

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

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IN RE LONGTOP FINANCIAL TECHNOLOGIES : No. 11 Civ. 3658 (SAS)  
LIMITED SECURITIES LITIGATION :  
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: ECF Case  
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**NOTICE OF PENDENCY OF CLASS ACTION**

**To: All persons and entities who purchased or otherwise acquired Longtop Financial Technologies Limited American Depository Shares during the period from February 21, 2008 through May 17, 2011, inclusive, and were damaged thereby (the “Class”).**

**A federal court has authorized this notice. This is not a solicitation from a lawyer.**

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.  
YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT  
PENDING IN THIS COURT.**

The purpose of this Notice is to inform you of a class action lawsuit that is pending in the United States District Court for the Southern District of New York (the “Court”) under the above caption (the “Action”) against Longtop Financial Technologies Limited (“Longtop”), its Chief Executive Officer Weizhou Lian, a/k/a Wai Chau Lin (“Lin”), and its former Chief Financial Officer, Derek Palaschuk (“Palaschuk”). **This Notice is NOT A SETTLEMENT NOTICE and you are not being asked to submit a claim.**

YOU ARE HEREBY NOTIFIED pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court that the Action has been certified by the Court to proceed as a class action on behalf of a class of certain purchasers and acquirers of Longtop American Depository Shares (“ADSs”).<sup>1</sup>

This Notice is directed to you in the belief that you may be a member of the Class whose rights may be affected by this Action. If you do not meet the Class definition, this Notice does not apply to you. If you are uncertain whether you are a Class member, contact Class Counsel listed in paragraph 23 below, or consult your own attorney.

This Notice is not an admission by any present or former Defendant, an expression of any opinion of the Court concerning the merits of the Action, or a finding by the Court that the claims asserted in this Action are valid. Defendants Longtop and Lin have failed to appear in the Action. Defendant Palaschuk has denied Lead Plaintiffs’ claims and contends that he is not liable for the injury alleged by Lead Plaintiffs on behalf of the Class.

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<sup>1</sup> At all relevant times, Longtop ADSs were actively traded on the New York Stock Exchange under the symbol “LFT.”

## **THE CLASS**

1. The Court has certified the Action as a class action on behalf of a Class of purchasers and acquirers of Longtop ADSs.
2. A class action is a type of lawsuit in which one or several persons or entities prosecute claims on behalf of all members of a group of similarly-situated persons or entities to obtain monetary or other relief for the benefit of the entire group, known as the class. Class actions avoid the need for each class member having to file a separate lawsuit in order to obtain relief. Class actions are used to decide legal and factual issues that are common to all members of a class.
3. In this Action, the “Class,” as certified pursuant to the Court’s Memorandum Opinion and Order dated July 10, 2013 (filed July 11, 2013), consists of:

All persons and entities who purchased or otherwise acquired Longtop ADSs during the period from February 21, 2008 through May 17, 2011, inclusive, and were damaged thereby.<sup>2</sup>

4. The Class definition may be subject to change by the Court pursuant to Rule 23 of the Federal Rules of Civil Procedure.

## **DESCRIPTION AND STATUS OF THIS ACTION**

5. Beginning in May 2011, several putative securities fraud class actions were filed in federal district courts across the country against Longtop and certain of its officers and directors, as well as its external auditor, asserting violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5, promulgated thereunder, 17 C.F.R. § 240.10b-5.
6. By Order dated September 21, 2011, the Court consolidated these actions and appointed Danske Invest Management A/S and Pension Fund of Local No. One, I.A.T.S.E. as Lead Plaintiffs, pursuant to the Private Securities Litigation Reform Act of 1995. By the same Order, the Court appointed Kessler Topaz Meltzer & Check, LLP as Lead Counsel for the putative class, and Grant & Eisenhofer P.A. as Liaison Counsel for the putative class.
7. On November 18, 2011, Lead Plaintiffs filed their Consolidated Class Action Complaint (the “Complaint”). The Complaint alleged that between June 29, 2009 and May 17, 2011, Defendants Longtop, Lin, Palaschuk, Hui Kung Ka, a/k/a/ Xiaogong Ka, Longtop’s Chairman, Thomas Gurnee (“Gurnee”), a former Longtop Director and Chairman of its Audit Committee, and Deloitte Touche Tohmatsu CPA Ltd. (“DTT”), Longtop’s former auditor and agent of Defendant Deloitte Touche Tohmatsu Limited (“DTT Ltd.”), made material misrepresentations and omissions regarding Longtop’s business operations, financial well-being and future prospects, and/or controlled defendants who made such statements, and that

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<sup>2</sup> Excluded from the Class are Defendants, present or former executive officers of Longtop, present or former members of Longtop’s Board of Directors, and their immediate family members (as defined in 17 C.F.R. § 229.404, Instructions).

as the true facts regarding Longtop's financial condition and prospects became known, and/or the risks concealed by defendants materialized, the price of Longtop ADSs declined in value, causing damage to Lead Plaintiffs and other putative class members.

8. On February 28, 2012, Lead Plaintiffs voluntarily dismissed Gurnee and DTT Ltd. from the Action. On February 29, 2012, the Court entered an Order endorsing Lead Plaintiffs' Notice of Voluntary Dismissal.
9. Defendant Palaschuk moved to dismiss the Complaint on April 23, 2012. The motion was fully briefed and, by Order dated June 28, 2012, the Court denied the motion to dismiss in its entirety. On July 30, 2012, Defendant Palaschuk answered the Complaint. In his Answer, Defendant Palaschuk denied Lead Plaintiffs' claims. Specifically, Defendant Palaschuk denied that he acted recklessly in making the alleged material misstatements concerning Longtop's financial condition. Shortly thereafter, Lead Plaintiffs commenced discovery against Defendant Palaschuk, who produced more than three million pages of documents, which Lead Plaintiffs' counsel reviewed.
10. Defendant DTT moved to dismiss the Complaint on September 10, 2012. The motion was fully briefed and, by Order dated November 14, 2012, the Court granted DTT's motion to dismiss. By that same Order, the Court allowed Lead Plaintiffs leave to re-plead their claims against DTT.
11. Lead Plaintiffs filed an Amended Consolidated Class Action Complaint (the "Amended Complaint") on December 14, 2012. The Amended Complaint alleged that between October 24, 2007 and May 17, 2011, inclusive, Defendants Longtop, Palaschuk, Lin, and DTT, made material misrepresentations and omissions regarding Longtop's business operations, financial well-being and future prospects, and/or controlled defendants who made such statements, and that as the true facts regarding Longtop's financial condition and prospects became known, and/or the risks concealed by defendants materialized, the price of Longtop ADSs declined in value, causing damage to Lead Plaintiffs and other putative class members.
12. Defendant Palaschuk answered the Amended Complaint on January 22, 2013. In his Answer, Defendant Palaschuk continued to deny Lead Plaintiffs' claims. Defendant DTT moved to dismiss the Amended Complaint on January 25, 2013. The motion was fully briefed and, on April 8, 2013, the Court granted DTT's motion, dismissing all claims against DTT. This ruling, which dismissed alleged misstatements dating back to October 24, 2007, effectively changed the putative class period to February 21, 2008 through May 17, 2011, inclusive.
13. On June 21, 2013, Lead Plaintiffs filed a motion for class certification, which Defendant Palaschuk did not oppose. The Court granted Lead Plaintiffs' motion on July 10, 2013, certifying the Class as defined above.
14. Defendants Longtop and Lin have never appeared in this Action, and have not pleaded, defended against, or otherwise responded to the Complaint or the Amended Complaint. On October 18, 2013, Lead Plaintiffs moved the Court for entry of default judgment against Defendants Longtop and Lin. The Court granted Lead Plaintiffs' motion on November 14,

2013 and ordered that Longtop and Lin shall be jointly and severally liable to pay Lead Plaintiffs and the Class for damages of \$882,300,000 plus 9% interest on such amount from February 21, 2008 to the date of payment. This is the maximum amount of damages available to Class members, even if Lead Plaintiffs succeed against Defendant Palaschuk at trial. Lead Plaintiffs have undertaken efforts to collect this judgment, which remain ongoing. However, given the complexities of the various international laws implicated, Longtop's corporate structure, and its potential lack of financial resources, the likelihood of Lead Plaintiffs being able to collect any or all of this judgment is highly uncertain.

15. On August 30, 2013, Lead Plaintiffs served the expert report of their damages expert on Defendant Palaschuk. Defendant Palaschuk served a rebuttal report of his own expert on September 4, 2013. On November 20, 2013, Lead Plaintiffs moved to exclude the report and testimony of Defendant Palaschuk's proffered expert, and Defendant Palaschuk moved for summary judgment. On February 14, 2014, Defendant Palaschuk filed a supplemental expert report, obtained from a second expert. Lead Plaintiffs moved to exclude the report and testimony of Defendant Palaschuk's second expert on February 26, 2014. These motions were fully briefed by the parties. On June 16, 2014, the Court denied Defendant Palaschuk's motion for summary judgment in its entirety. On July 3, 2014, the Court entered an Order granting in part and denying in part, Lead Plaintiffs' motion to exclude the reports and testimony of Defendant Palaschuk's experts.

### **TRIAL**

16. The trial of this Action is set to begin on November 17, 2014, and is expected to last approximately one week.
17. To conform the case to the best evidence obtained in discovery, at trial Lead Plaintiffs will pursue claims based on Defendant Palaschuk's alleged misrepresentations during the period February 10, 2010 through May 17, 2011. Only shareholders who purchased Longtop ADSs during this time period will be entitled to share in any recovery Lead Plaintiffs achieve against Defendant Palaschuk at trial.

### **YOUR RIGHTS AS A CLASS MEMBER**

18. If you purchased and/or otherwise acquired Longtop ADSs during the period from February 21, 2008 through May 17, 2011, inclusive, and were damaged thereby, and you are not excluded from the Class, you are a member of the Class. If you are a member of the Class, you have the right to decide whether to remain a member of the Class. ***If you choose to remain a member of the Class, you do not need to do anything at this time other than to retain your documentation reflecting your transactions in Longtop ADSs as discussed below in paragraph 20.*** If you are a member of the Class and wish to be excluded from the Class, you must request exclusion in accordance with the procedures set forth in paragraph 22, below. Your decision is important for the following reasons:

**If you choose to remain a member of the Class,** you will be bound by all past, present and future orders and judgments in the Action, whether favorable or unfavorable. If any money is awarded to the Class, either through a settlement or

judgment of the Court, you will be eligible to receive a share of that award. If, however, Defendant Palaschuk prevails at trial, you may not pursue a lawsuit on your own behalf with regard to any of the issues decided in this Action. Pursuant to Rule 23(e)(4) of the Federal Rules of Civil Procedure, it is within the Court's discretion as to whether a second opportunity to request exclusion from the Class will be allowed if there is a settlement or judgment in the Action. As a member of the Class, your interests are being represented by the representatives of the Class and Class Counsel. You will not be personally responsible for attorneys' fees or costs unless you hire your own individual attorney. Class Counsel has agreed to represent the Class on a contingent fee basis, which means that it will be awarded fees and costs only if it succeeds in obtaining a recovery from one or more Defendants. Any attorneys' fees will be awarded by this Court from the settlement or judgment, if any, obtained on behalf of the Class. You may remain a member of the Class and elect to be represented by counsel of your own choosing. If you retain separate counsel, you will be responsible for that counsel's fees and expenses and such counsel must enter an appearance on your behalf by filing a Notice of Appearance with the Court and mailing it to Class Counsel at the address set forth in paragraph 23 below on or before October 3, 2014.

**If you choose to be excluded from the Class**, you will not be bound by any judgment in this Action, nor will you be eligible to share in any recovery that might be obtained in this Action. However, you may be able to retain the right to individually pursue any legal rights that you may have against any Defendants with respect to the claims asserted in the Action. Please refer to paragraphs 21-22 below if you would like to be excluded from the Class.

19. Members of the Class will be eligible to participate in any recovery that might be obtained in the Action, although this Notice is not intended to suggest any likelihood that Lead Plaintiffs or members of the Class will recover any such damages.
20. If there is a recovery in this Action, members of the Class will be required to support their requests to participate in the distribution of any such recovery by demonstrating their membership in the Class and documenting their purchases, acquisitions and/or sales of Longtop ADSs, and their resulting damages. *For this reason, please be sure to keep all records of your transactions in Longtop ADSs.*

#### **HOW TO BE EXCLUDED FROM THE CLASS**

21. If you fall within the Class definition and are not otherwise excluded, you will automatically be considered a member of the Class unless you request exclusion. Any member of the Class may request not to be bound by these proceedings.
22. If you wish to be excluded from the Class, you must specifically request exclusion in accordance with the following procedures. To exclude yourself from the Class, you must send a letter by first-class mail stating that you "request exclusion from the Class in *In re Longtop Fin. Techs. Ltd. Sec. Litig.*, No. 11-cv-03658-SAS." Your request must (i) state the name, address and telephone number of the person or entity requesting exclusion; (ii) state

the number of Longtop ADSs purchased, otherwise acquired and/or sold during the relevant time period as well as the dates and prices of each such purchase, acquisition and/or sale; and (iii) be signed by the person or entity requesting exclusion or an authorized representative. You must mail your exclusion request, **postmarked by no later than October 3, 2014**, to the Notice Administrator at:

***Longtop Financial Technologies Limited Securities Litigation***  
**c/o Strategic Claims Services**  
**P.O. Box 230**  
**600 N. Jackson Street, Suite 3**  
**Media, PA 19063**

Please note that you cannot exclude yourself from the Class by telephone or by e-mail and a request for exclusion shall not be effective unless it contains all of the information called for by this paragraph and is postmarked by the date stated above, or is otherwise accepted by the Court. If your request for exclusion complies with the requirements set forth above, you will not be bound by any judgment in this Action, nor will you be eligible to share in any recovery that might be obtained in this Action. Do not request exclusion from the Class if you wish to participate in this Action as a member of the Class.

**CLASS COUNSEL**

23. As a member of the Class, you will be represented by Class Counsel, who are:

Gregory M. Castaldo  
Kimberly A. Justice  
**KESSLER TOPAZ**  
**MELTZER & CHECK, LLP**  
280 King of Prussia Road  
Radnor, PA 19087  
(610) 667-7706  
www.ktmc.com

24. As noted above, unless you elect to retain your own lawyer, by remaining in the Class, you will not subject yourself to any direct obligations to pay the costs of litigating the Action. In the event there is a recovery by the Class in this Action, all costs and expenses of the Action, including Class Counsel's attorneys' fees, will be paid from that recovery in an amount approved by the Court.

**PLEASE KEEP YOUR ADDRESS CURRENT**

25. To assist the Court and the parties in maintaining accurate lists of Class members, please update your name and contact information. You may update this information by e-mailing your name and any changes to info@strategicclaims.net, by calling the Notice Administrator toll-free at (866) 274-4004, or by mailing this information to:

***Longtop Financial Technologies Limited Securities Litigation***  
**c/o Strategic Claims Services**  
**P.O. Box 230**  
**600 N. Jackson Street, Suite 3**  
**Media, PA 19063**

26. If this Notice was forwarded to you by the postal service, or if it was otherwise sent to you at an address that is not current, you should immediately contact the Notice Administrator and provide them with your correct address. If the Notice Administrator does not have your correct address, you may not receive notice of important developments in this Action, or information about any settlements or judgments obtained for the benefit of the Class.

**WHERE YOU CAN FIND ADDITIONAL INFORMATION**

27. This Notice provides only a summary of the Action and the claims asserted by Lead Plaintiffs. For more detailed information, you may contact Class Counsel or visit the Notice Administrator's website, [www.strategicclaims.net](http://www.strategicclaims.net). PLEASE DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK FOR INFORMATION OR ADVICE.

**NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

28. If you purchased or otherwise acquired Longtop ADSs during the period from February 21, 2008 through May 17, 2011, inclusive, for the beneficial interest of any person or entity other than yourself, the Court has ordered that you must, WITHIN SEVEN (7) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, either: (a) request from the Notice 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 (b) provide a list of the names and the last known addresses of each person or entity for whom or which you purchased or otherwise acquired Longtop ADSs during this period to the Notice Administrator. If you select option (a) above, you must send a statement to the Notice Administrator confirming that the mailing was made and you must retain your mailing records for use in connection with any further notices that may be provided in this Action. If you select option (b), the Notice Administrator will send a copy of the Notice to the beneficial owners. All communications concerning the foregoing should be addressed to the Notice Administrator at:

***Longtop Financial Technologies Limited Securities Litigation***  
**c/o Strategic Claims Services**  
**P.O. Box 230**  
**600 N. Jackson Street, Suite 3**  
**Media, PA 19063**  
**(866) 274-4004**  
**[info@strategicclaims.net](mailto:info@strategicclaims.net)**

29. You are entitled to reimbursement for your reasonable expenses actually incurred in complying with the foregoing, including reimbursement of reasonable postage expenses and the reasonable costs of obtaining the names and addresses of beneficial owners, provided you

timely submit an invoice to the Notice Administrator. Those reasonable expenses and costs will be paid upon request and submission of appropriate supporting documentation. All requests for reimbursement should be sent to the Notice Administrator.

Dated: July 29, 2014

BY ORDER OF THE COURT:  
United States District Court for the  
Southern District of New York