

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: COMMERCIAL DIVISION

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In re DOUYU INTERNATIONAL HOLDINGS :  
LIMITED SECURITIES LITIGATION :  
\_\_\_\_\_ : Index No. 651703/2020  
: Part 53 – Justice Andrew Borrok  
This Document Relates To: :  
: :  
THE CONSOLIDATED ACTION. :  
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**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION**

If you purchased or otherwise acquired American Depositary Shares (“ADS”) of DouYu International Holdings Limited (“DouYu” or the “Company”) between July 16, 2019 (the date of DouYu’s initial public offering (“IPO”)) and January 21, 2020, inclusive (the “Class Period”), you could get a payment from a proposed class action settlement (the “Settlement”).

***A New York state court authorized this Notice. This is not attorney advertising.***

- The Settlement, subject to judicial approval, will resolve two putative securities class actions (the “Actions”), namely (i) *In re DouYu Int’l Holdings Ltd. Securities Litig.*, Index No. 651703/2020 (the “State Action”) pending in the Supreme Court of the State of New York, County of New York, Commercial Division (the “Court” or “State Court”) and (ii) *In re DouYu Int’l Holdings Ltd. Securities Litig.*, No. 1:20-CV-07234 (the “Federal Action”), pending in the U.S. District Court for the Southern District of New York (the “Federal Court”). The Actions concern whether Defendants (defined below) violated the federal securities laws by materially misrepresenting and/or omitting material facts in the Offering Materials issued in connection with DouYu’s IPO and, in the case of the Federal Action, certain other of the Company’s statements.
- Defendants deny all allegations of wrongdoing or liability damages asserted by the Plaintiffs, or that the Plaintiffs or any other members of the Settlement Class (as defined below) (each a “Settlement Class Member”) have suffered damages or were harmed by the conduct alleged in the Actions. The parties therefore disagree on whether investors are entitled to any recovery at all, and on the monetary amount of any potential award of damages if investors prevailed at trial.
- “Settling Defendants” refers to, collectively, (a) DouYu; (b) Cogency Global Inc. and Richard Arthur (collectively, the “Cogency Defendants”); and (c) J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, BofA Securities, Inc., and CMB International Capital Limited (collectively, the “Underwriter Defendants”).
- “Defendants” refers to, collectively, (a) the Settling Defendants; (b) current or former DouYu officers and/or directors Shaojie Chen, Wenming Zhang, Chao Cheng, Mingming Su, Hao Cao, Ting Yin, Haiyang Yu, Xi Cao, Xuehai Wang, Zhaoming Chen, and Zhi Yan (collectively, the “Individual Defendants”); and (c) Tencent Holdings Limited (“Tencent”).
- “Plaintiffs” refers collectively to (a) plaintiffs Marcus Chelf and Pavel Kovalenko in the State Action (the “State Plaintiffs”), and (b) plaintiffs Li Yunyan and Heng Huang in the Federal Action (the “Federal Plaintiffs”).
- The Court will hold a Settlement Hearing on December 1, 2022, at 10:00 a.m., to decide whether to approve the Settlement. The Settlement provides for DouYu to pay or cause to be paid \$15,000,000 (the “Settlement Amount”). The Net Settlement Fund—consisting of the Settlement Amount plus interest (net of taxes) earned thereon, *minus* Notice and Administration Expenses, Court-approved attorneys’ fees and expenses, and any Court-approved service awards to Plaintiffs—shall be used to pay claims of investors who purchased or acquired DouYu ADS during the Class Period.
- The Settlement represents an average recovery of \$0.20 per DouYu ADS for the roughly 75 million estimated DouYu ADS that Plaintiffs allege were damaged and declined in value as a result of Defendants’ alleged misconduct during the Class Period. An ADS share may have traded more than once during the Class Period. This estimate reflects only the average recovery per outstanding DouYu ADS. It is not an estimate of the actual recovery per ADS you should expect. Your actual recovery will depend on the aggregate losses of all Settlement Class Members, the date(s) you purchased (or acquired) and sold DouYu ADS, the purchase (or acquisition) and sales prices, and the total number of claims filed. See Plan of Allocation on page 9-12 below for more detail.
- To claim your share of the Settlement, you must submit a valid Proof of Claim and Release form (“Proof of Claim” or “Claim Form”) by December 28, 2022.

- Plaintiffs' Counsel will submit a Fee and Expense Application—covering all attorneys' fees and expenses in both Actions—asking the Court for an award of attorneys' fees of up to one-third of the Settlement Fund and payment of up to \$200,000 in litigation expenses. Plaintiffs' Counsel have expended considerable time and effort litigating the claims at issue on a fully contingent-fee basis, and have advanced all litigation expenses, in the expectation that if they succeeded in obtaining a recovery for the Settlement Class they would be paid from such recovery. The Fee and Expense Application may also include a request for up to an aggregate total of \$20,000 in awards to the four Plaintiffs for their service to the Settlement Class.
- The Court has not yet approved the Settlement. Payments on valid claims will be made only if the Court approves the Settlement and after any appeals are resolved. Please be patient.
- Your legal rights are affected whether or not you act. Please read this Notice carefully.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>SUBMIT A CLAIM FORM</b>	The only way to get a payment is to submit a valid Proof of Claim. Proofs of Claim must be postmarked or submitted online by December 28, 2022. See response to question 11 below.
<b>EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS</b>	You will receive no payment if you exclude yourself from the Settlement. However, this is the only option that allows you to ever be part of any other lawsuit against the Defendants or any of the other Released Defendants' Parties regarding the legal claims in this case. Requests for Exclusion must be received by November 1, 2022. See response to question 14 below.
<b>OBJECT</b>	You may write to the State Court about why you do not like the Settlement, the Plan of Allocation, and/or the request for attorneys' fees, costs, and expenses. You will still be a member of the Settlement Class even if you file an objection. Objections must be received by the Court and counsel by November 10, 2022. See response to question 19 below.
<b>GO TO THE HEARING</b>	You may ask to speak during the Settlement Hearing before the State Court about the fairness of the Settlement. Requests to speak must be received by the Court and counsel by November 10, 2022. See responses to questions 21-23 below.
<b>DO NOTHING</b>	If you do nothing, you will not receive any payment and you will not be able to ever be part of any other lawsuit against the Defendants or any other Released Defendants' Parties regarding the legal claims in this case.

### INQUIRIES

**Please do not contact either the State Court or the Federal Court regarding this Notice.** All inquiries concerning this Notice, the Proof of Claim, or any other questions by Settlement Class Members should be directed to the Court-appointed Claims Administrator—Gilardi & Co. LLC—or to one of the below-listed Plaintiffs' Counsel:

<i>DouYu Securities Litigation</i> Claims Administrator c/o Gilardi & Co. LLC P.O. Box 8040 San Rafael, CA 94912-8040 Tel: 1-866-753-8856 Email: info@DouYuSecuritiesLitigation.com	William C. Fredericks, Esq. Scott & Scott Attys at Law LLP 230 Park Avenue, 17th Fl New York, NY 10169 Tel: (800) 404-7770 Email: scottcases@scott-scott.com	Brian Calandra, Esq. Pomerantz LLP 600 Third Ave., 20th Floor New York, NY 10016 Tel: (212) 661-1100 Email: bcalandra@pomlaw.com
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## BASIC INFORMATION

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

You or someone in your family may have purchased or otherwise acquired DouYu ADS between July 16, 2019 and January 21, 2020, inclusive (the “Class Period”).

### 2. What are the Actions about?

The proposed Settlement will resolve all claims asserted in the State Action and the Federal Action (see page 1 of this Notice), which were both brought on behalf of a substantively identical class of DouYu investors. The State Action alleges that Defendants violated certain federal securities laws by making misrepresentations and/or omissions of material fact in the Offering Materials for DouYu’s IPO concerning (a) Tencent’s plans to invest at least \$1 billion in another Chinese live-streaming company (“Kuaishou”), and the resulting risk that this investment would enable Kuaishou to expand and encroach upon DouYu’s eSports live-streaming business; (b) DouYu’s lucrative “lucky draw” feature, including the feature’s non-compliance with Chinese law and DouYu’s resulting plans to materially modify or eliminate it; (c) DouYu’s decelerating revenue growth in the face of increased competition; and (d) DouYu’s failure to verify the identity of one of its top streamers, who had been fabricating her identity to fool unsuspecting users. The Federal Action alleged much of the same misconduct, and also that Defendants made misrepresentations and/or omissions of material fact concerning the transferability of DouYu’s virtual currency and the impact on DouYu’s revenue of purchases by DouYu streamers of “virtual gifts” for themselves. Both Actions also allege that Defendants’ misstatements or omissions artificially inflated the price of DouYu ADS during the Class Period. Defendants deny all allegations of wrongdoing and liability asserted in the Actions.

### 3. What has happened so far in the Actions?

After the first State Action was filed on March 13, 2020, in June 2020, State Plaintiffs filed their Consolidated Complaint (the “State Complaint”), asserting claims under §11 of the Securities Act of 1933 (“1933 Act”) on behalf of a putative class of all those who purchased or otherwise acquired DouYu ADS pursuant or traceable to DouYu’s IPO Offering Materials. On August 14, 2020, the Settling Defendants moved to dismiss the State Complaint. Following full briefing and oral argument, on March 16, 2021, the Court issued an Order (the “MTD Order”) that denied the Settling Defendants’ motion to dismiss. Soon after, the Settling Defendants filed papers with the Appellate Division of New York seeking to reverse the MTD Order and dismiss the case. In the spring of 2021, the State Plaintiffs commenced discovery by serving document requests on the Settling Defendants. Those Defendants began producing documents responsive to those requests by the fall of 2021. The Settling Defendants also served document requests on the State Plaintiffs, who completed producing documents responsive to those Requests by the fall of 2021. The State Plaintiffs filed their Motion for Class Certification on August 12, 2021, and the Settling Defendants filed their papers opposing that motion on November 19, 2021. Meanwhile, having previously obtained an extension of time to effect service on defendant Tencent, State Plaintiffs served Tencent in China via the Hague Convention in late July 2021. Tencent thereafter moved to dismiss all claims against it for, *inter alia*, lack of personal jurisdiction on August 31, 2021, and that motion was fully briefed by October 29, 2021. Soon after, State Plaintiffs and Settling Defendants completed full briefing on the Settling Defendants’ pending interlocutory appeal of the MTD Order.

Meanwhile, on December 24, 2020, the Federal Plaintiffs filed their Amended Complaint in the Federal Action, asserting claims under both §11 of the 1933 Act and §10(b) of the Exchange Act of 1934 (“1934 Act”) on behalf of a substantively identical putative class as alleged in the State Action. The Federal Plaintiffs filed a Second Amended Complaint on April 2, 2021, and the Settling Defendants moved to dismiss that complaint on May 21, 2021. On June 11, 2021, the Federal Plaintiffs filed a Third Amended Complaint (the “Federal Complaint”), and the Federal Court denied Defendants’ May 21, 2021 motions as moot. On July 19, 2021, the Settling Defendants moved to dismiss the Federal Complaint; thereafter, the Federal Plaintiffs filed papers opposing that motion on August 30, 2021, and the Settling Defendants served reply papers in further support of their motion on October 14, 2021. On November 24 and December 10, 2021, defendant Tencent and the Individual Defendants, respectively, filed their own motions to dismiss the Federal Complaint. Tencent’s motion was fully briefed on December 29, 2021.

While continuing to litigate the Actions, in the late summer of 2021, the parties retained an independent and experienced mediator, Robert Meyer, Esq. (the “Mediator”), to explore the possibility of a settlement. Following extended negotiations, the Plaintiffs and the Settling Defendants ultimately agreed to accept a “mediator’s proposal” to settle all claims at issue for US \$15 million in cash. See *also* response to question 5 below (“Why is there a settlement?”). As of early January 2022, when the Settling Parties agreed in principle to the Settlement, (a) Tencent’s motion to dismiss the State Action and the State Plaintiffs’ motion for class certification were pending in the State Court; (b) the Settling Defendants’ interlocutory appeal of the State Court’s Motion to Dismiss Order was pending in the Appellate Division of the N.Y. Supreme Court; and (c) Defendants’ respective motions to dismiss the Federal Action were pending in the Federal Court.

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

In a class action, one or more persons called “plaintiffs” sue on behalf of all persons who have similar claims. All of the persons with similar claims are referred to as a “class.” One court resolves the issues for all class members, except for those who exclude themselves from the class.

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

The Court has not decided the claims at issue in favor of Plaintiffs or Defendants. Instead, after lengthy negotiations conducted under the auspices of the neutral and highly experienced Mediator, the Plaintiffs and the Settling Defendants agreed to a negotiated settlement based on the Mediator’s proposed terms. The Settlement allows both sides to avoid the risks and cost of further lengthy and complex litigation, while allowing a recovery for the Settlement Class to occur now in exchange for a release of all “Released Claims” against any of the “Released Defendants’ Parties” (as defined in the response to question 13 below). The proposed \$15 million Settlement reflects the Plaintiffs’ and the Defendants’ willingness to ultimately accept the independent Mediator’s settlement proposal.

After taking into account the uncertainties, risks and likely costs and expenses of further litigation in this complex securities action, Plaintiffs and their counsel believe that the \$15 million cash Settlement is fair, reasonable, and in the best interests of the Settlement Class Members. The Settling Defendants have denied and continue to deny all the claims asserted in both Actions, but acknowledge that further litigation could prove lengthy and expensive, and have therefore also agreed to settle and finally resolve all claims against all the Defendants in both Actions, on the terms set forth in the Stipulation.

### **WHO IS INCLUDED IN THE SETTLEMENT?**

#### **6. How do I know if I am included in or affected by the Settlement?**

The “Settlement Class” includes all persons or entities (“Settlement Class Members”), except those who are excluded as described below, who purchased or otherwise acquired DouYu ADS between July 16, 2019 (the date of DouYu’s IPO) and January 21, 2020, inclusive.

#### **7. Are there exceptions to being included?**

Yes. Excluded from the Settlement Class are all Defendants; their respective successors and assigns; the past and current executive officers and directors of DouYu, Tencent (and any of its subsidiaries or affiliates), Cogency Global Inc., and the Underwriter Defendants; the members of the immediate families of the Individual Defendants; the legal representatives, heirs, successors, or assigns of any excluded person; and any entity (excepting certain “Investment Vehicles” as defined in the Stipulation) in which any of the above excluded persons have or had a majority interest. Also excluded will be any person or entity that timely and validly requests exclusion from the Settlement Class as set forth in the response to question 14 below.

#### **8. What if I am still not sure if I am included?**

If you are still not sure if you are included, you can ask for free help. You can contact the Claims Administrator by calling 1-866-753-8856, or by writing to it at the address listed on page 2 above.

### **WHAT ARE THE SETTLEMENT’S BENEFITS?**

#### **9. What does the Settlement provide?**

DouYu has agreed to pay or cause to be paid US \$15,000,000 in cash (the “Settlement Amount”) into a settlement fund (the “Settlement Fund”) for the benefit of the Settlement Class. If the Settlement is approved by the Court and becomes effective, the Net Settlement Fund—consisting of (a) the Settlement Amount plus interest (net of taxes) earned thereon, *minus* (b) Notice and Administration Expenses, Court-approved plaintiffs’ attorneys’ fees and expenses, and any Court-approved awards to Plaintiffs—will be allocated among all “Authorized Claimants” (*i.e.* among those eligible Settlement Class Members who timely submit valid Claim Forms). Notice and Administration Expenses include the costs of printing and mailing this Notice and the costs of claims administration and processing. Distribution to Authorized Claimants will be made according to a plan of allocation (see “Proposed Plan of Allocation of Net Settlement Fund Among Settlement Class Members” at pages 9-12 below) to be approved by the Court.

In return, if the Settlement is approved and becomes effective, both Actions will be dismissed, and all Settlement Class Members who have not excluded themselves from the Settlement Class will be deemed to have waived, released, relinquished and forever discharged with prejudice all Released Claims against all Defendants and the other “Released Defendants’ Parties”, whether or not such Settlement Class Members submit a Claim Form. See *also* response to question 13 below.

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

If you are entitled to a payment, your share of the Net Settlement Fund will depend on the number of DouYu ADS purchased or acquired by Authorized Claimants. Payments will be calculated on a *pro rata* basis, meaning that the Net Settlement Fund will be divided among all Authorized Claimants and distributed accordingly. You will not receive a payment, however, if your proportionate share of the Net Settlement Fund is less than \$10.00. Distributions will not be made until after (a) the deadline for submitting Claim Forms has passed, and (b) the Claims Administrator has finished processing, reviewing, and verifying the validity of all Claim Forms received.

If there is any balance remaining in the Net Settlement Fund after six months from the date of the initial distribution of the Net Settlement Fund, if reasonably feasible that balance (after payment of any outstanding administrative fees or expenses) shall be reallocated among Authorized Claimants who cashed their initial payments in an equitable and economic fashion. Thereafter, any remaining balance will be donated to a §501(c)(3) non-profit organization approved by the Court.

You can calculate your Recognized Claim under the formula contained in the proposed Plan of Allocation. See “Proposed Plan of Allocation” below. The payment you receive will reflect your Recognized Claim in relation to the Recognized Claims of all persons submitting valid Claim Forms. Because the total of all Recognized Claims is expected to exceed the amount of the Net Settlement Fund, your Recognized Claim is *not* the amount of the payment that you will receive, but will (together with all other Settlement Class Members’ Recognized Claim amounts) be used to calculate your (and other Authorized Claimants’) *pro rata* share of the Net Settlement Fund.

**11. How can I get a payment?**

To qualify for a payment, you must be an eligible Settlement Class Member and submit a timely and valid Claim Form.

A Claim Form is enclosed with this Notice, and may also be downloaded from the Settlement website, [www.DouYuSecuritiesLitigation.com](http://www.DouYuSecuritiesLitigation.com). Read the instructions carefully, fill out the form, include *copies* of all requested documents, sign the form, and either (a) submit it online no later than December 28, 2022, or (b) mail it so that it is postmarked no later than December 28, 2022 to the following address:

*DouYu Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 8040  
San Rafael, CA 94912-8040

**12. When would I get my payment?**

The State Court will hold a Settlement Hearing on December 1, 2022, at 10:00 a.m., to decide whether to approve the Settlement. If the Court approves the Settlement, there might be appeals afterwards. It also takes time for all the Proofs of Claim to be processed. Please be patient.

**13. What am I giving up to get a payment or to stay in the Settlement Class?**

Unless you timely and validly exclude yourself from the Settlement Class by the November 1, 2022 deadline, if you fit within the definition of the Settlement Class you will continue to be a Settlement Class Member, which means that you cannot sue, continue to sue, or be part of any other lawsuit that brings any of the Released Claims (including the claims asserted in the Actions) against any of the Defendants or other Released Defendants’ Parties (as defined below). It also means that you will be bound by all of the Court’s orders in the State Action. If you remain a Settlement Class Member, and if the Settlement is approved, you and your “Released Plaintiff Parties” (as defined in the Proof of Claim) will give up all “Released Claims” (as defined below), including “Unknown Claims” (as defined below), that you may have against the Released Defendants’ Parties.

- “Released Claims” means all claims (including “Unknown Claims”), demands, losses, rights, damages, and causes of action of any nature and description whatsoever, whether in law or in equity, that have been or could have been asserted in either of the Actions or could in the future be asserted in any forum, whether foreign or domestic, whether arising under federal, state, common, or foreign law, by Federal Plaintiffs, State Plaintiffs, any member of the Settlement Class, or their successors, assigns, executors, administrators, representatives, attorneys, and agents, in their capacities as such, whether brought directly or indirectly against any of the Released Defendants’ Parties, that (a) arise out of, are based on, or relate in any way to any of the allegations, acts, transactions, facts, events, matters, occurrences, statements, representations or omissions involved, set forth, alleged or referred to, in either of the Actions, or which could have been alleged in the Actions, and (b) arise out of, are based on, or relate to the purchase or acquisition of any DouYu ADS during the Class Period. “Released Claims” does not, however, include claims to enforce the Settlement.

- “Released Defendants’ Parties” means (i) Defendants, (ii) each of their respective immediate family members (for individuals) and each of their direct or indirect parent entities, subsidiaries, related entities and affiliates, any trust of which any individual defendant is the settler or which is for the benefit of any Defendant and/or member(s) of his or her family, and (iii) for any of the entities or persons listed at (i) or (ii), their respective past and present general partners, limited partners, principals, shareholders, joint venturers, members, officers, directors, managers, managing directors, supervisors, employees, contractors, consultants, auditors, accountants, financial advisors, professional advisors, investment bankers, representatives, insurers, trustees, trustors, agents, attorneys, professionals, predecessors, successors, assigns, heirs, executors, administrators, and any person with a majority interest thereof, in their capacities as such, and any entity in which a Defendant has a majority interest.

- “Unknown Claims” means any and all Released Claims against the Released Defendants’ Parties that any Plaintiff or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of their release, and any and all Released Defendants’ Claims against the Released Plaintiffs’ Parties that any Defendant does not know or suspect to exist in his, her or its favor at the time of their release, including without limitation those that, if known by such Plaintiff, Settlement Class Member or Defendant, might have affected his, her or its decision(s) with respect to the Settlement or the Released Claims or the Released Defendants’ Claims. With respect to any and all Released Claims and Released Defendants’ Claims, the Parties agree that, upon the “Effective Date” (as defined in the Stipulation), each Plaintiff and each Defendant shall expressly waive, and each Settlement Class Member shall be deemed to have waived, and by operation of the judgment shall have waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code §1542, which provides: “A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

### EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement and you want to keep any right you may have to sue or continue to sue the Defendants or the other Released Defendants’ Parties on your own about the claims being released in this Settlement, then you must take steps to remove yourself from the Settlement Class. This is called excluding yourself, or “opting out,” from the Settlement Class.

<b>14. How do I get out of the proposed Settlement?</b>
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To exclude yourself from the Settlement Class, you must mail a letter stating that you “request exclusion from the Settlement Class in *In re DouYu Int’l Holdings Ltd. Securities Litig.*, Index No. 651703/2020.” To be valid, the letter must state (a) your name, address, telephone number, and e-mail address (if any); (b) the date, number of DouYu ADS and dollar amount of all purchases, acquisitions, sales, or dispositions of such ADS made by you or someone acting on your behalf during the period July 16, 2019 through January 21, 2020, inclusive; and (c) the number of DouYu ADS held by you as of the close of trading on July 16, 2019 and January 21, 2020. Any request for exclusion must be signed and submitted by you, as the beneficial owner. You must submit your exclusion request by mail or other carrier so that it is **received no later than November 1, 2022 at:**

*DouYu Securities Litigation*  
c/o Gilardi & Co. LLC  
EXCLUSIONS  
P.O. Box 5100  
Larkspur, CA 94977-5100

You cannot exclude yourself from the Settlement Class by telephone, fax or e-mail. If you properly exclude yourself, you will not receive a payment from the Net Settlement Fund, you cannot object to the Settlement, and you will not be legally bound by the judgment in this case.

<b>15. If I do not exclude myself, can I sue the Defendants or the other Released Defendants’ Parties for the same thing later?</b>
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No. Unless you exclude yourself by following the instructions above, you give up any rights to sue any of the Defendants or Released Defendants’ Parties for the claims being released in this Settlement. If you have a pending lawsuit against any Defendant or other Released Defendants’ Party, speak to your lawyer in that case immediately to determine if you have to exclude yourself from the Settlement Class in *this* matter to continue your own lawsuit. Remember, the exclusion deadline is **November 1, 2022.**



**16. If I exclude myself, can I get money from the proposed Settlement?**

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

**THE LAWYERS REPRESENTING YOU**

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

The Court in the State Action has appointed Scott+Scott Attorneys at Law LLP (“Scott+Scott”) and Robbins Geller Rudman & Dowd LLP (“Robbins Geller”), and the Federal Court in the Federal Action has appointed Pomerantz LLP (together with Scott+Scott and Robbins Geller, “Class Counsel”), as the lead counsel in the respective actions to represent you and the other Settlement Class Members. If you want to be represented by your own lawyer, you may hire one at your own expense.

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

Plaintiffs’ Counsel will ask the Court to award attorneys’ fees from the Settlement Amount in an amount not to exceed one-third (33 $\frac{1}{3}$ %) of the Settlement Amount, and for payment of their expenses in an amount not to exceed \$200,000, plus interest on such fees and expenses at the same rate as may be earned by the Settlement Fund.

The attorneys’ fees and expenses requested—which will cover all plaintiffs’ attorneys’ fees and expenses in *both* the State and Federal Actions—will be the only payment that Plaintiffs’ Counsel will receive for their work in achieving the Settlement and for the risks they took in representing the Settlement Class in this matter on a wholly contingent basis. To date, they have not been paid anything for their work in either Action, nor have they received any payment for the expenses they have advanced. The fees and expenses requested will compensate Plaintiffs’ Counsel for their work in obtaining the Settlement Fund for the Settlement Class. In addition, the Plaintiffs may apply for awards for their service in representing the Settlement Class, which awards in the aggregate will not exceed \$20,000. The total requested Fee and Expense Application is estimated to equal roughly \$0.07 per allegedly damaged DouYu ADS. If approved, the requested amounts will be paid from the Settlement Fund. If the Court awards less than the requested amounts, the difference will remain in the Settlement Fund.

**OBJECTING TO THE SETTLEMENT**

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

If you are a Settlement Class Member, you can object to the Settlement, Plan of Allocation, Plaintiffs’ Counsel’s application for attorneys’ fees and expenses, and any proposed awards to Plaintiffs.

To object, you must file a written objection (together with any papers or briefs in support of the objection) with the Clerk of the Supreme Court for New York County, Commercial Division, at the address listed below **on or before November 10, 2022**. Your objections must state that you object to the proposed Settlement in *In re DouYu Int’l Holdings Ltd. Securities Litig.*, Index No. 651703/2020. You must (a) include your name, address, daytime telephone number, and your signature (and the name and contact information for your counsel, if any), and (b) be accompanied by *copies* of documents showing the date(s), price(s), and amount(s) of all DouYu ADS that you purchased (or acquired) or sold between July 16, 2019 through January 21, 2020, inclusive (in order to show your membership in the Settlement Class). Your objection must also state all grounds for your objection, and attach copies of any evidentiary materials you wish the Court to consider. The objection must be signed by the objector, even if it is filed by your counsel. Attendance at the Settlement Hearing is not necessary to object, but if you (or your counsel, if any) wish to speak in support of your objection at the Settlement Hearing (see response to question 23 below) you must also state in your objection that you intend to do so.

**Importantly**, you must also mail or deliver copies of any objections and supporting materials to **each** of the following at the addresses listed below so they are **received no later than November 10, 2022**:

<b>The Court</b>	<b>Plaintiffs’ Counsel</b>	<b>Counsel for Defendant DouYu</b>
Clerk of the Court New York Supreme Court N.Y. County, Commercial Div. 60 Centre Street New York, NY 10007	William C. Fredericks Scott & Scott Attys at Law LLP 230 Park Avenue, 17th Fl New York, NY 10169 Email: scottcases@scott-scott.com	Lawrence Portnoy Davis Polk & Wardwell LLP 450 Lexington Avenue New York, NY 10017 Email: lawrence.portnoy@davispolk.com

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

Objecting is simply telling the Court you do not like something about the Settlement or some portion thereof. You can object only if you stay in the Settlement Class. You may submit a Claim Form even if you object. Requesting exclusion is telling the Court you do not want to be part of the Settlement Class or the Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you. Nor can you submit a Claim Form. If you stay in the Settlement Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself.

**THE STATE COURT'S SETTLEMENT HEARING**

The State Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend, and you may ask to speak, but you do not have to.

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

The Court will hold a Settlement Hearing on December 1, 2022, at 10:00 a.m., at the New York County Courthouse, Courtroom 238, 60 Centre Street, New York, NY 10007. At this hearing, the Court will consider whether the proposed Settlement is fair, reasonable, and adequate and should be approved by the Court; whether an Order and Final Judgment as provided in the Stipulation of Settlement should be entered; and whether the proposed Plan of Allocation should be approved. If there are objections, the Court will consider them and will listen to people who have asked to speak at the hearing. The Court may also decide how much should be awarded to Plaintiffs' Counsel for attorneys' fees and expenses, and whether to approve awards to the Plaintiffs for their service to the Settlement Class.

***The Court may change the date and time of the Settlement Hearing without further notice being sent to Settlement Class Members, or it may provide that the hearing be held by telephone or video connection.*** If you want to attend the hearing, you should check the settlement website ([www.DouYuSecuritiesLitigation.com](http://www.DouYuSecuritiesLitigation.com)) and/or check with Plaintiffs' Counsel beforehand to be sure that the date, time and/or manner of the hearing have not changed.

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

No. Plaintiffs' Counsel will answer any questions the Court may have. However, you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you submit your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Settlement Class Members do not need to appear at the hearing or take any other action to indicate their approval.

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

If you object to the Settlement, Plan of Allocation or any aspect of the Fee and Expense Application, you may also ask the State Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (see question 19 above) a statement that you "intend to appear" at the Settlement Hearing, and you must also identify in your statement any witnesses you may call to testify, and attach copies of any exhibits you intend to introduce into evidence at the Settlement Hearing. You cannot speak at the hearing if you exclude yourself.

**IF YOU DO NOTHING**

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

If you do nothing, you will get no money from the Settlement and you will not be able to start a lawsuit, continue with a lawsuit or be part of another lawsuit against Defendants or the Released Defendants' Parties that asserts any of the claims being released in the Settlement. Settlement Class Members who do not submit valid and timely Claim Forms shall be barred from receiving any payments from the Settlement, but they will in all other respects be subject to and bound by the terms of the Stipulation and any Judgment entered, including the releases set forth therein.



## GETTING MORE INFORMATION

### 25. Are there more details about the proposed Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation. You may review and download a copy of the Stipulation (and other documents relating to the Actions) at the settlement website, [www.DouYuSecuritiesLitigation.com](http://www.DouYuSecuritiesLitigation.com). You may also request a copy of the Stipulation and additional Claim Forms from the Claims Administrator by phone, email or mail using the contact information provided on page 2 above. A complete set of the pleadings and other court filings in the State Action are also available for inspection during regular business hours at the Office of the Clerk, New York Supreme Court for New York County, Commercial Division, 60 Centre Street, New York, NY. A complete set of the pleadings and other court filings in the Federal Action are also available for inspection during regular business hours at the Office of the Clerk, U.S. District Court for the Southern District of New York, 500 Pearl Street, New York, NY.

**\*\*PLEASE DO NOT TELEPHONE THE COURT, DEFENDANTS,  
OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE\*\***

### PROPOSED PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG SETTLEMENT CLASS MEMBERS

The Plan of Allocation seeks to equitably distribute the Net Settlement Fund among Authorized Claimants based on their respective alleged economic losses. The Claims Administrator shall determine each Authorized Claimant's share of the Net Settlement Fund based upon the Recognized Loss formulas described below. A Recognized Loss will be calculated for each DouYu ADS purchased or otherwise acquired during the Class Period. Any orders modifying the Plan of Allocation will be posted at [www.DouYuSecuritiesLitigation.com](http://www.DouYuSecuritiesLitigation.com).

#### **PROPOSED PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS**

Publicly tradable DouYu ADS purchased during the Class Period (collectively, the "Eligible Shares") are potentially eligible for damages under the federal Securities Act and the Exchange Act. The damages for each purchased share will be based on their Recognized Loss, and resulting total value of each Authorized Claimant's Recognized Claim (as a percentage of the Aggregate Recognized claims of all Authorized Claimants), as set forth below. The total number of damaged Eligible Shares is estimated to be no more than 75 million. No Recognized Losses shall be recognized on any sales of Eligible Shares that took place on July 17, 2019, because such shares would have been sold prior to the date of the first corrective disclosure alleged in Amended Complaint. Furthermore, if any of the formulas set forth below yield an amount less than \$0.00, the claim per ADS is \$0.00.

#### **A. Calculation of Recognized Losses on Eligible Shares**

For each Eligible Share purchased in the IPO on or about July 16, 2019, or in the open market on or between July 17, 2019 and January 21, 2020, inclusive, the Recognized Loss for each such share shall be (1) the inflation per share on the date of purchase *minus* (2) the inflation per share on the date of sale as set forth in the following Table A below; provided, however, that all such losses will be limited by loss limitation rules set forth in ¶¶A.1–2 below (in which case the lower amount will apply). For each Eligible Share that continues to be held, see ¶3 below.

**Table A: Calculation of Inflation per Share on Eligible Shares Based on Relevant Dates of Transactions (Dates of Purchases and Sales)**

Period	Purchase Date	Sale Date	Inflation per Eligible Share
1	16-July-2019	17-July-2019	\$4.82
2	18-July-2019	18-July-2019	The lesser of (A) \$4.82 or (B) [\$4.45 plus .7 times (the greater of (i) {the Transaction Price <i>minus</i> \$11.05} or (ii) \$0.00)]
3	19-July-2019	19-July-2019	\$3.88 plus [the greater of (i) {the Transaction Price <i>minus</i> \$10.50} or (ii) \$0.00]
4	20-July-2019 to 1-August-2019	20-July-2019 to 1-August-2019	\$3.88
5	2-August-2019	2-August-2019	\$3.41 plus [the greater of (i) {the Transaction Price <i>minus</i> \$8.80} or (ii) \$0.00]
6	3-August-2019 to 12-August-2019	3 August-2019 to 12-August-2019	\$3.41
7	13-August-2019	13-August-2019	\$2.61 plus .4[the greater of (i) {the Transaction Price <i>minus</i> \$8.84} or (ii) \$0.00]
8	14-August-2019 to 13-October-2019	14 August-2019 to 13-October-2019	\$2.61
9	14-October-2019	14-October-2019	\$1.74 plus [the greater of (i) {the Transaction Price <i>minus</i> \$7.66} or (ii) \$0.00]
10	15-October-2019	15-October-2019	\$1.40 plus [the greater of (i) {the Transaction Price <i>minus</i> \$7.47} or (ii) \$0.00]
11	16-October-2019 to 20-January-2020	16 October-2019 to 20-January-2020	\$1.40
12	21-January-2020	21-January-2020	\$0.78 plus [the greater of (i) {the Transaction Price <i>minus</i> \$8.59} or (ii) \$0.00]
13	22-January-2020	22-January-2020	.75 times [the greater of (i) {the Transaction Price <i>minus</i> \$7.60} or (ii) \$0.00]
14	23-January-2020	On or after 23-January-2020	\$0.00

1. If sold on or after July 18, 2019, but before March 5, 2020, the Recognized Loss for each share will be the lesser of: (a) the Inflation per Share at the time of Purchase minus the Inflation per Share at the time of Sale as set forth in Table A; or (b) the lesser of (the Purchase Price or \$11.50 per share) minus the Sales Price.
2. If sold after on or after March 5, 2020, but before June 16, 2021, the Recognized Loss will be the lesser of: (a) the Inflation per Share at the time of Purchase minus the Inflation per Share at the time of Sale as set forth in Table A; or (b) the lesser of (the Purchase Price or \$11.50 per share) minus the greater of (i) the Sales Price or (ii) \$8.02<sup>1</sup>.
3. If sold on or after June 16, 2021 (or that continued to be held after that date), the Recognized Loss will be the lesser of: (a) the Inflation per Share at the time of Purchase minus the Inflation per Share at the time of Sale as set forth in Table A; or (b) the lesser of (i) the Purchase Price minus \$8.02 or (ii) \$11.50 per share minus \$8.02<sup>2</sup>.

## **B. Additional Provisions Relating to the Calculation of Recognized Losses**

For Settlement Class Members who made multiple purchases, acquisitions, or sales between July 16, 2019 and January 21, 2020, the first-in, first-out (“FIFO”) method will be applied to those purchases, acquisitions, and sales for purposes of calculating Recognized Losses. Under the FIFO method, all purchases of DouYu ADS made through January 21, 2020, will be matched, in chronological order, starting with ADS purchased in the offering. The remaining sales of ADS during the Relevant Period will then be matched, in chronological order, against ADS purchased or acquired through June 16, 2021.

The date of purchase or date of sale is the “contract” or “trade” date as distinguished from the “settlement” date. All purchase, acquisition, and sale prices shall exclude any fees and commissions. The receipt or grant by gift, devise or operation of law of DouYu ADS during the Relevant Period shall not be deemed a purchase or sale of DouYu ADS for the calculation of a claimant’s Recognized Claim, nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment.

For short sales, the date of covering a “short sale” is deemed to be the date of purchase of the DouYou ADS. The date of a “short sale” is deemed to be the date of sale of the DouYu ADS.

Option contracts are not securities eligible to participate in the Settlement. With respect to DouYu ADS purchased or sold through the exercise of an option, the purchase/sale date of the DouYu ADS is the exercise date of the option and the purchase/sale price of the DouYou ADS is the exercise price of the option.

## **C. Allocation of Net Settlement Proceeds Based on Recognized Losses**

A Claimant’s “Recognized Claim” under the Plan of Allocation shall be the sum of his, her, or its Recognized Loss amounts for their Eligible Shares, as determined in accordance with §§ A and B above.

To the extent a Claimant had a market gain with respect to his, her, or its overall transactions in DouYu ADS during the Class Period, the value of the Claimant’s Recognized Claim shall be zero, but such Claimants shall in any event be bound by the Settlement. To the extent that a Claimant suffered an overall market loss with respect to his, her, or its overall transactions in DouYu ADS purchased during the Class Period, but that market loss was less than the total Recognized Claim calculated above, then the Claimant’s Recognized Claim shall be limited to the amount of the actual market loss.

The Net Settlement Fund will be distributed to Authorized Claimants on a pro rata basis based on the relative size of their Recognized Claims. Specifically, a “Distribution Amount” will be calculated for each Authorized Claimant, which shall be the Authorized Claimant’s Recognized Claim divided by the aggregate Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant’s Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to such Authorized Claimant.

The Net Settlement Fund will not be distributed to Authorized Claimants unless and until the Court has (a) approved the Settlement and either this plan of allocation or a modified plan; and (b) the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired. Approval of the Settlement is separate from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

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<sup>1</sup> The price per share at closing on March 5, 2020, was \$8.02. March 5, 2020, was the date the first complaint asserting any of the claims at issue was filed. Consistent with Section 11 of the Securities Act, this Plan of Allocation uses the \$8.02 price to set a minimum “Sale Price” value per-DouYu ADS for purposes of calculating limitations on Recognized Loss Amounts for all DouYu ADS sold after March 5, 2020.

<sup>2</sup> Consistent with Section 11 of the Securities Act, this is the minimum selling price for all shares sold after March 5, 2020. For example, all shares sold on or after June 16, 2021 (or that continued to be held after that date) traded below this minimum selling price, and are therefore subject to this loss limitation rule.

Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form. Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants.

You should contact the Claims Administrator or Plaintiffs' Counsel if you disagree with any determinations that may be made by the Claims Administrator regarding your Claim Form. If you are unsatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Class Members and the claims administration process, to decide the issue by submitting a written request. Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement.

#### **SPECIAL NOTICE TO CUSTODIANS AND OTHER NOMINEES**

If, between July 16, 2019, and January 21, 2020, inclusive, you purchased or otherwise acquired American Depository Shares of DouYu (NYSE ticker: DOYU) as a nominee for a beneficial owner, the Court has directed that, WITHIN TEN (10) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE and Proof of Claim, you either (a) send a copy of this Notice and Proof of Claim (the "Notice Packet") by First Class Mail to all such owners; or (b) provide to the Claims Administrator (at [notifications@gilardi.com](mailto:notifications@gilardi.com) or at the address listed at page 2 above) a list of the names and last known addresses of such owners. If you choose to mail the Notice Packet yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing. Regardless of which option you choose, you may obtain reimbursement for reasonable out-of-pocket costs actually incurred in connection with the foregoing, and which would not have been incurred but for the sending of the Notice or the requirement to identify beneficial holders, upon submission of appropriate supporting documentation to the Claims Administrator. If you choose to forward the Notice Packet yourself, the Court has directed that you send a statement to the Claims Administrator confirming that you made the mailing as directed.

DATED: August 9, 2022

BY ORDER OF THE NEW YORK SUPREME COURT  
NEW YORK COUNTY, COMMERCIAL DIVISION