UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CARLOS MUNOZ, INDIVIDUALLY AND ON BEHALF OF ALL OTHERS SIMILARLY SITUATED, Plaintiffs, v. CHINA EXPERT TECHNOLOGY, INC.; PKF NEW YORK, CERTIFIED PUBLIC ACCOUNTANTS, A PROFESSIONAL CORPORATION; PKF HONG KONG, CERTIFIED PUBLIC ACCOUNTANTS; AND BDO MCCABE LO LIMITED CERTIFIED PUBLIC ACCOUNTANTS, Defendants.	Case No.: 07-cv-10531 (AKH) **STIPULATION AND AGREEMENT OF SETTLEMENT**

This Stipulation and Agreement of Settlement (the "Agreement") is entered into between Class Representatives Basil Hantash, Joseph Nunn, and Kenneth Price (collectively, "Class Representative"), on behalf of the Class (as defined below), on the one hand, and PKF Hong Kong, Certified Public Accountants ("PKF HK"), PKF, Certified Public Accountants, A Professional Corporation (sued herein as PKF New York, Certified Public Accountants, A Professional Corporation) ("PKF NY"), and BDO Ltd., Certified Public Accountants ("BDO") (collectively, the "Settling Defendants" and, together with Class Representative, the "Settling Parties"), on the other hand, by and through their respective counsel.

RECITALS

WHEREAS:

1. Currently pending before the Court is a class action on behalf of all persons, other than the Settling Defendants and China Expert Technology, Inc. ("CXTI"), who

purchased or otherwise acquired publicly-traded CXTI common stock between March 31, 2006 and October 1, 2007, seeking to recover damages caused by, *inter alia*, the Settling Defendants' alleged violations of Section 10(b) of the Securities Exchange Act of 1934 (the "Act").

2. On April 4, 2011, plaintiffs filed their Fourth Amended Complaint (the "Complaint"), the operative complaint in this action (the "Action"), alleging that the Settling Defendants violated the Act by issuing and/or participating in issuing purportedly false and misleading audit opinions in connection with certain of CXTI's financial statements filed with the Securities and Exchange Commission.

3. On June 6, 2012, the Court issued an order certifying the class, appointing Basil Hantash, Joseph Nunn, and Kenneth Price as Class Representatives, and designating the Rosen Law Firm, P.A. as Class Counsel.

4. There was extensive discovery in this action. Collectively, the Settling Parties produced and exchanged nearly 200,000 documents and conducted 15 depositions.

5. The Settling Parties were able to reach the settlement that is the subject of this Agreement while participating in a mediation with the well-respected former Judge Layn R. Phillips, who has extensive experience mediating securities fraud class actions.

6. This Agreement constitutes a compromise of matters that are in dispute between Class Representative and the Settling Defendants. Class Representative believes the claims asserted in the Action have merit. However, Class Representative and its counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against the Settling Defendants through trial and appeals. Class Representative and its counsel have also taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Action, as well as the difficulties and

delays inherent in such litigation and attempting to collect on any judgment. Class Representative and its counsel are also mindful of the inherent problems of proof of and the possible defenses to the violations asserted in the Action. They believe that the settlement set forth in this Agreement confers substantial benefits upon the Class. Based on their evaluation, Class Counsel have determined that the settlement set forth in the Agreement is in the best interests of Class Representative and the Class. This Agreement, whether or not consummated, any proceedings related to this Agreement, or any of the terms of the Agreement, are not intended to constitute, nor should they be construed as, any admission of any lack of merit of the Action in any respect.

7. The Settling Defendants are entering into this Agreement solely to eliminate the uncertainties, burden and expense of further protracted litigation. The Settling Defendants have denied and continue to deny each and every allegation of liability or wrongdoing or damage to the Class or Class Members, and believe that they acted properly and lawfully at all times, and believe that any Claims against them are without merit. This Agreement, whether or not consummated, any proceedings related to this Agreement, or any of the terms of the Agreement, are not intended to constitute, nor should they be construed as, any admission of liability or wrongdoing in any respect.

8. The Agreement may be offered into evidence to enforce its terms. Neither this Agreement, nor the fact of its execution, nor any of its provisions, shall be offered or received in evidence in any action or proceeding of any nature or otherwise referred to or used in any manner in any court or other tribunal to establish any allegation of liability or wrongdoing by the Settling Defendants other than to establish their potential breach of this Agreement.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Settling Parties, through their respective attorneys, subject to approval by the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, in consideration of the benefits flowing to the Settling Parties from the Agreement, that all Released Claims (as defined below) as against all Released Persons (as defined below) shall be compromised, settled, released and dismissed, with prejudice and without costs, upon and subject to the following terms and conditions.

DEFINITIONS

1. "Action" means the action captioned *Munoz, et al. v. China Expert Technology, Inc., et al.*, Case No. 07-CV-10531 (AKH), pending in the United States District Court, Southern District of New York.

2. "Administrator" means Strategic Claims Services, which shall assist in administering the settlement pursuant to this Agreement.

3. "Attorneys' Fees and Expenses Award" means the amounts awarded to Class Counsel to compensate them for their fees and expenses in connection with investigating, prosecuting and/or settling the Action, excluding Notice and Administrative Expenses, as provided for in Section V below.

4. "Authorized Claimant" means a claimant whose Proof of Claim is allowed by the Court.

5. "Cash Settlement Account" means a segregated interest-bearing escrow account established pursuant to the terms of this Agreement. The Cash Settlement Account will be managed by the Escrow Agent for the benefit of Class Representative and the Class until the Effective Date. The Cash Settlement Account shall be maintained as a Qualified Settlement

Fund, as defined in Section I below. All monies in the Cash Settlement Account, including all interest accruing thereon, shall be deemed to be in the custody of the Court and will remain subject to the jurisdiction of the Court until such time as they are paid out as (i) Notice and Administrative Expenses, (ii) Attorneys' Fees and Expenses Award, (iii) payment to each Class Representative of up to $7,500 for their reasonable costs and expenses (including lost wages), to the extent approved by the Court, (iv) any Tax Expenses on the Cash Settlement Account or (v) distributions to Authorized Claimants after the Effective Date of this Agreement.

6. "Claims" means any and all claims, rights or causes of action, demands, attorneys' fees, costs, obligations, controversies, debts, damages, losses or liabilities of any kind whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation (whether foreign or domestic), including known claims and any claims that any Settling Party does not know or expect to exist in his, her, or its favor, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement, accrued and not accrued, foreseen and unforeseen, matured and not matured.

7. "Class," for purposes of this Agreement, means all persons who purchased or otherwise acquired CXTI Securities during the Class Period. Excluded from the Class are the Settling Defendants, the present and former partners of any of the Settling Defendants, members of their immediate families and their legal representatives, successors or assigns, and CXTI, the present and former officers and directors of CXTI and any subsidiary thereof, members of their immediate families and their legal representatives, successors or assigns, and any entity in which any defendants in the Action have or had a controlling interest. Also excluded from the Class are persons who make requests for exclusion from the Class in the manner and within the time

period provided by Section IV below and/or by order of the Court and do not thereafter rescind such requests.

8. "Class Counsel" means The Rosen Law Firm, P.A.

9. "Class Member" means a member of the Class.

10. "Class Period" means the period of time from March 31, 2006 through October 1, 2007, inclusive.

11. "CXTI Securities" means the publicly traded common stock of CXTI.

12. "Distribution Amount" means the monies in the Cash Settlement Account, plus all interest or other income earned thereon, less any Tax Expenses, less all Notice and Administrative Expenses, less the Attorneys' Fees and Expenses Award, less any award to each individual serving as Class Representative of their reasonable costs and expenses (including lost wages), to the extent approved by the Court, and less any other payment authorized by the Court to be paid from those funds.

13. "Effective Date" means the date when all of the following shall have occurred: (i) the Preliminary Approval Order is entered by the Court; (ii) the Notice is provided to the Class, in a manner and form approved by the Court, (iii) the Fairness Hearing is held and the entry by the Court of a Final Judgment attached as Exhibit B and the expiration of any time for appeal or review of the Final Judgment, or, if any appeal is filed and not dismissed, after the Final Judgment is upheld on appeal in all material respects and is no longer subject to review upon appeal or review by certiorari or otherwise, and the time for any petition for reargument, appeal or review, by certiorari or otherwise, has expired, or, in the event that the Court enters an order and final judgment in form other than that provided above ("Alternative Judgment") and none of the parties hereto elect to terminate this Agreement, the date that such Alternative

Judgment becomes final and no longer subject to appeal or review by certiorari or otherwise, and the time for any petition for reargument, appeal or review, by certiorari or otherwise, has expired; and (iv) Settling Defendants shall have paid the Settlement Amount.

14. "Escrow Agent" shall mean Laurence Rosen, Esquire, of the Rosen Law Firm, P.A, Class Counsel. The Escrow Agent shall perform the duties set forth in this Agreement.

15. "Execution Date" means the date on which this Agreement is filed with the Court.

16. "Fairness Hearing" means the hearing to be held by the Court to make a final decision pursuant to Fed. R. Civ. P. 23 as to whether this Agreement is fair, reasonable and adequate.

17. "Final Judgment" means the order and the judgment to be entered by the Court pursuant to Fed. R. Civ. P. 58(a) finally approving this Agreement, and dismissing the Action as to the Settling Defendants on the merits and with prejudice.

18. "Preliminary Approval Order" means the order preliminarily approving the Agreement and directing the Notice to be provided to the Class.

19. "Notice" means the Notice of Pendency and Settlement of Class Action, which is to be provided to the Class as specified in Section III below.

20. "Notice and Administrative Expenses" means all expenses incurred (whether or not paid) in connection with the preparation, printing and mailing of the Notice to the Class, and all expenses of settlement administration; provided, however, that Notice and Administrative Expenses shall not include the amount of the Attorneys' Fees and Expenses Award.

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

22. "Plan of Allocation" means the terms and procedures for allocating the Distribution Amount among, and distributing the Distribution Amount to, Authorized Claimants, as proposed in the Notice, or such other plan of allocation as the Court shall approve, as described more fully in Section I.D below.

23. "Proof of Claim" means the form which is to be sent to Class Members substantially in the form attached hereto as Exhibit A-2.

24. "Released Claims" means and includes any and all Claims, known or unknown, suspected or unsuspected, asserted or unasserted, that Class Representative, the Class or Class Members, and/or each of their respective divisions, agencies, instrumentalities, branches, subsidiaries, parent companies, affiliates, associates, representatives, agents, insurers, predecessors, successors, heirs, owners, assigns, executors and/or administrators ever had, now have or hereafter can, shall or may have against the Released Persons that (i) have been asserted in this Action; or (ii) could have been asserted in this Action, or in any other action or forum, that arise out of, are based on, or relate in any way to the allegations, transactions, facts, matters, occurrences, representations, or omissions set forth, or referred to in the Complaint and which relate to the purchase or sale of CXTI Securities or the work of CXTI's auditors and PKF NY.

25. "Released Settling Defendant Claims" means any Claims which the Settling Defendants ever had, now have or hereafter can, shall or may have against any of the

Released Plaintiff Parties, that have been or could have been asserted in the Action by any of the Settling Defendants, which arise out of or relate in any way to the institution or prosecution or settlement (to the Effective Date) of the Action or the Released Claims, including but not limited to all claims for malicious prosecution or sanctions, except claims to enforce any of the terms of this Stipulation. Released Settling Defendant Claims do not include any claims that the Settling Defendants may have against CXTI or any of its current or former officers, directors, or insurance companies, or against any third party other than the Released Plaintiff Parties. With respect to BDO, Released Settling Defendant Claims also do not include, in addition to the foregoing, any claim BDO may have against BDO's insurance company or insurance broker.

26. "Released Persons" means the Settling Defendants and/or their respective divisions, subsidiaries, parent companies, affiliates, connected firms, associates, representatives, predecessors, successors, heirs, owners, assigns, executors, administrators, and/or their present, former or future directors, agents, partners, principals, officers, employees, trustees, attorneys, insurers and reinsurers (and their respective divisions, subsidiaries, parent companies, affiliates, shareholders, partners, joint venturers, principals, insurers, reinsurers, predecessors, successors and assigns, and/or their past, present and future employees, officers, directors, attorneys, accountants, trustees, auditors, agents and representatives), shareholders and/or representatives of the foregoing, and each of them.

27. "Released Plaintiff Parties" means Class Representative, the Class, Class Members, and Class Counsel, and/or each of their respective attorneys, divisions, agencies, instrumentalities, branches, subsidiaries, parent companies, affiliates, associates, representatives, predecessors, successors, heirs, owners, assigns, executors and/or administrators.

28. "Tax Expenses" means (i) all taxes on the income earned in the Cash Settlement Account, and (ii) fees and expenses incurred in connection with such taxation (including, without limitation, expenses of tax attorneys and accountants).

29. "Settlement Amount" means $4,200,000.

AGREEMENT

I. TERMS AND CONDITIONS OF THE SETTLEMENT

A. Payment

1. Within thirty (30) business days of the Court's preliminary approval of this Agreement, the Settling Defendants shall place the following sums into the Cash Settlement Account established pursuant to the terms of an escrow agreement to be entered into by counsel for each of the Settling Parties:

a. PKF HK shall place a total sum of $1,750,000 into the Cash Settlement Account.

b. PKF NY shall place a total sum of $200,000 into the Cash Settlement Account.

c. BDO shall place a total sum of $2,250,000 into the Cash Settlement Account.

2. The Settling Defendants are paying their foregoing respective portions of the Settlement Amount to fully settle and resolve all the Claims by the Class, Class Representative, and their respective agents and assigns against the Released Persons.

3. The Settling Defendants' respective obligations to pay their respective portions of the Settlement Amount constitute independent and severable obligations under the Agreement. Failure by a Settling Defendant to pay its portion of the Settlement Amount does not relieve the other Settling Defendants and Class Representative of their respective obligations to

one another pursuant to this Agreement, including a Settling Defendant's obligation to pay only its respective amount of the Settlement Amount described above in exchange for the releases and Final Judgment consistent with the terms of this Agreement, except that the Class Representative has no obligation to any Settling Defendant that does not pay its portion of the Settlement Amount.

4. After entry of an order by the Court granting preliminary approval of the Agreement, $100,000 from the Cash Settlement Account shall be allocated to pay Notice and Administrative Expenses. The Escrow Agent may pay for Notice and Administration Expenses without further Court approval. In the event the Notice and Administrative Expenses actually and reasonably incurred are less than $100,000, the remaining balance shall revert and be promptly returned to the Cash Settlement Account. Notice and Administration Expenses in excess of $100,000 shall not be paid out of the Cash Settlement Account until after the Effective Date.

5. All funds held by the Escrow Agent shall be deemed to be in the custody of the Court and such funds shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned to the Settling Defendants pursuant to this Agreement and/or further order of the Court. The Escrow Agent shall hold the funds in an interest-bearing bank account insured by the FDIC and/or United States Agency or Treasury securities or obligations. Settling Defendants shall not be liable for the loss of any portion of the Settlement Fund.

B. Qualified Settlement Fund

1. The Settling Parties agree that the Cash Settlement Account is intended to be a single Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that the Administrator shall be the "administrator" of the Cash Settlement Account within

the meaning of Treasury Regulation § 1.468B-2(k)(3) and shall be responsible for filing tax returns for the Cash Settlement Account and paying from the Cash Settlement Account any Tax Expenses with respect to the Cash Settlement Account. The Settling Parties hereto agree that all of the Cash Settlement Account shall be treated as a single Qualified Settlement Fund from the earliest date possible, and agree to any relation-back election required to treat any and all of the Cash Settlement Account as a Qualified Settlement Fund from the earliest date possible. The Settling Defendants agree to provide promptly to the Administrator the statement described in Treasury Regulation § 1.468B-3(e).

2. All Tax Expenses shall be paid out of the Cash Settlement Account and, in all events, the Released Persons shall not have any liability or responsibility for the Tax Expenses or the filing of any tax returns or other documents with the Internal Revenue Service or any other state or local taxing authority. Tax Expenses shall be treated as, and considered to be, a cost of administration of the Agreement and shall be paid out of the Cash Settlement Account in a timely manner without prior order from the Court, and the Administrator shall be obligated to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts; the Released Persons are not responsible and shall have no liability for any Tax Expenses or for any reporting requirements that may relate thereto.

C. Distribution of the Settlement Amount

1. Subject to the termination rights specified in Section X below, the entire Distribution Amount shall be distributed pursuant to the Plan of Allocation, as described below, provided, however, that no amounts shall be distributed to Authorized Claimants prior to the Effective Date.

2. No Person shall have any Claim against Class Representative, Class Counsel, the Administrator or any of their respective agents, or against the Released Persons

and/or their respective counsel, with respect to or arising out of any distributions or lack thereof made under the Plan of Allocation, this Agreement or orders of the Court.

3. It is understood and agreed to by the Settling Parties that, notwithstanding any other provision of this Agreement, the proposed Plan of Allocation is not a part of this Agreement; and no order or proceedings relating to the Plan of Allocation shall operate to modify, terminate or cancel this Agreement or affect the finality of the Final Judgment.

4. The Released Persons and/or their counsel shall have no responsibility for, or liability with respect to the Plan of Allocation, the form, substance, method or manner of allocation, administration, or distribution of the Distribution Amount, any tax liability that a Class Member may incur as a result of this Agreement or as a result of any action taken pursuant to this Agreement, the administration or processing of claims, including, without limitation, determinations as to the validity of any Proof of Claim, the amounts of claims or distribution of the Distribution Amount, or the maintenance of the Cash Settlement Account as a Qualified Settlement Fund.

5. Subject to the termination rights specified in Section X below, Class Members shall look solely to the Distribution Amount for settlement and satisfaction of all Released Claims. Except as expressly provided by this Agreement, the Plan of Allocation, or an order of the Court, no Class Member shall have any interest in the Cash Settlement Account.

6. If any funds remain in the Cash Settlement Account by reason of uncashed checks or otherwise, then, after the Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Cash Settlement Account cash their distribution checks, any balance remaining in the Cash Settlement Account one (1) year after the initial distribution of such funds shall be re-distributed, after payment of

any unpaid costs or fees incurred in administering the Cash Settlement Account for such re-distribution, to Class Members who have cashed their checks and who would receive at least $10.00 from such re-distribution. If any funds shall remain in the Cash Settlement Account six months after such re-distribution, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Class Counsel.

D. Plan of Allocation

1. The Plan of Allocation is based upon Class Counsel's assessment of the merits and the relative strengths and weaknesses, including recoverable damages, of the claims of the Class Members.

2. Settling Defendants do not and shall not take any position as to the proposed Plan of Allocation.

3. Settling Defendants shall have no responsibility for and no obligations or liabilities of any kind whatsoever in connection with the determination, administration, calculation, or payment of claims to Class Members.

4. Settling Defendants shall have no involvement in the solicitation of, or review of Proofs of Claim, or involvement in the administration process itself, which shall be conducted by the Administrator in accordance with this Agreement and the Final Judgment to be entered by the Court.

5. No Authorized Claimant shall have any claim against Class Counsel, Settling Defendants, the Settling Defendants' counsel, or the Administrator based on, or in any way relating to, the distributions from the Cash Settlement Account that have been made substantially in accordance with this Agreement and any applicable orders of the Court.

6. Any change in the allocation of the Cash Settlement Account ordered by the Court shall not affect the validity or finality of this Agreement.

7. All cash distributions to Authorized Claimants shall be from the Distribution Amount pursuant to an approved Plan of Allocation.

8. To receive a cash distribution from the Distribution Amount, a Class Member must be an Authorized Claimant.

9. Each Class Member who wishes to receive a distribution from the Distribution Amount must complete and submit a Proof of Claim (i) by first-class mail, such that it is postmarked no later than the date set forth in the Notice, or (ii) so that it is actually received at the address on the Proof of Claim form by the date stated in the Notice, unless that date is extended by order of the Court. The address to which the Proof of Claim must be mailed shall be stated in the Proof of Claim form itself and shall also be printed in the Notice.

10. The Administrator shall administer and calculate the claims that shall be allowed and oversee distribution of the Cash Settlement Account, under the supervision of Class Counsel, and subject to appeal to, and jurisdiction of, the Court. Settling Defendants shall have no liability, obligation, or responsibility for the administration of the Cash Settlement Account, or for the distribution of the Distribution Amount.

11. Class Counsel may decide to authorize the Administrator to waive what it deems to be de minimis or minor technical defects in any Proofs of Claim submitted. All Proof of Claim forms must be supported by such documents and other information as called for in the Proof of Claim, unless this requirement is waived as to specific Proof of Claims by the Administrator in consultation with Class Counsel.

12. The Proof of Claim shall be substantially in the form of Exhibit A-2 hereto and shall include an individual release in favor of the Released Persons, which must be executed by all Authorized Claimants in order for such Authorized Claimant to receive a distribution in

accordance with the Plan of Allocation. Any Class Member who fails to execute the individual release referred to herein shall nevertheless be bound by the release.

13. The validity of each Proof of Claim filed will initially be determined by the Administrator in accordance with the Plan of Allocation approved by the Court. The Administrator shall promptly advise the claimant in writing if the Administrator determines to reject the claim. Neither Class Counsel, nor their designees or agents, the Released Persons, or their respective counsel shall have any liability arising out of such determination. If any claimant whose claim has been rejected in whole or in part desires to contest such rejection, the claimant must, within twenty (20) days after the date of the Administrator's mailing of the writing rejecting the claimant's claim, serve upon the 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, Class Counsel shall thereafter present the request for review to the Court for summary resolution, without any right of appeal or review. Any such claimant shall be responsible for his, her or its own costs, including, without limitation, attorneys' fees, incurred in pursuing any dispute.

14. All initial determinations as to the validity of a Proof of Claim, the amount of any claims and the calculation of the extent to which each Authorized Claimant will participate in the Distribution Amount, the preparation and mailing of distributions to Authorized Claimants, and the distribution of the Distribution Amount shall be made solely by the Administrator. The administration of the Distribution Amount, and decisions on all disputed questions of law and fact with respect to the validity of any Proof of Claim or regarding the rejection or amount of any claim, shall remain under the jurisdiction of the Court.

15. Unless otherwise ordered by the Court, any Class Member who fails to submit a valid and timely Proof of Claim shall be barred from receiving a distribution from the Distribution Amount. Any Class Member who fails to submit a valid and timely Proof of Claim or request for exclusion from the Class shall be bound by the release and by all proceedings, orders and judgments in the Action even if he, she or it does not receive a distribution from the Distribution Amount and/or has pending, or subsequently initiates, any litigation, arbitration or other proceeding, or has any Claim, against any or all of the Released Persons that is, or relates in any way to, any Released Claim.

16. Prior to payment of the Distribution Amount, each of the Settling Defendants shall receive a list of the Proofs of Claim that have been allowed by the Administrator.

II. RETENTION OF AN ADMINISTRATOR

The Administrator shall perform the following functions in furtherance of the Agreement: (i) calculating the claims that will be allowed and overseeing payment to Authorized Claimants of their distributions under the Agreement, under the supervision of Class Counsel and subject to the Court's jurisdiction; (ii) mailing or arranging for the mailing of the Notice to Class Members; (iii) answering written inquiries from Class Members and/or forwarding such inquiries to Class Counsel or their designee(s), which shall be forwarded to counsel for each of the Settling Defendants; (iv) receiving and maintaining on behalf of the Court any requests for exclusion from the Agreement received from potential Class Members; (v) receiving and processing Proofs of Claim; (vi) mailing or causing to be mailed to Authorized Claimants their distributions under the Agreement; and (vii) otherwise assisting the Court and Class Counsel with administration of the settlement pursuant to this Agreement. The Released Persons shall have no responsibility with respect to the tasks enumerated or described in this section.

III. NOTICE TO THE CLASS

Class Representative shall cause the Administrator to mail, by first-class mail, postage prepaid, a copy of the Notice and Proof of Claim to each member of the Class who can be identified by reasonable effort. The Notice shall be substantially in the form attached hereto as Exhibit A-1. Class Counsel shall cause the Administrator to publish the Notice on its website. A summary notice substantially in the form of Exhibit A-3 will be published once in the national edition of *Investor's Business Daily* and once over *GlobeNewswire*. The cost of providing such notice shall constitute Notice and Administrative Expenses and be paid out of the Cash Settlement Account. Subject to the requirements of the Preliminary Approval Order, Class Counsel shall submit to the Court affidavits demonstrating the adequacy of its efforts to provide notice to the Class Members. The Released Persons shall have no responsibility with respect to the tasks enumerated or described in this section.

IV. REQUESTS FOR EXCLUSION

1. Eligible persons requesting exclusion from the Class shall be requested to provide the following information to the Administrator: (i) name, (ii) address, (iii) telephone number, (iv) number of CXTI Securities purchased (or otherwise acquired) or sold during the Class Period, (v) prices or other consideration paid or received for such CXTI Securities, and (vi) the date of each transaction. Unless otherwise ordered by the Court, any member of the class as defined in the Complaint who does not submit a timely Proof of Claim or written request for exclusion as provided by this section shall be bound by the Agreement, even if he, she or it has pending, or subsequently initiates, litigation, arbitration or any other proceeding, or has any Claim against any Released Person relating to any Released Claim. Class Counsel and counsel for each of the Settling Defendants shall request that the deadline for submitting exclusions from this Action be set twenty-one (21) days prior to the Fairness Hearing.

2. The Administrator shall scan and send electronically copies of all requests for exclusion from and objections to the Class settlement in PDF format (or such other format as shall be agreed) to counsel for each of the Settling Defendants and to Class Counsel expeditiously after the Administrator receives such requests for exclusion or objections.

3. As part of their reply papers in support of their motion for final approval of the settlement of the Action, Class Counsel will provide a list of all the persons who have requested exclusion from the class as defined in the Complaint and all of the information provided to the Administrator under Section IV.1 of this Agreement for those persons requesting exclusion, and shall certify that all requests for exclusion received have been copied and provided to counsel for each of the Settling Defendants.

V. ATTORNEYS' FEES AND EXPENSES

1. Class Counsel will apply to the Court for an Attorneys' Fees and Expenses Award consisting of (i) an award of attorneys' fees up to one-third of the Settlement Amount, and (ii) reimbursement of litigation costs and expenses (plus interest), including expert fees and expenses, incurred in connection with the prosecution of the Action. Class Counsel will also apply to the Court for a service award of up to $7,500 for each individual serving as Class Representative as reimbursement for their time, efforts, expenses, and lost wages, in connection with the prosecution of the Action.

2. Immediately after the Court enters an order approving the Attorneys' Fees and Expenses Award, Class Counsel may withdraw the Court-awarded attorneys' fees and expenses from the Cash Settlement Account, provided that they provide to the Settling Defendants an undertaking from Class Counsel securing the repayment of any attorneys' fees and expenses plus interest at the same rate as earned by the Cash Settlement Account for such periods, in the event the Effective Date does not occur or the amount of the Attorneys' Fees and

Expenses Award is reduced on appeal. After the Attorneys' Fees and Expenses Award is final, the requirement for any undertaking shall expire. The apportionment and distribution among Class Counsel of the Attorneys' Fees and Expenses Award shall be within the sole discretion of Class Counsel, subject to the continuing jurisdiction of this Court over any fee disputes.

3. If this Agreement is terminated by Class Representative or by all of the Settling Defendants pursuant to Section X below, and the Attorneys' Fees and Expenses Award (or any portion thereof) has been paid, then Class Counsel shall, within fifteen (15) business days following receipt of notice of such termination, return to the Cash Settlement Account the amount they received, plus interest on such amount at the same rate as is earned by the Cash Settlement Account from the date of such counsel's receipt to the date of repayment to the Cash Settlement Account.

4. If the Attorneys' Fees and Expenses Award is reduced and the Attorneys' Fees and Expenses Award (or any portion thereof) has been paid, then Class Counsel shall within fifteen (15) business days following receipt of notice of such reduction, return to the Cash Settlement Account the difference between the Attorneys' Fees and Expenses Award and the reduced amount, plus interest on such difference at the same rate as is earned by the Cash Settlement Account from the date of such counsel's receipt to the date of repayment to the Cash Settlement Account.

5. Any Class Counsel's attorneys' fees or expenses relating to the Action shall be payable solely from the Cash Settlement Account. The Released Persons shall have no other or further obligation to pay any Class Member or Class Counsel for fees or expenses in connection with the Action or this Agreement, except as expressly provided for in this Agreement.

VI. RELEASE

1. Effective upon the Effective Date, Class Representative, the Class and Class Members hereby fully, finally and forever release, relinquish, acquit, and discharge the Released Persons from the Released Claims. As limited by the rights of the Settling Parties set forth in Section X below, the Final Judgment shall dismiss with prejudice all Claims contained in the Complaint against the Settling Defendants. Such release with respect to each Settling Defendant shall be expressly conditioned upon satisfaction of that Settling Defendant's payment obligation pursuant to Section I.A.1 above.

2. Effective upon the Effective Date, with respect to any and all Released Claims, Class Representative, the Class and Class Members hereby expressly waive the provisions, rights and benefits of California Civil Code § 1542 and any provisions, rights and benefits conferred by any law of any state or territory of the United States or principle of common law which is similar, comparable or equivalent to California Civil Code § 1542, which provides:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor.

3. Class Representative, the Class or Class Members may hereafter discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of the Released Claims, but Class Representative, the Class and Class Members hereby fully, finally and forever settle and release any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is

negligent, reckless, 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.

4. Effective upon the Effective Date, the Settling Defendants hereby fully, finally and forever release, relinquish, acquit and discharge the Released Plaintiff Parties from the Released Settling Defendant Claims. Nothing contained herein shall release Class Representative, Class Counsel, and the Settling Defendants from any obligations under this Agreement. Nothing contained herein shall release any claim the Settling Defendants may have against any entity or party other than the Released Plaintiff Parties, including but not limited to any claim against CXTI or any of its current or former officers, directors, or insurance companies. Nothing contained herein shall release any claim the Class Representative and Class Members may have against any entity or party other than the Released Persons, including but not limited to any claim against CXTI or any of its current or former officers, directors, or insurance companies. Further, with respect to BDO, in addition to the foregoing, nothing herein shall release any claim by BDO against BDO's insurance company or insurance broker.

VII. REPRESENTATIONS

1. Class Representative and the Settling Defendants represent and warrant that they are authorized to execute, deliver, and perform this Agreement and that this Agreement constitutes a legal, valid, and binding obligation and that it is enforceable against each of them in accordance with its terms.

2. Class Representative and the Settling Defendants represent and warrant that (i) they have not sold, assigned, transferred or otherwise disposed of any of the claims, cross-claims, demands or rights that are the subject of this Agreement, and (ii) they will take all necessary action to effectuate the terms of this Agreement.

3. PKF HK represents and warrants that the payment constituting its portion of the Settlement Amount pursuant to Section I.A.1 will consist of insurance proceeds from PKF HK's applicable insurance coverage (which will be fully exhausted), with the remaining balance paid by PKF HK with its own funds.

VIII. LIMITATION ON CLAIMS AGAINST RELEASED PERSONS

The Settling Parties have negotiated the following bar orders and judgment reduction provision to be included in substantially the following form in the Final Judgment:

> The Released Persons are by virtue of the Agreement hereby released and discharged from all claims for contribution, whether direct or derivative, that have been or may hereafter be brought by any person or entity, whether arising under state, federal or common law as claims, cross-claims, counterclaims, or third-party claims, based upon, arising out of, relating to, or in connection with the Released Claims. Accordingly, to the full extent provided by Section 21D-4(f)(7)(A) of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), 15 U.S.C. § 78u-4(f)(7)(A), the Court hereby bars all claims for contribution: (a) against the Released Persons; and (b) by the Released Persons against any person or entity whose liability to the Class has been extinguished pursuant to the Agreement. In accordance with the PSLRA, any final verdict or judgment obtained by or on behalf of Class Representative, the Class or any Class Member against any person other than the Released Persons relating to the Released Claims shall be reduced by the greater of (i) an amount that corresponds to the percentage of responsibility of the Released Persons, or (ii) the amount paid by or on behalf of the Released Persons in connection with the Agreement.
>
> The Released Persons are by virtue of the Agreement hereby released and discharged from any liability to Class Representative, the Class, or any Class Member under New York's General Obligation Law, § 15-108; Nevada Revised Statutes § 17.245; or any other state's contribution bar statute, and applicable case law. Accordingly, to the full extent provided by New York's General Obligation Law, Nevada Revised Statutes § 17.245, and other states' laws, the Court hereby bars all claims for contribution: (a) against the Released Persons; and (b) by the Released Persons against any person or entity whose liability to the Class has been extinguished pursuant to the Agreement.

The Released Persons are by virtue of the Agreement hereby released and discharged from and against any and all claims based on any person or entity's liability to Class Representative, the Class or Class Members or on monies paid for the benefit of, or distributed to, Class Representative, the Class or Class Members, whether current or future, direct or derivative, however styled, whether for indemnification, contribution, or otherwise, arising out of or relating to the acts and transactions that are the subject of the Action, whether arising under federal, state or common law as claims, cross-claims, counterclaims, or third-party claims. Accordingly, to the fullest extent allowed by law, the Court hereby bars all such claims: (a) against the Released Persons; and (b) by the Released Persons against any person or entity whose liability to the Class has been extinguished pursuant to the Agreement.

In accordance with the PSLRA, New York's General Obligations Law, Nevada Revised Statutes § 17.245, or any other state's contribution statute, and applicable law, any final verdict or judgment obtained by or on behalf of Class Representative, the Class or any Class Member against any person other than the Released Persons relating to the Released Claims shall be reduced by the greater of (i) an amount that corresponds to the percentage of responsibility of the Released Persons, or (ii) the amount paid by or on behalf of the Released Persons in connection with the Agreement.

IX. COMPROMISE; NO ADMISSION OF WRONGDOING

1. This Agreement constitutes a compromise of matters that are in dispute between Class Representative and the Settling Defendants. Class Representative believes the claims asserted in the Action have merit. However, Class Representative and its counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against the Settling Defendants through trial and appeals. Class Representative and its counsel have also taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Action, as well as the difficulties and delays inherent in such litigation and attempting to collect on any judgment. Class Representative and its counsel are also mindful of the inherent problems of proof of and the possible defenses to the violations asserted in the Action. They believe that the settlement set

forth in this Agreement confers substantial benefits upon the Class. Based on their evaluation, Class Counsel have determined that the settlement set forth in the Agreement is in the best interests of Class Representative and the Class.

2. The Settling Defendants are entering into this Agreement solely to eliminate the uncertainties, burden and expense of further protracted litigation. The Settling Defendants believe that the claims asserted in the Action have no merit. The Settling Defendants have denied and continue to deny each and every allegation of liability or wrongdoing or damage to Class Representative, the Class or Class Members, and believe that they acted properly and lawfully at all times, and believe that any Claims against them are without merit.

3. This Agreement, whether or not consummated, any proceedings related to this Agreement, or any of the terms of the Agreement, are not intended to constitute, nor should they be construed as, any admission of liability or wrongdoing in any respect, or any admission that the claims are without merit in any respect. Neither this Agreement, nor the fact of its execution, nor any of its provisions, shall be offered or received in evidence in any action or proceeding of any nature or otherwise referred to or used in any manner in any court or other tribunal to establish any allegation of liability of wrongdoing by the Settling Defendants, or to establish any lack of merit of the Action. The Agreement may be offered into evidence to enforce the terms of the Agreement.

X. MODIFICATION OR TERMINATION OF AGREEMENT

A. Right of Modification or Termination

1. This Agreement may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Settling Parties or their successors-in-interest.

2. Neither this Agreement nor any obligations hereunder may be terminated by the Settling Parties except as provided in this Section X.

3. Subject to Section X.B below, each of the Settling Parties has a right of termination under this Agreement, which it may exercise, in its sole discretion, by providing written notice of its election to do so to the other Settling Parties hereto within thirty (30) days of (i) the Court's declining to enter the proposed Preliminary Approval Order, attached as Exhibit A, in any material respect; (ii) the Court's refusal to approve the Agreement in any material respect; (iii) the Court's declining to enter the proposed Final Judgment, attached as Exhibit B, in any material respect; (iv) the date upon which the Final Judgment is vacated, modified, or reversed in any material respect by the United States Court of Appeals for the Second Circuit or the United States Supreme Court; (v) an alternative Final Judgment is vacated, modified or reversed in any material respect by the United States Court of Appeals for the Second Circuit or the United States Supreme Court; or (vi) or the Effective Date otherwise does not occur, except that if such Effective Date does not occur as a result of Settling Defendants failing to pay the Settlement Amount, Settling Defendants may not terminate the Agreement based on Settling Defendants' non-payment.

4. Simultaneously herewith, Class Counsel and Settling Defendants are executing a "Supplemental Agreement" setting forth certain conditions under which this Settlement Stipulation may be withdrawn or terminated at the discretion of Settling Defendants if potential Class Members who purchased in excess of a certain number of damaged shares of CXTI Securities exclude themselves from the Class. The Supplemental Agreement shall not be filed with the Court except that the substantive contents of the Supplemental Agreement may be brought to the attention of the Court, *in camera*, if so requested by the District Court, or if a

dispute arises among the Settling Parties concerning the Supplemental Agreement's interpretation or application. The Settling Parties will keep the terms of the Supplemental Agreement confidential, except if compelled by judicial process to disclose the Supplemental Agreement.

B. Effect of Termination

1. If Class Representative exercises its right of termination for any of the reasons in this Section X, then (i) the Agreement shall be terminated without prejudice, and none of its terms shall be effective or enforceable, except to the extent that any Notice and Administrative Expenses have been actually or reasonably paid or incurred; (ii) the Settling Parties shall revert to their litigation positions immediately prior to the execution of this Agreement; (iii) the fact and terms of the Agreement and all settlement discussions shall not be admissible in any trial of the Action or useable in any other proceeding; and (iv) Class Representative shall, within fifteen (15) days of such termination, return to the Settling Defendants any monies remaining in the Cash Settlement Account, including interest accrued thereon, less any Notice and Administrative Expenses actually and reasonably incurred prior to the termination and less any Tax Expenses actually and reasonably incurred in connection with the Agreement. In such event, each Settling Defendant shall receive its portion of the monies remaining in the Cash Settlement Account in proportion to the percentage of the Settlement Amount paid by that Settling Defendant pursuant to Section I.A.1 above.

2. If a Settling Defendant exercises its right of termination for any of the reasons in this Section X, then (i) the Agreement shall be terminated without prejudice only with respect to that Settling Defendant (the "Terminating Settling Defendant"), and none of the Agreement's terms shall be effective or enforceable with respect to the Terminating Settling

Defendant, except to the extent that any Notice and Administrative Expenses have been actually or reasonably paid or incurred; (ii) the Agreement shall remain in full force and effect with respect to the remaining Settling Defendants and the Class Representative; (iii) the Terminating Settling Defendant and Class Representative shall revert to their litigation positions as against one another immediately prior to the execution of this Agreement; (iv) the fact and terms of the Agreement and all settlement discussions shall not be offered or received into evidence or otherwise used in any trial of the Action or in any other action or proceeding of any nature to establish any allegation of liability or wrongdoing by any of the Settling Defendants or to establish any lack of merit of the claims in the Action; and (v) Class Representative shall, within fifteen (15) days of such termination, return to the Terminating Settling Defendant its portion of any monies remaining in the Cash Settlement Account (including interest accrued thereon, less any Notice and Administrative Expenses actually and reasonably incurred prior to the termination and less any Tax Expenses actually and reasonably incurred in connection with the Agreement) in an amount that corresponds to the percentage of the Settlement Amount paid by the Terminating Settling Defendant pursuant to Section I.A.1 above.

3. In the event this Agreement is not consummated or does not otherwise become effective for any reason, the monies in the Cash Settlement Account, including interest accrued thereon, less any Notice and Administrative Expenses actually and reasonably incurred and less any Tax Expenses actually and reasonably incurred in connection with the Agreement, shall be promptly returned to the Settling Defendants. In this event, each Settling Defendant shall be entitled to a portion of the monies in the Cash Settlement Account in proportion to the percentage of the Settlement Amount paid by that Settling Defendant pursuant to Section I.A.1 above.

4. In the event this Agreement is terminated or the settlement contemplated therein does not otherwise become effective for any reason, each Settling Defendant expressly reserves all rights and defenses in this Action, including, but not limited to, the right to contest class certification.

XI. MISCELLANEOUS PROVISIONS

A. Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York for contracts entered into and performed within the State without regard to conflicts of law principles.

B. Retention of Jurisdiction

The administration, consummation, and enforcement of the Agreement shall be under the authority of the Court and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and expenses to Class Counsel and enforcing the terms of this Agreement.

C. Waiver of Breach

The waiver by one Settling Party of any breach of this Agreement by any other Settling Party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

D. Headings; Words

The headings herein are included for the purpose of convenience only and are not meant to have legal effect. Words used herein in the masculine or feminine gender shall be construed to include the feminine or masculine gender where appropriate and words used herein in the singular or plural shall be construed as being in the plural or singular where appropriate.

E. Confidentiality

1. Except as provided in this Section XI.E., or as may otherwise be required by law, the Settling Parties and their counsel agree to keep the contents of this Agreement and all related negotiations confidential until the Execution Date.

2. The Settling Parties and their respective counsel shall remain bound by the stipulated protective order entered in this Action on March 13, 2012. Class Representative and Class Counsel shall not share any documents or work product that were designated by any Settling Defendants as Confidential or Highly Confidential (and were not ruled on by the Court as not being Confidential or Highly Confidential) with any party, person or entity; provided that if Class Representative or Class Counsel is compelled, by subpoena or other form of judicial or compulsory process or order, to disclose such documents or work product, such person shall provide written notice within seven (7) business days of receipt of the subpoena or other judicial or compulsory process or order, and include a copy of the subpoena or other judicial or compulsory process or order, to counsel for each of the Settling Defendants.

F. Notices to Class Representative and/or the Settling Defendants

All notices required or permitted under this Agreement shall be in writing and delivered by any method providing proof of delivery, including facsimile. Any notice shall be deemed to have been given on the date of delivery. Notices shall be delivered to the Settling Parties at the following addresses unless and until a different address has been designated by the Settling Party:

PKF HK: Winston & Strawn LLP
333 South Grand Ave., 38th Floor
Los Angeles, CA 90071
Attention: Neal R. Marder, Esq.
(213) 615-1750 (fax)
nmarder@winston.com

PKF NY: Wilson, Elser, Moskowitz Edelman & Dicker LLP
3 Gannett Drive
White Plains, New York 10604
Attention: Thomas R. Manisero, Esq.
(914) 323-7001 (fax)
thomas.manisero@wilsonelser.com

BDO: Latham & Watkins LLP
355 S. Grand Ave.
Los Angeles, CA 90071
Attention: James J. Farrell, Esq.
(212) 751-4864 (fax)
James.Farrell@lw.com

Class Representative: The Rosen Law Firm, P.A.
275 Madison Ave., 34th Floor
New York, NY 10016
Attention: Laurence Rosen, Esq.
(212) 202-3827 (fax)
lrosen@rosenlegal.com

G. Integration

This Agreement constitutes the entire agreement of the Settling Parties, and supersedes any and all prior statements, representations, promises or other agreements, written or oral, with respect to the subject matter of this Agreement. This Agreement may be amended or any of its provisions waived only in a writing signed by each of the Settling Parties. Signatures sent by facsimile or PDF format shall be deemed originals.

H. Successors

This Agreement shall be binding upon and inure to the benefit of the Settling Parties hereto and their respective heirs, successors and assigns, and upon any corporation,

limited liability partnership, government or any political subdivision or agency thereof, or other entity into or with which either Settling Party hereto may merge, combine or consolidate.

I. Rule of Construction

The Settling Parties have jointly drafted this Agreement, and, accordingly, any presumption or other rule of construction that any ambiguities be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

J. Third Party Beneficiaries

Except for Section VI with respect to the Released Persons and Class Counsel, nothing contained in this Agreement is intended to confer upon any Person other than the Settling Parties any benefit, release, right or remedy under or by reason of this Agreement. In particular, nothing in this Agreement is intended to benefit, release or provide any right to CXTI or its current or former officers and directors. With respect to BDO, in addition to the foregoing, nothing in this Agreement is intended to benefit, release or provide any right to BDO's insurance company or insurance broker.

K. Counterparts

This Agreement may be executed in counterparts, including by signature transmitted by facsimile or email. Each counterpart when so executed shall be deemed to be an original, and all such counterparts together shall constitute the same instrument.

L. Preliminary Approval and Final Approval of Agreement

Subject to the Court's availability and approval, the Settling Parties and their respective counsel will use their best efforts to submit the necessary papers for preliminary approval of the Agreement, including the proposed Preliminary Approval Order, attached as Exhibit A, and submit the necessary papers for final approval of the Agreement, including the proposed Final Judgment, attached as Exhibit B, and schedule a hearing for final approval of the Agreement on a

date at least one hundred and twenty (120) days from the date of entry of the Preliminary Approval Order.

M. Authority To Execute Settlement

The undersigned signatories represent that they have authority from their clients to execute this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the Settling Parties by their duly authorized representatives signing below.

Dated: June 13, 2013

THE ROSEN LAW FIRM, P.A.

By: Laurence Rosen

Laurence Rosen
Timothy Brown
Phillip Kim
Yu Shi
275 Madison Avenue, 34th Floor
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Counsel for the Class

WINSTON & STRAWN LLP

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Counsel for PKF Hong Kong, Certified Public Accountants

WILSON ELSER MOSKOWITZ EDELMAN & DICKER LLP

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Facsimile: (212) 490-3038

Counsel for PKF, Certified Public Accountants, A Professional Corporation (sued herein as PKF NY, Certified Public Accountants, A Professional Corporation)

LATHAM & WATKINS, LLP

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Counsel for BDO Ltd., Certified Public Accountants