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1 Patrick R. Leverty
2 **LEVERTY & ASSOCIATES LAW CHTD**
3 832 Willow Street
4 Reno, Nevada 89502
5 Telephone: (775) 322-6636
6 Facsimile: (213) 322-3953
7 Email: pat@levertylaw.com

8 *Liaison Counsel for Lead Plaintiffs*

9 **DISTRICT COURT OF THE STATE OF NEVADA**
10 **IN AND FOR THE COUNTY OF CLARK**

Case No. A-20-819986-B

11 WALTER AERTS and JOHN SHEEHY, On
12 Behalf of Themselves and All Others Similarly
13 Situated, and LARRY ALLEN, Derivatively, on
14 Behalf of CHINA XD PLASTIC COMPANY
15 LIMITED,

Plaintiff,

v.

16 JIE HAN, TAYLOR ZHANG, LINYUAN
17 ZHAI, HUIYI CHEN, GUANBAO HUANG,
18 FAITH DAWN LIMITED, FAITH HORIZON
19 INC., FAITH ABUNDANT LIMITED, and XD
20 ENGINEERING PLASTICS COMPANY
21 LIMITED,

Defendants,

22 and,
23 CHINA XD PLASTICS COMPANY LIMITED,
24 Nominal Defendant.
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~~PROPOSED~~ ORDER PRELIMINARILY
APPROVING SETTLEMENT AND
PROVIDING FOR NOTICE

~~EXHIBIT B~~

1 WHEREAS, Plaintiffs have moved the Court for an order (i) preliminarily approving the
2 proposed Settlement of the above-captioned shareholder derivative action, in accordance with a
3 Stipulation of Settlement dated January 31, 2023 and the Exhibits thereto (the “Stipulation”), and
4 (ii) approving distribution of the Notice of Proposed Settlement;

5 WHEREAS, the Stipulation sets forth the terms and conditions of the Settlement, including,
6 but not limited to: (a) a proposed Settlement and dismissal of the Action with prejudice by entry of
7 judgment by the Court; and (b) an award of attorneys’ fees and expenses to counsel for Plaintiffs and
8 a service award to Plaintiffs, upon the terms and conditions set forth in the Stipulation;

9 WHEREAS, the Settlement appears to be the product of serious, informed, and non-collusive
10 negotiations and falls within the range of reasonableness for possible approval;

11 WHEREAS, all capitalized terms contained herein shall have the same meanings as set forth
12 in the Stipulation (in addition to those capitalized terms defined herein); and

13 WHEREAS, this Court, having considered the Stipulation and the Exhibits annexed thereto
14 and having heard the arguments of the Settling Parties, if any, at the preliminary approval hearing:

15 NOW THEREFORE, IT IS HEREBY ORDERED:

16 1. This Court does hereby preliminarily approve, subject to further consideration at the
17 Settlement Hearing described below, the Stipulation and the Settlement set forth therein, including
18 the terms and conditions for: (a) a proposed Settlement and dismissal of the Action with prejudice by
19 entry of judgment by the Court; and (b) an award of attorneys’ fees and expenses to counsel for
20 Plaintiffs and a service award to Plaintiffs, as contemplated in the Stipulation.

21 2. Pursuant to Nevada Rule of Civil Procedure 23.1, a Settlement Hearing shall be held
22 before this Court on April 5, 2023, at 8:30 a.m. to:

23 (a) determine whether the terms and conditions of the Settlement provided for in
24 the Stipulation are fair, reasonable, adequate, and in the best interests of China XD and China XD
25 minority shareholders;

26 (b) consider an Order and Final Judgment (i) approving the Settlement in its
27 entirety and according to its terms and dismissing the Action with prejudice by entry of the Judgment
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1 by the Court; (ii) providing that each of the Settling Parties shall bear his, hers, or its own costs
2 (except as expressly stated otherwise in the Stipulation); (iii) releasing, and enjoining prosecution of
3 any and all Released Claims to be released pursuant to the Stipulation; and (iv) determining whether
4 the Fee and Expense Amount should be approved; and

5 (c) hear such other matters as the Court may deem necessary and appropriate.

6 3. The Court approves, as to form and content, the Notice attached as Exhibit C to the
7 Stipulation and the Summary Notice attached as Exhibit D to the Stipulation, and finds that the
8 dissemination of the Notice and Stipulation and the publication of the Summary Notice, substantially
9 in the manner and form set forth in ¶3.2 of the Stipulation, meets the requirements of applicable law
10 and due process, is the best notice practicable under the circumstances, and shall constitute due and
11 sufficient notice to all Persons entitled thereto of all matters relating to the Settlement.

12 4. Within fourteen (14) business days following entry of this Order, China XD shall
13 publish the Notice via a press release in Globe Newswire and shall file a Current Report on Form 8-
14 K with the SEC attaching the Notice.

15 5. All costs incurred in providing notice shall be paid by China XD.

16 6. At least ten (10) calendar days before the Settlement Hearing, China XD's counsel
17 shall file with the Court an appropriate affidavit or declaration with respect to filing and posting the
18 Notice and Summary Notice.

19 7. All China XD shareholders who held China XD stock as of January 22, 2020 and
20 through the present ("China XD shareholders") shall be bound by all orders, determinations, and
21 judgments concerning the Settlement, whether favorable or unfavorable to China XD shareholders.

22 8. Pending final determination of whether the Settlement should be approved, no China
23 XD shareholder, either directly, representatively, or in any other capacity, shall commence or
24 prosecute against any of the Released Persons, any action or proceeding in any court or tribunal
25 asserting any of the Released Claims.

26 9. All papers in support of the Settlement shall be filed with the Court and served at least
27 twenty-eight (28) calendar days before the Settlement Hearing and all reply memoranda in support of
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1 such motion shall be filed with the Court and served at least seven (7) calendar days before the
2 Settlement Hearing.

3 10. Any current record holders and beneficial owners of common stock of China XD may
4 appear and show cause, if he, she, or it has any reason why the terms of the Settlement should not be
5 approved as fair, reasonable, and adequate, or why a Judgment should not be entered thereon,
6 provided, however, unless otherwise ordered by the Court, no China XD shareholder shall be heard
7 or entitled to contest the approval of all or any of the terms and conditions of the Settlement, or, if
8 approved, the Judgment to be entered thereon approving the same, unless that Person has, at least
9 fourteen (14) calendar days before the Settlement Hearing, filed with the Clerk of the Court and served
10 on the following counsel (delivered by hand or sent by First-Class Mail) appropriate proof of stock
11 ownership, along with written objections, including the basis therefor, and copies of any papers and
12 briefs in support thereof:

13 **Counsel for Plaintiff:**

14 Patrick R. Leverty
15 **LEVERTY & ASSOCIATES LAW CHTD**
16 832 Willow Street
Reno, Nevada 89502

17 **Counsel for China XD:**

18 Darren J. Lemieux
19 **LEWIS ROCA ROTHGERBER CHRISTIE LLP**
20 3993 Howard Hughes Parkway
Suite 600
Las Vegas, Nevada 89169

21 All such objections **must identify the case number and must be filed with the Court** at:

22 Clerk of the Court
23 Eighth Judicial District, Clark County
24 200 Lewis Ave.
Las Vegas, Nevada 89011

25 Any China XD shareholder who does not make his, her, or its objection in the manner
26 provided herein shall be deemed to have waived such objection and shall forever be foreclosed from
27 making any objection to the fairness, reasonableness, or adequacy of the Settlement as incorporated
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1 in the Stipulation and to the award of attorneys' fees and expenses to Plaintiffs' Counsel, unless
2 otherwise ordered by the Court, but shall otherwise be bound by the Judgment to be entered and the
3 releases to be given. Neither the Stipulation (including any Exhibits attached thereto) nor the
4 Settlement, nor any act performed or document executed pursuant to or in furtherance of the
5 Stipulation or the Settlement: (a) is or may be deemed to be, or may be offered, attempted to be
6 offered, or used in any way by the Released Parties as a presumption, a concession, or an admission
7 of, or evidence of, any fault, wrongdoing, or liability of the Released Parties or of the validity of any
8 Released Claims; or (b) is or may be deemed to be or may be offered, attempted to be offered or used
9 for any purpose (including against the Released Parties as a presumption, a concession or an
10 admission of, or evidence of, any fault, omission, wrongdoing or liability of any of the Released
11 Parties) in any arbitration proceeding or other civil, criminal, or administrative action or proceeding
12 in any court, administrative agency, or other tribunal. The Released Persons may file the Stipulation
13 and/or the Judgment in any action that may be brought against them, in order to support a defense or
14 counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, release,
15 standing, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or
16 issue preclusion or similar defense or counterclaim, and any of the Settling Parties may file the
17 Stipulation and documents executed pursuant thereto and in furtherance thereof in any action to
18 enforce the Settlement.

19 11. The Court reserves the right to adjourn the date of the Settlement Hearing or modify
20 any other dates set forth herein without further notice to the China XD shareholders, and retains
21 jurisdiction to consider all further applications arising out of or connected with the Settlement. The
22 Court may approve the Settlement, with such modifications as may be agreed to by the Settling
23 Parties, if appropriate, without further notice to the China XD shareholders.

24 IT IS SO ORDERED.

Dated this 1st day of February, 2023



26 ~~DATED:~~

27 THE HONORABLE SUSAN H. JOHNSON
28 22B 99F 0825 DFAC
Susan Johnson
District Court Judge

1 **CSERV**

2
3 DISTRICT COURT
4 CLARK COUNTY, NEVADA

5
6 Walter Aerts, Plaintiff(s)

CASE NO: A-20-819986-B

7 vs.

DEPT. NO. Department 22

8 Jie Han, Defendant(s)

9
10 **AUTOMATED CERTIFICATE OF SERVICE**

11 This automated certificate of service was generated by the Eighth Judicial District
12 Court. The foregoing Order was served via the court's electronic eFile system to all
13 recipients registered for e-Service on the above entitled case as listed below:

14 Service Date: 2/1/2023

15 Jon Williams

jcw@cwlawlv.com

16 Matthew Wagner

maw@cwlawlv.com

17 John Chong

jyc@cwlawlv.com

18 Patrick Leverty

pat@levertylaw.com

19 Jessie Helm

jhelm@lewisroca.com

20 E. Leif Reid

lreid@lewisroca.com

21 Tracy DiFillippo

tdifillippo@atllp.com

22 Dana Provost

dprovost@lewisroca.com

23 Margaret Higgins

mmh@cwlawlv.com

24 Jacob Goldberg

jgoldberg@rosenlegal.com

25 Leah Heifetz

lheifetz@rosenlegal.com

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Darren Lemieux	dlemieux@lewisroca.com
L. Jasso	staff@levertylaw.com
Kevin Stolworthy	kstolworthy@ATLLP.com
ECF ECF	ECF@atllp.com
Crystal Balaoro	cbb@cwlawlv.com
Teresa Wallace	twallace@lewisroca.com
Jennifer Hostetler	jhostetler@lewisroca.com
Christie Rehfeld	crehfeld@atllp.com
Alexandra Villarreal	avillarreal@atllp.com