. Class Members are not personally liable for any such fees or expenses. The net recovery for Class Members (also referred to as the Net Settlement Fund) is estimated to be at least \$1,225,000 (\$2,000,000 minus all of the foregoing fees and expenses).

Class Counsel states that it has litigated this case on behalf of Lead Plaintiffs and the Class for over four years against the Defendants, who have been represented in this Litigation by two separate law firms. On behalf of the Class, Settlement Class Counsel conducted an extensive investigation and drafted a complaint that advanced complex theories of liability concerning application of Securities Act to the evolving digital asset space; defeated Defendants' motion to dismiss the complaint; resolved numerous discovery disputes; litigated before the Court a discovery dispute involving the withholding of discovery pursuant to the Personal Information Protection Law of the People's Republic of China and disputes involving the withholding of



discovery on various privilege and relevance grounds. Settlement Class Counsel also deposed four current or former Elastos personnel and consultants, including Defendant Feng Han, and, at the time this settlement was reached, and was preparing for two additional fact witness depositions, including of Defendant Rong Chen, and two 30(b)(6) depositions. Settlement Class Counsel served written interrogatories on the Defendants and propounded dozens of document requests and subpoenas and obtained and analyzed nearly 2 million pages of documents from the Defendants as well as third parties, including Elastos' attorneys, cryptocurrency exchanges, certain consultants, and other third parties. Additionally, Settlement Class Counsel opposed Defendants' motion to deny certification.

To date, Settlement Class Counsel has not received any payment for their services representing Class Members, nor has it been paid any of its expenses. The fees requested by Settlement Class Counsel will compensate counsel for its efforts in achieving the settlement for the benefit of the Class, and for the risks it undertook in representing the Class on a wholly contingent basis. Settlement Class Counsel believes that its total attorneys' fee request is well within the range of fees awarded to plaintiff's counsel under similar circumstances in other litigation of this type.

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**18. Can I hire my own lawyer?**

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If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing and at your own expense, provided that such counsel must file an appearance on your behalf on or before \_\_\_\_\_, 2023. If you do not enter an appearance through counsel of your own choosing, you will be represented by Class Counsel: Javier Bleichmar, Bleichmar Fonti & Auld LLP, 75 Virginia Road, White Plains, New York 10603, Telephone: 888-879-9418.

**OBJECTING TO THE SETTLEMENT**

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**19. How do I tell the Court that I object to the proposed settlement?**

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Any Class Member who objects to any aspect of the settlement, including the Plan of Allocation, or the application for attorneys' fees and expenses, may appear and ask to be heard at the Settlement Hearing. The Court can only approve or deny the settlement; the Court cannot change its terms. You can ask the Court to deny approval of the settlement by filing an objection.

You may object to the proposed settlement in writing. You may also appear at the Settlement Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for any legal expenses charged by that attorney. Any objection must (1) include your name, email address, address, and telephone number; (2) clearly identify the case name and number (*Owen et al. v. Elastos Foundation, et al.*, Case No. 1:19-cv-5462-GHW); (3) demonstrate your membership in the Class, including the date(s), price(s), and number(s) of ELA Tokens of all your purchases, acquisitions, and/or sales of ELA Tokens; (4) contain a statement of the reasons for objection; and (5) be submitted to the Court either by mailing to the Clerk of the United States District Court Southern District of New York, 500 Pearl Street New York, New York 10007, or by filing them in person at any location of the United States District Court for the Southern District of New York, or electronically by ECF on the docket for this case.



Such objections, papers, and briefs must be **received or filed, not simply postmarked, on or before \_\_\_\_\_, 2023.**

Only Class Members who have submitted written notices of objection in the manner and time provided above will be heard at the Settlement Hearing, unless the Court orders otherwise. Any Class Member who does not make their objection in the manner and time provided above shall be deemed to have waived such objection and shall be foreclosed from making any objection to the fairness or adequacy of the proposed settlement, to the Plan of Allocation, or to the award of attorneys' fees and expenses, unless otherwise ordered by the Court.

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**20. What is the difference between objecting and excluding myself?**

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Objecting is telling the Court that you do not like something about the proposed settlement, the Plan of Allocation, or the attorneys' fee and expense application. 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. Do not submit both an objection and a request for exclusion. **If you submit an objection and a request for exclusion, your objection will be disregarded and you will be excluded from the Class.**

### THE COURT'S SETTLEMENT HEARING

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**21. When and where will the Court decide whether to approve the proposed settlement?**

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The Settlement Hearing will be held on \_\_\_\_\_, **2023, at \_\_\_\_\_**, before the Honorable Gregory Woods, United States District Judge, at the United States District Court for the Southern District of New York, 500 Pearl Street New York, New York 10007.

The purpose of the Settlement Hearing will be to determine: (1) whether the proposed settlement, as set forth in the Stipulation, consisting of Two Million Dollars (\$2,000,000.00) in cash, should be approved as fair, reasonable, and adequate to the Class Members; (2) whether the proposed plan to distribute the Net Settlement Fund (the "Plan of Allocation") is fair, reasonable, and adequate; (3) whether the applications for attorneys' fees and expenses should be approved; and (4) whether the proposed Judgment should be entered.

**The Court may adjourn the Settlement Hearing to another time (*i.e.*, reschedule) without further notice to the Class. Before the Settlement Hearing, Class Members who plan to attend should check the Settlement Website or the Court's PACER site (*see* Question 26 below) to confirm that the date of the Settlement Hearing has not been changed.**

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**22. Do I have to attend the hearing?**

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No. Settlement Class Counsel will answer questions the Court may have. But you are welcome to attend at your own expense. If you send an objection or statement in support of the settlement, you are not required to go to Court to discuss it. As long as you mailed your objection on time, the Court will consider it. You may also pay your own lawyer to attend, but you are not required to do so. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

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**23. May I speak at the hearing?**

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If you object to any aspect of the settlement, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include in your objection (*see* Question 19 above) a statement saying that it is your “Notice of Intention to Appear in *Owen et al. v. Elastos Foundation, et al.*, Case No. 1:19-cv-5462-GHW.” Persons who intend to object to any aspect of the settlement, and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the hearing if you exclude yourself.

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**24. What happens if I do nothing at all?**

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You may do nothing at all. If you choose this option, you will not share in the proceeds of the settlement, but you will be bound by any judgment entered by the Court, and you shall be deemed to have, and by operation of the Judgment shall have, fully released all of the Released Claims against the Released Defendants.

### DISMISSALS AND RELEASES

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**25. What happens if the proposed settlement is approved?**

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As a Class Member, in consideration for the benefits of the settlement, you will be bound by the terms of the settlement and you will release the Released Defendants from the Released Claims as defined below.

“Released Claims” means any and all claims, rights, causes of action, liabilities, actions, suits, damages, or demands (including Unknown Claims as defined below) of any kind whatsoever, which now exist, heretofore or previously existed, or may hereafter exist, including, but not limited to, any claims arising under federal, state, or common law, that the Lead Plaintiffs or any Settlement Class Member has asserted in the Amended Complaint, or could have asserted in either the Litigation or could in the future assert in any United States forum that concern, arise out of, refer to, are based upon, or are related in any manner to the allegations, transactions, facts, matters, occurrences, representations, statements, or omissions alleged, involved, set forth, or referred to in the Litigation. “Released Claims” does not include claims relating to the enforcement of the Settlement.

“Released Defendants” means each and all of the Defendants, their attorneys and each of their Released Parties. “Released Parties” means, as applicable, each and all of the following: (a) each and every Defendant, including all defendants previously named in this action; (b) the respective present and former parents, affiliates, subsidiaries, divisions, directors, officers, employees, contractors, founders, controlling shareholders, advisors, accountants, auditors, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, coinsurers, related or affiliated entities, general partners and limited partners, and successors in interest of the Persons listed in subparts (a), including without limitation any Person in which a Person in subpart (a) has or had a controlling interest, in their respective capacities as such; and (c) the present and former members of the immediate family, heirs, principals, trustees, trusts, executors, administrators, predecessors, successors, assigns, members, agents, subsidiaries,

employees, officers, managers, directors, general partners, limited partners, attorneys, representatives, estates, divisions, estate managers, indemnifiers, insurers and reinsurers of each of the Persons (including entities, as defined above) listed in subparts (a) and (b) of this definition, in their respective capacities as such.

If the proposed settlement is approved, the Court will enter a Judgment (the “Judgment”). In addition, upon the Effective Date of the Judgment, Lead Plaintiffs and all Class Members who do not submit a timely and valid request for exclusion and anyone claiming through or on behalf of any of them shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Defendants, whether or not such Class Member executes and delivers the Proof of Claim and Release, whether or not such Class Member shares in the Settlement Fund, and whether or not such Class member objects to the settlement, and will be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal or administrative forum, asserting any and all Released Claims against any of the Released Defendants, except to enforce the Stipulation.

## GETTING MORE INFORMATION

### **26. How do I get more information about the proposed settlement?**

This Notice contains only a summary of the terms of the proposed settlement and does not describe all of the details of the Stipulation. For the precise terms and conditions of the settlement, please see the Stipulation available at [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com); by contacting Class Counsel at 888-879-9418; by accessing the Court docket in the Litigation through the Federal Court’s Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>, or by visiting the office of the Clerk of the United States District Court Southern District of New York, 500 Pearl Street New York, New York 10007, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays.

### **DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.**

If you have any questions about the settlement, you may contact Class Counsel by writing to:

Bleichmar Fonti & Auld LLP  
Javier Bleichmar  
75 Virginia Road  
White Plains, NY 10603  
Telephone: 888-879-9418

## SPECIAL NOTICE TO NOMINEES

Nominees who purchased or acquired ELA Tokens in domestic transactions in the Elastos ICO, the Lock-In Program, or the secondary market, shall either: (i) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice to

forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notices forward them to all such beneficial owners; or (ii) within seven (7) calendar days of receipt of this Notice, provide a list of the names, addresses, and email addresses of all such beneficial owners to the Claims Administrator at *Elastos Securities Litigation*, c/o Epiq Class Action and Claims Solutions, Inc., P.O. Box 2169, Portland, OR 97208-2169.

If you choose the first option, you must send a statement to the Administrator confirming that you distributed the Notice and **you must retain records of the distribution for use in connection with any further notices that may be provided in the Action.**

If you choose the second option, the Administrator will send a copy of the Notice to the beneficial owners.

Upon full and timely 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 may also be obtained from [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com), or by calling the Claims Administrator toll free at 1-800-280-6458.

#### **PLAN OF ALLOCATION OF NET SETTLEMENT FUND**

1. The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund to Settlement Class Members. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement 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
2. For each purchase or acquisition of ELA Tokens in domestic transactions in the Elastos ICO, the Lock-In Program, or the secondary market that is listed in the Claim Form and properly documented, a “Recognized Loss Amount” will be calculated according to the formula(s) described below. To the extent that the calculation of a Claimant’s Recognized Loss Amount results in a negative number, the Recognized Loss Amount will be set to zero.
3. To reflect the differences in the standard of proof and legal strength of the various Class Members’ claims, the Net Settlement Fund will be allocated as follows:
  - a. 90% of the Net Settlement Fund will be allocated to claims associated with purchases and/or acquisitions in the Elastos ICO and Lock-In Program.
    - i. 75% of this 90% allocation (or 67.5% of the total Net Settlement Fund) will be allocated to Class Members who at the time of their purchase or acquisition in the Elastos ICO and/or Lock-In Program were located in or residents of the United States.

- ii. 25% of this 90% allocation (or 22.5% of the total Net Settlement Fund) will be allocated to Class Members who at the time of their purchase or acquisition in the Elastos ICO and/or Lock-In Program were located outside and were not residents of the United States.
  - b. 10% of the Net Settlement Fund will be allocated to claims associated with purchases and/or acquisitions on the secondary market.
    - i. 80% of this 10% allocation (or 8% of the total Net Settlement Fund) will be allocated to Class Members who purchased or acquired their ELA Tokens on United States based secondary markets.
    - ii. 15% of this 10% allocation (or 1.5% of the total Net Settlement Fund) will be allocated to Class Members who purchased or acquired their ELA Tokens on non-United States based secondary markets and were located in or residents of the United States.
    - iii. 5% of this 10% allocation (or 0.5% of the total Net Settlement Fund) will be allocated to Class Members who purchased or acquired their ELA Tokens on non-United States based secondary markets and were located outside and were not residents of the United States.
4. For any ELA Token(s) held as of July 27, 2023, the Recognized Loss Amount will be the difference between the consideration paid for such security with interest thereon, and \$XX, the value of the ELA Tokens on July 27, 2023.
5. For any ELA Token(s) not held as of July 27, 2023, the Recognized Loss Amount will be the difference between the consideration paid in exchange for the purchase or acquisition of the ELA Token(s) and the consideration received for the sale of the ELA Token(s).

#### **ADDITIONAL PROVISIONS**

6. **Calculation of Claimant's "Recognized Claim":** A Claimant's "Recognized Claim" will be the sum of his, her, or its Recognized Loss Amounts as calculated above with respect to the ELA Tokens.
7. **FIFO Matching:** If a Class Member made more than one purchase/acquisition or sale of ELA Tokens during the Settlement Class Period, all purchases/acquisitions and sales will be matched on a First In, First Out ("FIFO") basis. Settlement Class Period sales will be matched first against any holdings at the beginning of the Settlement Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Settlement Class Period.
8. **"Purchase/Sale" Dates:** Purchases or acquisitions and sales of ELA Tokens will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance, or operation of law of ELA Tokens during the Settlement Class Period shall not be deemed a purchase, acquisition or sale of ELA Tokens for the calculation of a Claimant's Recognized Loss Amount, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition/sale of ELA Tokens unless (i) the donor or decedent purchased or

otherwise acquired or sold ELA Tokens during the Settlement Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such ELA Tokens.

9. **Short Sales:** The date of covering a “short sale” is deemed to be the date of purchase or acquisition of the ELA Tokens. The date of a “short sale” is deemed to be the date of sale of the ELA Tokens. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on “short sales” and the purchases covering “short sales” is zero.
10. In the event that a Claimant has an opening short position in ELA Tokens, the earliest purchases or acquisitions of ELA Tokens during the Settlement Class Period will be matched against such opening short position and not be entitled to a recovery until that short position is fully covered.
11. With respect to all of a Claimant’s transactions in ELA Tokens during the Settlement Class Period, the Claims Administrator will determine if each Claimant had a “market gain” or “market loss.” If a Claimant had an overall market gain, the value of the Claimant’s “Recognized Claim” shall be zero and such Claimants shall be bound by the Settlement. If the Claimant had an overall market loss, the value of the Claimant’s Recognized Claim shall be the lesser of the (a) overall market loss; and (b) the sum total of the Claimant’s aggregate Recognized Loss Amounts based on the calculations above.
12. **Currency Conversions:** All calculations pursuant to this Plan of Allocation will be made in U.S. Dollars (USD). Non-U.S. Dollar amounts will be converted to U.S. Dollars as of the contract or trade date. Distribution Payments will also be made in U.S. Dollars. Applicable conversion rates for BTC, NEO, and USD will be provided on the Claims Administrator’s website for this Settlement, [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com).
13. **Determination of Distribution Amount:** 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, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share will 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.
14. 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 will be distributed *pro rata* to all Authorized Claimants entitled to receive payment.
15. If an Authorized Claimant’s Distribution Amount calculates to less than \$5.00, no distribution will be made to that Authorized Claimant.

## Exhibit A-2

### Proof of Claim



EXHIBIT A-3

*Mark Owen v. Elastos Foundation, et al.*  
Civil Case Number No. 1:19-cv-5462-GHW (S.D.N.Y.)  
Claims Administrator  
P.O. Box 2169  
Portland, OR 97208-2169  
Toll-Free Number: (888) 568-4764  
Email: [info@ElastosSecuritiesLitigation.com](mailto:info@ElastosSecuritiesLitigation.com)  
Website: [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com)

**PROOF OF CLAIM AND RELEASE**

TO BE ELIGIBLE TO RECEIVE A SHARE OF THE NET SETTLEMENT FUND IN CONNECTION WITH THE PROPOSED SETTLEMENT OF THIS ACTION, YOU MUST EITHER (A) COMPLETE AND SUBMIT THE PROOF OF CLAIM THROUGH THE SETTLEMENT WEBSITE, WWW.ELASTOSSECURITIESSETTLEMENT.COM, ON OR BEFORE [DATE] OR (B) MAIL A COMPLETED AND SIGNED PROOF OF CLAIM AND RELEASE FORM (“CLAIM FORM”) TO THE ABOVE ADDRESS VIA PREPAID, FIRST CLASS MAIL, POSTMARKED ON OR BEFORE [DATE].

FAILURE TO SUBMIT OR MAIL YOUR CLAIM FORM BY THE DATE SPECIFIED WILL SUBJECT YOUR CLAIM TO REJECTION AND MAY PRECLUDE YOU FROM BEING ELIGIBLE TO RECEIVE ANY MONEY IN CONNECTION WITH THE PROPOSED SETTLEMENT.

**DO NOT MAIL OR DELIVER YOUR CLAIM FORM TO THE COURT, THE PARTIES TO THE ACTION, OR THEIR COUNSEL. SUBMIT YOUR CLAIM FORM ONLY TO THE CLAIMS ADMINISTRATOR AT THE ADDRESS SET FORTH ABOVE OR THROUGH THE WEBSITE AT WWW.ELASTOSSECURITIESLITIGATION.COM.**

**PART I – GENERAL INSTRUCTIONS**

1. It is important that you completely read and understand the Notice of Pendency and Proposed Settlement of Class Action (the “Notice”) that accompanies this Claim Form, including the Plan of Allocation of the Net Settlement Fund set forth in the Notice. The Notice describes the proposed Settlement, how Settlement Class Members are affected by the Settlement, and the manner in which the Net Settlement Fund will be distributed if the Settlement and Plan of Allocation are approved by the Court. The Notice also contains the definitions of many of the defined terms (which are indicated by initial capital letters) used in this Claim Form. By signing and submitting this Claim Form, you will be certifying that you have read and that you understand the Notice, including the terms of the releases described therein and provided for herein.

2. By submitting this Claim Form, you will be making a request to share in the proceeds of the Settlement described in the Notice. **IF YOU ARE NOT A SETTLEMENT CLASS MEMBER** (see the definition of the Settlement Class on page [redacted] of the Notice, which sets forth who is included in and who is excluded from the Settlement Class), **OR IF YOU, OR SOMEONE ACTING ON YOUR BEHALF, SUBMITTED A REQUEST FOR EXCLUSION FROM THE SETTLEMENT CLASS, DO NOT SUBMIT A CLAIM FORM. YOU MAY NOT, DIRECTLY OR INDIRECTLY, PARTICIPATE IN THE SETTLEMENT IF YOU ARE NOT A SETTLEMENT CLASS MEMBER.** **THUS, IF YOU ARE EXCLUDED FROM THE SETTLEMENT CLASS, ANY CLAIM FORM THAT YOU SUBMIT, OR THAT MAY BE SUBMITTED ON YOUR BEHALF, WILL NOT BE ACCEPTED.**

3. **Submission of this Claim Form does not guarantee that you will share in the proceeds of the Settlement. The distribution of the Net Settlement Fund will be governed by the Plan of Allocation set forth in the Notice, if it is approved by the Court, or by such other plan of allocation as the Court approves.**

4. Use Part III of this form to set forth your transactions in ELA Tokens between January 1, 2018 and July 27, 2023. Provide all of the requested information with respect to your holdings, purchases, acquisitions, and sales of ELA Tokens in domestic transactions in the Elastos ICO, the Lock-In Program, or the secondary market, whether such transactions resulted in a profit or a loss. **Failure to report all transactions and holding information during the**



EXHIBIT A-3

**requested time period may result in the rejection of your claim.**

5. You are required to submit genuine and sufficient documentation for all of your transactions in and holdings of ELA Tokens set forth in the Schedule of Transactions in Part III of this Claim Form. The Parties and the Claims Administrator do not independently have information about your investments in ELA Tokens, other than what is available through the blockchain. **IF SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN COPIES OR EQUIVALENT DOCUMENTS FROM YOUR BROKER. FAILURE TO SUPPLY THIS DOCUMENTATION MAY RESULT IN THE REJECTION OF YOUR CLAIM. DO NOT SEND ORIGINAL DOCUMENTS. Please keep a copy of all documents that you send to the Claims Administrator. Also, please do not highlight any portion of the Claim Form or any supporting documents.**

6. Separate Claim Forms should be submitted for each separate legal entity (*e.g.*, a claim from joint owners should not include separate transactions of just one of the joint owners). Conversely, a single Claim Form should be submitted on behalf of one legal entity including all transactions made by that entity on one Claim Form, no matter how many separate accounts or transactions that entity has.

7. Agents, executors, administrators, guardians, and trustees must complete and sign the Claim Form on behalf of persons represented by them, and they must:

- (a) expressly state the capacity in which they are acting;
- (b) identify the name, account number, Social Security number (or taxpayer identification number), address and telephone number of the beneficial owner of (or other person or entity on whose behalf they are acting with respect to) the ELA Tokens; and
- (c) furnish herewith evidence of their authority to bind to the Claim Form the person or entity on whose behalf they are acting.

8. By submitting a signed Claim Form, you will be swearing that you:

- (a) own(ed) the ELA Tokens you have listed in the Claim Form; or
- (b) are expressly authorized to act on behalf of the owner thereof.

9. By submitting a signed Claim Form, you will be swearing to the truth of the statements contained therein and the genuineness of the documents attached thereto, subject to penalties of perjury under the laws of the United States of America. The making of false statements, or the submission of forged or fraudulent documentation, will result in the rejection of your claim and may subject you to civil liability or criminal prosecution.

10. If the Court approves the Settlement, payments to eligible Authorized Claimants pursuant to the Plan of Allocation (or such other plan of allocation as the Court approves) will be made after any appeals are resolved, and after the completion of all claims processing. The claims process will take substantial time to complete fully and fairly. Please be patient.

11. **PLEASE NOTE:** As set forth in the Plan of Allocation, each Authorized Claimant shall receive his, her or its *pro rata* share of the Net Settlement Fund. If the prorated payment to any Authorized Claimant calculates to less than \$5.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

12. If you have questions concerning the Claim Form, or need additional copies of the Claim Form or the Notice, you may contact the Claims Administrator, Epiq, at the above address, by email at [info@ElastosSecuritiesSettlement.com](mailto:info@ElastosSecuritiesSettlement.com), by toll-free phone from the U.S. and Canada at (888) 568-4764, or you can visit the Settlement website, [www.ElastosSecuritiesSettlement.com](http://www.ElastosSecuritiesSettlement.com), where copies of the Claim Form and Notice are available for downloading.

**IMPORTANT: PLEASE NOTE**



EXHIBIT A-3

**PART III – ELASTOS TRANSACTIONS**

Complete this Part III, if and only if, you purchased or acquired ELA Tokens in the “Initial Coin Offering” (“Elastos ICO”), the Lock-In Program, or the secondary market between January 1, 2018 and July 27, 2023. During the Claims Process, the Claims Administrator may email you with instructions to confirm your ownership of the BTC or NEO address which made the Elastos Contribution. If you no longer have ownership or control of this address, please provide documentation sufficient to show evidence of the fiat currency used to acquire the BTC or NEO that was used to make your Elastos Contribution.

**STEP 1:**

**FOR EACH PURCHASE OR ACQUISITION OF ELA TOKENS IN DOMESTIC TRANSACTIONS IN THE ELASTOS ICO OR THE LOCK-IN PROGRAM, PLEASE SET FORTH YOUR ELASTOS CONTRIBUTIONS IN THE TABLE BELOW.**

<u>Date of Contribution</u> (MMDDYY)	<u>Type of Currency Contributed</u> (e.g., BTC, NEO, or USD)	<u>Amount of Crypto Contribution</u>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Address from Which Crypto Was Contributed**

<input type="text"/>
<input type="text"/>
<input type="text"/>

**ELA Address for Allocation**

<input type="text"/>
<input type="text"/>
<input type="text"/>

**Amount of ELA Allocated**

<input type="text"/>
----------------------

EXHIBIT A-3

**STEP 2.**

**FOR EACH PURCHASE OR ACQUISITION OF ELA TOKENS IN THE SECONDARY MARKET BETWEEN JANUARY 1, 2018 AND JULY 27, 2023, PLEASE SET FORTH YOUR ELASTOS CONTRIBUTIONS IN THE TABLE BELOW.**

<u>Date of Contribution</u> (MMDDYY)	<u>Type of Currency Contributed</u> (e.g., BTC, NEO, or USD)	<u>Amount of Crypto Contribution</u>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Address from Which Crypto Was Contributed

<input type="text"/>
<input type="text"/>
<input type="text"/>

ELA Address for Allocation

<input type="text"/>
<input type="text"/>
<input type="text"/>

Amount of ELA Allocated

<input type="text"/>
----------------------

**STEP 3.**

**INDICATE HOW MANY ELA TOKENS YOU WERE ALLOCATED AS PART OF YOUR CONTRIBUTIONS BETWEEN JANUARY 1, 2018 AND JULY 27, 2023 ARE IN THE FOLLOWING CATEGORIES:**

ELA you sold as of 11:59 ET on July 27, 2023 (If you enter a number greater than 0, please fill out Step 3A.)

<input type="text"/>
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ELA you continued to hold as of 11:59 ET on July 27, 2023 (If you enter a number greater than 0, please proceed to Step 3B.)

<input type="text"/>
----------------------

EXHIBIT A-3

**THE TOTAL ELA IN THE ABOVE TWO FIELDS SHOULD EQUAL THE TOTAL NUMBER OF ELA DESCRIBED IN STEP 1.**

**STEP 3A.**

**PLEASE PROVIDE INFORMATION INDICATING THE DATE AND TIME YOU SOLD ELA AND DOCUMENTATON SHOWING EVIDENCE OF EACH SALE TRANSACTION**

<u>Date</u>	<u>Number of ELA Sold</u>	<u>Currency of Transaction (BTC, NEO, USD, other)</u>	<u>Total Consideration Received</u>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**STEP 3B.**

**PLEASE PROVIDE DOCUMENTATION SUFFICIENT TO SHOW EVIDENCE THAT YOU HELD THESE ELA AS OF 11:59 ET ON JULY 27, 2023.**

**PART IV – RELEASE OF CLAIMS AND SIGNATURE**

**YOU MUST ALSO READ THE RELEASE AND CERTIFICATION BELOW AND SIGN ON PAGE [REDACTED] OF THIS CLAIM FORM.**

I (we) hereby acknowledge that, pursuant to the terms set forth in the Stipulation, without further action by anyone, upon the Effective Date of the Settlement, I (we), on behalf of myself (ourselves), and my (our) heirs, executors, administrators, predecessors, successors, and assigns, in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every one of the Released Claims (including, without limitation, any Unknown Claims) against the Defendants and the other Released Defendants, and shall forever be barred and enjoined from prosecuting any or all of the Released Claims against any of the Released Defendants.

**CERTIFICATION**

By signing and submitting this Claim Form, the claimant(s) or the person(s) who represent(s) the claimant(s) agree(s) to the release above and certifies (certify) as follows:

1. that I (we) have read and understand the contents of the Notice and this Claim Form, including the releases provided for in the Settlement and the terms of the Plan of Allocation;
2. that the claimant(s) is a (are) Settlement Class Member(s), as defined in the Notice, and is

EXHIBIT A-3

(are) not excluded by definition from the Settlement Class as set forth in the Notice;

3. that the claimant has **not** submitted a request for exclusion from the Settlement Class;

4. that I (we) own(ed) the ELA identified in the Claim Form and have not assigned the claim against any of the Defendants or any of the other Released Defendants to another, or that, in signing and submitting this Claim Form, I (we) have the authority to act on behalf of the owner(s) thereof;

5. that the claimant(s) has (have) not submitted any other claim covering the same purchases of ELA and knows (know) of no other person having done so on the claimant's (claimants') behalf;

6. that the claimant(s) submit(s) to the jurisdiction of the Court with respect to claimant's (claimants') claim and for purposes of enforcing the releases set forth herein;

7. that I (we) agree to furnish such additional information with respect to this Claim Form as Class Counsel, the Claims Administrator or the Court may require;

8. that the claimant(s) waive(s) the right to trial by jury, to the extent it exists, and agree(s) to the Court's summary disposition of the determination of the validity or amount of the claim made by this Claim Form;

9. that I (we) acknowledge that the claimant(s) will be bound by and subject to the terms of any judgment(s) that may be entered in the Action; and

10. that the claimant(s) is (are) NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code because (a) the claimant(s) is (are) exempt from backup withholding or (b) the claimant(s) has (have) not been notified by the IRS that he/she/it is subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified the claimant(s) that he/she/it is no longer subject to backup withholding. **If the IRS has notified the claimant(s) that he/she/it is subject to backup withholding, please strike out the language in the preceding sentence indicating that the claim is not subject to backup withholding in the certification above.**

UNDER THE PENALTIES OF PERJURY UNDER THE LAWS OF THE UNITED STATES OF AMERICA, I (WE) CERTIFY THAT ALL OF THE INFORMATION PROVIDED BY ME (US) ON THIS CLAIM FORM IS TRUE, CORRECT, AND COMPLETE, AND THAT THE DOCUMENTS SUBMITTED HERewith ARE TRUE AND CORRECT COPIES OF WHAT THEY PURPORT TO BE.

Signature of Claimant  Date  -  -

Print Claimant Name Here

Signature of Joint Claimant (if any)  Date  -  -

Print Name of Joint Claimant

EXHIBIT A-3

***If the claimant is other than an individual, or is not the person completing this form, the following must also be provided:***

Signature of person  
signing on behalf  
of Claimant

Date   -   -

Print name of  
person signing on  
behalf of Claimant

Capacity of person signing on behalf of claimant, if other than an individual, e.g., executor, president, trustee, custodian, etc.  
(Must provide evidence of authority to act on behalf of claimant.)

A Claim Form received by the Claims Administrator shall be deemed to have been submitted when posted, if a postmark date on or before **[DATE]**, is indicated on the envelope and it is mailed First Class, and addressed in accordance with the above instructions. In all other cases, a Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to fully process all of the Claim Forms. Please be patient and notify the Claims Administrator of any change of address.

## Exhibit A-3

### Draft Summary Notice



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MARK OWEN, Individually and On Behalf  
of All Others Similarly Situated,

Plaintiff,

- v. -

ELASTOS FOUNDATION, RONG CHEN,  
and FENG HAN

Defendants.

No. 1:19-cv-5462-GHW

EXHIBIT A-3

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

IF YOU PURCHASED OR ACQUIRED ELA TOKENS IN DOMESTIC TRANSACTIONS IN THE ELASTOS ICO, THE LOCK-IN PROGRAM, OR THE SECONDARY MARKET BETWEEN JANUARY 1, 2018 AND JULY 27, 2023, AND WERE DAMAGED THEREBY, YOUR RIGHTS MAY BE AFFECTED BY A PROPOSED SETTLEMENT IN A LAWSUIT PENDING IN FEDERAL COURT (THE "LITIGATION"). PLEASE READ CAREFULLY.

YOU ARE HEREBY NOTIFIED that a hearing will be held on \_\_\_\_\_, **2023**, at \_\_\_\_\_, before the Honorable Gregory Woods, United States District Judge, at the United States District Court for the Southern District of New York, 500 Pearl Street New York, New York 10007 for the purpose of determining: (1) whether the proposed settlement, as set forth in the Stipulation, consisting of Two Million Dollars (\$2,000,000.00) in cash, should be approved as fair, reasonable, and adequate to the Class Members; (2) whether the proposed plan to distribute the Net Settlement Fund (the "Plan of Allocation") is fair, reasonable, and adequate; (3) whether the applications for attorneys' fees and expenses should be approved; and (4) whether the proposed Judgment should be entered.

The Litigation has been certified as a class action for settlement purposes on behalf of all Persons who purchased or acquired ELA Tokens in domestic transactions in the Elastos ICO, the

Lock-In Program, or the secondary market between January 1, 2018 and [date of stipulation], and were damaged thereby (the “Class Member”). The Litigation asserts claims against Elastos and certain individual defendants under the Securities Act of 1933. A detailed description of the Litigation, including the parties, the claims and defenses, and other important information about your rights and options are in the detailed Notice of Pendency and Proposed Settlement of Class Action (the “Notice”).

At the Settlement Hearing, Settlement Class Counsel will request that the Court award aggregate attorneys’ fees and expenses, the combined value of which will be no more than 30% of the Settlement Amount, or \$600,000. The Claims Administrator currently estimates that it will seek no more than \$175,000 for Notice and Administration Expenses. Class Members are not personally liable for any such fees or expenses. The net recovery for Class Members (also referred to as the Net Settlement Fund) is estimated to be at least \$1,225,000 (\$2,000,000 minus all of the foregoing fees and expenses).

Settlement Class Counsel states that it has litigated this case on behalf of Lead Plaintiffs and the Class for over four years against the Defendants, who have been represented in this Litigation by two separate law firms. On behalf of the Class, Settlement Class Counsel conducted an extensive investigation and drafted a complaint that advanced complex theories of liability concerning application of Securities Act to the evolving digital asset space; defeated Defendants’ motion to dismiss the complaint; resolved numerous discovery disputes; litigated before the Court a discovery dispute involving the withholding of discovery pursuant to the Personal Information Protection Law of the People's Republic of China and disputes involving the withholding of discovery on various privilege and relevance grounds. Settlement Class Counsel also deposed four current or former Elastos personnel and consultants, including Defendant Feng Han, and, at the

time this settlement was reached, was preparing for two additional fact witness depositions, including of Defendant Rong Chen, and two 30(b)(6) depositions. Settlement Class Counsel served written interrogatories on the Defendants and propounded dozens of document requests and subpoenas and obtained and analyzed nearly 2 million pages of documents from the Defendants as well as third parties, including Elastos' attorneys, cryptocurrency exchanges, certain consultants, and other third parties. Additionally, Settlement Class Counsel opposed Defendants' motion to deny certification.

To date, Settlement Class Counsel has not received any payment for their services representing Class Members, nor has it been paid any of its expense.

To obtain the Notice or a copy of the Proof of Claim and Release form ("Proof of Claim and Release"), visit the settlement website at [www.ElastosSecuritiesLitigation.com](http://www.ElastosSecuritiesLitigation.com) or write to *Elastos Securities Litigation*, c/o Epiq Class Action and Claims Solutions, Inc., P.O. Box 2169, Portland, OR 97208-2169.

To get a payment from the Net Settlement Fund you must submit a Proof of Claim and Release by mail *postmarked no later than* \_\_\_\_\_, 2023, or electronically *no later than* - \_\_\_\_\_, 2023, establishing that you are entitled to recovery. Failure to submit your Proof of Claim and Release by \_\_\_\_\_, 2023, will subject your claim to possible rejection and may preclude you from receiving any payment from the settlement. ***If you are a Class Member and do not exclude yourself by the deadline, you will be bound by the settlement and any judgment entered in the Litigation, whether or not you submit a Proof of Claim and Release.***

To be excluded from the settlement, you must submit a written request for exclusion in accordance with the instructions in the Notice that is *postmarked or received no later than* \_\_\_\_\_, 2023. All Class Members who do not timely exclude themselves will be bound by the settlement

(assuming it is approved by the Court) even if they do not submit a timely Proof of Claim and Release.

To object to any aspect of the settlement, including the Plan of Allocation, or the application for attorneys' fees and expenses, you must submit a written objection in accordance with all the instructions set forth in the Notice that is *received or filed, not simply postmarked, on or before \_\_\_\_\_, 2023*. If you object, but also want to be eligible for a payment from the settlement, you must still submit a timely Proof of Claim and Release.

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.**

If you have any questions about the settlement you may contact Class Counsel at the following address:

Bleichmar Fonti & Auld LLP  
Javier Bleichmar  
75 Virginia Road  
White Plains, NY 10603  
Telephone: 888-879-9418

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

\_\_\_\_\_  
BY ORDER OF THE COURT  
Gregory H. Woods  
United States District Judge  
Southern District of New York

# Exhibit B

## Draft Proposed Judgment

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MARK OWEN, Individually and On Behalf of  
All Others Similarly Situated,

Plaintiff,

vs.

ELASTOS FOUNDATION, FENG HAN, and  
RONG CHEN,

Defendants.

Hon. Gregory H. Woods

Civil Action No. 1:19-cv-5462-GHW

CLASS ACTION

EXHIBIT B

**[PROPOSED] JUDGMENT**

This matter came before the Court pursuant to the Order Preliminarily Approving Settlement and Providing for Notice (“Order”) dated\_\_\_\_\_, 2023, on the application of the parties for approval of the settlement set forth in the Stipulation of Settlement dated \_\_\_\_\_, 2023 (the “Stipulation”). Full and adequate notice having been given to the Settlement Class as required in the Order, and the Court having considered all papers filed and proceedings had herein and otherwise being fully informed in the premises and good cause appearing therefore, IT IS HEREBY ORDERED THAT:

1. This Judgment incorporates by reference the definitions in the Stipulation, and all terms used herein shall have the same meanings as set forth in the Stipulation, unless otherwise set forth herein.
2. This Court has jurisdiction over the subject matter of the Litigation and over all parties to the Litigation, including all Members of the Settlement Class.
3. The Court finds that the distribution of the Notice, Proof of Claim and Release, and Summary Notice complied with the terms of the Stipulation and the Order, and provided the best

notice practicable under the circumstances of those proceedings and of the matters set forth therein, including the proposed settlement set forth in the Stipulation, to all Persons entitled to such notice, and that this notice fully satisfied the requirements of Federal Rule of Civil Procedure 23, Section 27 of the Securities Act of 1933, 15 U.S.C. § 77z-1(a)(7) as amended by the Private Securities Litigation Reform Act, due process, and any other applicable law.

4. [There have been no objections to the settlement.]

5. In light of the benefits to the Class, the complexity, expense, and possible duration of further litigation against Defendants, the risks of establishing liability and damages, and the costs of continued litigation, pursuant to Federal Rule of Civil Procedure 23, the Court hereby approves the settlement set forth in the Stipulation and finds that:

(a) the Stipulation and the settlement contained therein, are, in all respects, fair, reasonable, and adequate and in the best interest of the Settlement Class;

(b) there was no collusion in connection with the Stipulation;

(c) the Stipulation was the product of informed, arm's-length negotiations among competent, able counsel; and

(d) the record is sufficiently developed and complete to have enabled the Lead Plaintiffs and the Defendants to have adequately evaluated and considered their positions.

Accordingly, the Court authorizes and directs implementation and performance of all the terms and provisions of the Stipulation, as well as the terms and provisions hereof.

6. Except as to any individual claim of those Persons (identified in Exhibit 1 attached hereto) who have validly and timely requested exclusion from the Settlement Class, the Litigation and all claims contained therein, including the Released Claims, are dismissed with prejudice as to the Lead Plaintiffs, and all other Settlement Class Members, and as against the

Released Defendants. The Settling Parties are to bear their own fees and costs except as otherwise provided in the Stipulation or this Order, or any separate order with respect to the application for an award of attorneys' fees or expenses pursuant to the Stipulation.

7. Upon the Effective Date, and as provided in the Stipulation, Lead Plaintiffs shall, and each of the Settlement Class Members shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished, and discharged any and all Released Claims (including Unknown Claims) against the Released Defendants, whether or not such Settlement Class Member executes and delivers the Proof of Claim and Release form or shares in the Settlement Fund. Claims to enforce the terms of the Stipulation are not released.

8. Lead Plaintiffs and all Settlement Class Members are hereby forever barred and enjoined from prosecuting any of the Released Claims against any of the Released Defendants.

9. Upon the Effective Date, and as provided in the Stipulation, each of the Released Defendants shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished, and discharged Lead Plaintiffs, each and all of the Settlement Class Members, and Lead Plaintiffs' Counsel from all claims and causes of action of every nature and description (including Unknown Claims) whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against Defendants, except for claims relating to the enforcement of the settlement.

10. Except as provided in Paragraph 11 below, each Settlement Class Member, whether or not such Settlement Class Member executes and delivers a Proof of Claim and Release, is bound by this Judgment, including, without limitation, the release of claims as set forth in the Stipulation.



11. All Persons and entities whose names appear on Exhibit 1 hereto are hereby excluded from the Settlement Class, are not bound by this Judgment, and may not make any claim with respect to or receive any benefit from the settlement.

12. Neither the Stipulation nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, the truth of any of the allegations in the Litigation, or of any wrongdoing, fault, or liability of the Defendants or their respective Related Parties, or that Lead Plaintiffs or any Settlement Class Members have suffered any damages, harm, or loss, or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Defendants or their respective Related Parties in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. The Defendants and/or their respective Related Parties may file the Stipulation and/or this Judgment from this action in any other action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim.

13. Neither the Stipulation nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any of the Releasing Defendants' Claims, or of any wrongdoing, fault, or liability of, or damage, harm, or loss caused by, the Lead Plaintiffs or any Settlement Class Member or their respective Related Parties.

14. The Court hereby enters the broadest bar order permissible by law barring all future claims for contribution or indemnity (or any other claim or claim-over, however denominated on whatsoever theory, for which the injury claimed is that person's or entity's alleged liability to Lead Plaintiffs or Settlement Class Members) among and against Lead Plaintiffs, any and all Settlement Class Members, and the Released Defendants arising out of the Litigation and Released Claims ("Bar Order"), provided, however, that the Bar Order shall not preclude either (i) the Released Defendants from seeking to enforce any rights they may have under any applicable insurance policies or (ii) any right of indemnification or contribution that the Released Defendants may have under contract or otherwise. The Bar Order shall be consistent with, and apply to the full extent of, the Private Securities Litigation Reform Act.

15. Any Plan of Allocation submitted by Settlement Class Counsel or any order entered regarding any attorneys' fee and expense application shall in no way disturb or affect this Judgment and shall be considered separate from this Judgment. Defendants have no responsibility with respect to the Plan of Allocation.

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

17. The Court finds that during the course of the Litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

18. In the event that the settlement does not become effective in accordance with the terms of the Stipulation, or the Effective Date does not occur, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulation.

19. Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

20. The provisions of this Judgment constitute a full and complete adjudication of the matters considered and adjudged herein, and the Court directs immediate entry of this Judgment by the Clerk of the Court.

IT IS SO ORDERED.

Dated: \_\_\_\_\_, 2023

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Gregory H. Woods  
United States District Judge  
Southern District of New York