

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

DAN KATZ, PETER VAN NUIS AND JULIUS SHAPIRO, INDIVIDUALLY AND ON BEHALF OF ALL OTHERS SIMILARLY SITUATED,	X	
Plaintiffs,	X	
vs.	X	No. 11-CV-2769 (JAK) (SSx)
CHINA CENTURY DRAGON MEDIA, INC., HAIMING FU, DAPENG DUAN, HUIHUA LI, ZHIFENG YAN, DAVID DE CAMPO, YUE LU, FANG YUAN, WESTPARK CAPITAL, INC., JOSEPH GUNNAR & CO, LLC, I-BANKERS SECURITIES, INC., AEGIS CAPITAL CORPORATION, RICHARD RAPPAPORT, AND MALONEBAILEY LLP,	X	
Defendants.	X	<u>CLASS ACTION</u>
	X	
	X	
	X	
	X	
	X	
	X	Hon. John A. Kronstadt
	X	
	X	
	X	
	X	

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

If you purchased or otherwise acquired the common stock (“Stock”) of China Century Dragon Media, Inc. (“China Century” or the “Company”) during the period from February 7, 2011 through and including March 21, 2011, you could get a payment from a class action settlement (the “Settlement”).

Under law, a federal court has authorized this notice.

- If approved by the Court, the Settlement will provide \$778,333.33, plus interest (the “Settlement Amount”), to pay claims of investors who purchased China Century Stock during the period from February 7, 2011 through and including March 21, 2011 (the “Class Period”).
- The Settlement Amount is comprised of: (1) a settlement in the approximate sum of \$518,333.33 to be paid on behalf of MaloneBailey LLP (“MaloneBailey”); (2) a settlement in the sum of \$83,334 to be paid by the parent company of WestPark Capital, Inc. (WestPark Capital, Inc. and Richard Rappaport collectively, the “WestPark Defendants”); (3) a settlement in the sum of \$45,833 to be paid by I-Banker Securities, Inc. (“I-Bankers”); (4) a settlement in the sum of \$45,833 to be paid by Joseph Gunnar & Co., LLC (“Gunnar”); (5) a settlement in the sum of \$25,000 to be paid by Aegis Capital Corporation (“Aegis”); and (6) a settlement in the sum of \$60,000 to be paid by David De Campo (“De Campo”).
- Not included in the Settlement Amount is a Settlement Holdback of \$65,000. This amount is currently being held by MaloneBailey for the satisfaction of its future legal fees related to this Litigation. After the Litigation is concluded in its entirety, any funds remaining in the Settlement Holdback will be added to the Settlement Amount and distributed to the Settlement Class. There is no assurance any funds will remain in the Settlement Holdback.
- The Settlement represents an average recovery of \$0.09 per share of China Century Stock for the 8,540,748 shares outstanding as of March 21, 2011, the end of the Class Period. A share may have been traded more than once during the Class Period. This estimate solely reflects the average recovery per outstanding share of China Century Stock. The indicated average recovery per share will be the total average recovery for all purchasers of that share. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Class Members, the date(s) you purchased and sold China Century Stock, and the total number and amount of claims filed.
- Attorneys for the Lead Plaintiff and Class Representatives (“Class Counsel”) intend to ask the Court to award them fees of \$200,000, or twenty-five and seven tenths percent (25.7%) of the Settlement Amount, reimbursement of litigation expenses of no more than \$70,000 and an award to the Lead Plaintiff and Class Representatives not to exceed \$3,000 for each person. Collectively, the maximum amount of attorneys’ fees and expenses are estimated to average \$0.03 per share of China Century Stock. If approved by the Court, these amounts will be paid from the Settlement Fund.
- The approximate recovery, after deduction of attorneys’ fees and expenses approved by the Court, is an average of \$0.06 per share of China Century Stock. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will vary depending on your purchase price and sales price, and the number and amount of claims filed.

- The Settlement resolves the lawsuit concerning whether China Century and its officers and directors made false and misleading statements in its financial statements contained in the registration statement and prospectus for the Company’s February 7, 2011 initial public offering (“IPO”) in violation of federal securities laws. Plaintiffs’ Second Amended Complaint alleged that in connection with the IPO, China Century overstated, by between 39% and 74,250%, its cash and cash equivalents, revenue, gross profit, income from operations, and net income in its Registration Statements filed with the Securities and Exchange Commission in February of 2011.

MaloneBailey, the WestPark Defendants, I-Bankers Securities, Inc., Joseph Gunnar & Co., LLC, Aegis Capital Corporation, and David De Campo deny all allegations of misconduct and liability.

- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM NO LATER THAN SEPTEMBER 16, 2013	The only way to get a payment.
EXCLUDE YOURSELF NO LATER THAN SEPTEMBER 6, 2013	Get no payment. This is the only option that allows you to be part of any other lawsuit against MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, and/or De Campo about the legal claims in this case.
OBJECT NO LATER THAN SEPTEMBER 17, 2013	Write to the Court about why you do not like the settlement.
GO TO A HEARING ON OCTOBER 7, 2013	Speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

INQUIRIES

Please do not contact the Court regarding this notice. All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class members should be directed to:

China Century Dragon Media, Inc. Litigation
 c/o Strategic Claims Services
 P.O. Box 230
 600 N. Jackson St., Ste. 3
 Media, PA 19063
 Tel.: 866-274-4004
 Fax: 610-565-7985
 info@strategicclaims.net

or

THE ROSEN LAW FIRM, P.A.
 355 South Grand Avenue, Suite 2450
 Los Angeles, CA 90071
 Tel.: 213-785-2610
 Fax: 213-226-4684
 info@rosenlegal.com

COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

1. Why did I get this Notice?

You or someone in your family may have acquired China Century Stock during the Class Period.

2. What is this lawsuit about?

The case is known as Katz v. China Century Media Dragon, Inc., Case No. 11-CV-2769-JAK (SSx) (the “Litigation”), and the Court in charge of the case is the United States District Court for the Central District of California.

The Class Action is about whether China Century and/or other Defendants violated the federal securities laws by making false and misleading statements to the investing public as set out in the Second Amended Complaint. Specifically, the Complaint alleges that in connection with its Initial Public Offering, China Century overstated, by between 39% and 74,250%, its cash and cash equivalents, revenue, gross profit, income from operations, and net income in its Registration Statements and Prospectus filed with the Securities and Exchange Commission in February of 2011.

The Settlement resolves all of the claims in the Class Action against MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, and De Campo.

3. Why is this a class action?

In a class action, one or more persons and/or entities, called Lead Plaintiff(s) and/or Class Representatives, sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a Class, and these individual persons and/or entities are known as Class Members. One court resolves all of the issues for all Class Members, except for those Class Members who exclude themselves from the Class.

4. Why is there a Settlement?

Lead Plaintiff and Class Representatives, MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, and De Campo do not agree regarding the merits of Lead Plaintiff's and Class Representatives' allegations with respect to liability or the average amount of damages per share that would be recoverable if Lead Plaintiff and Class Representatives were to prevail at trial on each claim. The issues on which the Lead Plaintiff and Class Representatives, MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, and De Campo disagree include: (1) whether China Century and its officers/directors made false and misleading statements; (2) whether China Century and its officers/directors made these statements knowingly; (3) whether the statements were the cause of the Class Members' alleged damages; (4) the amount of damages, if any, suffered by the Class Members; (5) whether MaloneBailey had a reasonable basis to issue its audit opinion certifying China Century's financial statements; and (6) whether the WestPark Defendants, I-Bankers, Gunnar, and Aegis made a reasonable and diligent investigation of the statements contained in the Registration Statements and Prospectus and whether they were entitled to rely on MaloneBailey's audit opinion.

This matter has not gone to trial and the Court has not decided in favor of any party involved in this Litigation. Instead, Lead Plaintiff and Class Representatives, MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, and De Campo have agreed to settle the Class Action. The Lead Plaintiff, Class Representatives, and Class Counsel believe the settlement is best for all Class Members because of the risks associated with continued litigation and the nature of the defenses raised by MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, and De Campo. Even if Plaintiffs win at trial, and also withstand MaloneBailey's, the WestPark Defendants', I-Bankers', Gunnar's, Aegis', and De Campo's inevitable challenges on appeal, Plaintiffs might not be able to collect some, or all, of the judgment.

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

To be a Class Member, you must have purchased or otherwise acquired China Century Stock during the period from February 7, 2011 through and including March 21, 2011.

6. Is anyone excluded from participating in the Class?

Yes. Excluded from the Class are MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, De Campo, any other defendants in this action, and all former officers and directors of all defendants, and the members of such excluded persons' immediate families, legal representatives, heirs, predecessors, successors, and assigns, and any entity in which any excluded person has or had a controlling interest, and any persons who have separately filed actions against MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, and/or De Campo, based in whole or in part on any claim arising out of or relating to any of the alleged acts, omissions, misrepresentations, facts, events, matters, transactions, or occurrences referred to in the Litigation or otherwise alleged, asserted, or contended in the Litigation. Also, if you exclude yourself from the Class, as described below, you are not a part of the Class, and you will not be able to share in the Settlement Fund.

7. What does the Settlement provide?

a. What is the Settlement Fund?

The proposed Settlement will create a Settlement Fund comprised of (1) approximately \$518,333.33 paid on behalf of MaloneBailey; (2) \$83,334 paid by the parent company of WestPark Capital, Inc.; (3) \$45,833 to be paid by I-Bankers; (4) \$45,833 to be paid by Gunnar; (5) \$25,000 to be paid by Aegis; and (6) \$60,000 to be paid by De Campo. Not included in the Settlement Fund is a Settlement Holdback in the amount of \$65,000. The Settlement Holdback is currently being held by MaloneBailey for the satisfaction of its future legal fees related to this Litigation. After the Litigation is concluded in its entirety, any funds remaining in the Settlement Holdback will be added to the Settlement Fund and distributed to the Settlement Class.

The Settlement is subject to Court approval. Also, subject to the Court's approval, a portion of the Settlement Fund will be used to pay Lead Plaintiff's attorneys' fees and reasonable litigation expenses and any award to the Lead Plaintiff and Class Representatives. A portion of the Settlement Fund also will be used to pay taxes due on interest earned by the Settlement Fund, if necessary, and any notice and claims administration expenses permitted by the Court. After the foregoing deductions from the Settlement Fund have been made, the amount remaining (the "Net Settlement Fund") will be distributed to Class Members who submit valid claims.

b. What can you expect to receive under the proposed Settlement?

Your share of the Net Settlement Fund will or may depend on: (i) the number of claims filed; (ii) the dates you purchased and sold China Century Stock; (iii) the prices of your purchases and sales; (iv) the amount

of administrative costs, including the costs of notice; and (v) the amount awarded by the Court to Lead Plaintiff, Class Representatives and Class Counsel for attorneys' fees, costs, and expenses.

The compensable loss per share ("Recognized Loss") of each Authorized Claimant shall be calculated according to the following formula:

- i) For each share of China Century common stock purchased or otherwise acquired during the Class Period and sold on or before the close of trading on March 21, 2011, the Recognized Loss Per Share is the difference between the purchase price, not to exceed the offering price of \$5.25 per share, and the sales price for each share sold.
- ii) For each share of China Century common stock purchased or otherwise acquired during the Class Period and held as of the close of trading on March 21, 2011, the Recognized Loss Per Share is the difference between the purchase price, not to exceed the offering price of \$5.25 per share, and \$0.30 per share.

c. Are there any further limitations on the amount I may receive?

- i) To the extent there are sufficient funds in the Net Settlement Fund, each Class Member with a Recognized Loss that satisfies the requirements approved by the Court ("Authorized Claimant") will receive an amount equal to the Authorized Claimant's Recognized Loss described above. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Loss bears to the total of the Recognized Losses of all Authorized Claimants.
- ii) For Class members who conducted multiple transactions in China Century Stock during the Class Period, the earliest subsequent sale shall be matched first against those shares in the Claimant's opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.
- iii) Transactions during the Class Period resulting in a gain shall be netted against the Class Members transactions resulting in a loss to arrive at the Recognized Loss.
- iv) Any Class members whose collective transactions in China Century Stock during the Class Period resulted in a net gain shall not be entitled to share in the Net Settlement Fund.
- v) The purchase and sale prices exclude any brokerage commissions, transfer taxes or other fees.
- vi) The covering purchase of a short sale is not an eligible purchase. Gifts and transfers are not eligible purchases.

8. How can I get a payment?

To qualify for a payment, you must send in a form entitled "Proof of Claim and Release." This claim form is attached to this Notice. You may also obtain a claim form on the Internet at www.strategicclaims.net. Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than September 16, 2013, to:

China Century Dragon Media, Inc. Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Ste. 3
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

The Claims Administrator will process your claim and determine whether you are an "Authorized Claimant."

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

Unless you exclude yourself, you will remain in the Class. That means that if the Settlement is approved, you and all Class Members will release all claims (and therefore agree never to sue, continue to sue, or be part of any other lawsuit) against MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, De Campo, and any of their current, former, or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, trustees, attorneys, insurers, reinsurers, advisors, accountants, associates, and/or any other individual or entity in which MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, or De Campo has or had a controlling interest or which is or was related to or affiliated with MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, or De Campo and the current, former, and future legal representatives, heirs, successors-in-interest, or assigns of

MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, or De Campo in connection with your acquisition of China Century Stock during the Class Period.

You do not release the released parties from any claim or action to enforce the Settlement.

Remaining in the Class also means that all of the Court's orders will apply to you and legally bind you. If you sign the claim form, you are agreeing to a "Release of Claims," which will bar you from ever filing a lawsuit against any Released Party to recover losses from the acquisition or sale of China Century Stock during the Class Period, except to enforce the Settlement. That means you will accept a share in the Net Settlement Fund as sole compensation for any losses you have suffered in the acquisition and sale of China Century Stock during the Class Period.

10. How do I get out of the Settlement?

If you do not want to receive a payment from this Settlement, and you want to keep any right you may have to sue or continue to sue MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, or De Campo on your own based on the legal claims raised in this Class Action, then you must take steps to get out of the Settlement. This is called excluding yourself from—or "opting out" of—the Settlement. To exclude yourself from the Settlement, you must mail a letter stating you want to be excluded as a Class Member from Katz v. China Century Dragon Media, Inc., Case No. CV 11-2769-JAK (SSx). Be sure to include your name, address, telephone number, email address (if any), and your signature, along with an accurate list of all of your purchases and sales of China Century Stock. You must mail your exclusion request so that it is received no later than September 6, 2013, to:

China Century Dragon Media, Inc. Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Ste. 3
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not receive a settlement payment, and you cannot object to the Settlement. If you ask to be excluded, you will not be legally bound by anything that happens in this Class Action.

11. If I do not exclude myself, can I sue MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, or De Campo for the same thing later?

No. Unless you exclude yourself, you give up any right to sue MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, and/or De Campo for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you may have to exclude yourself from this Class to continue your own lawsuit.

12. Do I have a lawyer in this case?

The Court has certified this action as a class action and appointed the Rosen Law Firm to represent all Class Members. The Rosen Law Firm will continue to represent your interests. You may, but are not required to, retain your own lawyer at your own expense. There is no need for you to retain your own lawyer.

13. How will the lawyers be paid?

Class Counsel have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the litigation themselves and have not been paid attorneys' fees in advance of this Settlement. Class Counsel have done so with the expectation that if they are successful in recovering money for the Class, they will receive attorneys' fees and be reimbursed for their litigation expenses from the Settlement Fund, as is customary in this type of litigation. Class Counsel will not receive attorneys' fees or be reimbursed for their litigation expenses except from the Settlement Fund. Therefore, Class Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys' fees in an amount not to exceed 25.7% of the Settlement Fund or \$200,000, for reimbursement of reasonable litigation expenses not to exceed \$70,000, and an award to the Lead Plaintiff and Class Representatives in an amount not to exceed \$3,000 for each person. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Settlement Fund.

14. How do I tell the Court that I do not like the Settlement?

You can tell the Court you do not agree with the Settlement, any part of the Settlement, or Class Counsel's motion for attorneys' fees, and that you think the Court should not approve the Settlement, by mailing a letter stating that you object to the Settlement in the matter of Katz v. China Century Dragon Media, Inc., Case No. CV 11-2769-JAK (SSx). Be sure to include your name, address, telephone number, your signature, a list of your purchases and sales of China Century Stock in order to show your membership in the Class, and all of the reasons

you object to the Settlement. Be sure to mail the objections to each of the seven different places listed below, received no later than September 17, 2013, so the Court will consider your views:

Clerk of the Court
United States District Court
Central District of California–Western Division
255 East Temple Street
Los Angeles, CA 90012

Laurence M. Rosen, Esq.
Phillip Kim, Esq.
THE ROSEN LAW FIRM, P.A.
355 South Grand Avenue, Suite 2450
Los Angeles, CA 90071

Class Counsel

Patrick M. Kelly, Esq.
David S. Eisen, Esq.
Patricia Ann Golson, Esq.
WILSON ELSER MOSKOWITZ EDELMAN
& DICKER LLP
555 South Flower Street, Suite 2900
Los Angeles, CA 90071

Nathan Dooley, Esq.
COZEN O’CONNOR LLP
601 South Figueroa Street, Suite 3700
Los Angeles, CA 90017

*Attorney for Aegis Capital Corporation
and I-Bankers Securities, Inc.*

Attorney for MaloneBailey LLP

Legal and Compliance Department
WestPark Capital Financial
Services, LLC
1900 Avenue of the Stars, Suite 310
Los Angeles, CA 90067

John E. Lawlor, Esq.
129 Third Street
Mineola, NY 11501
*Attorney for Joseph Gunnar
& Co., LLC*

Bruce H. Jackson, Esq.
BAKER & MCKENZIE LLP
Two Embarcadero Center, 11th Floor
San Francisco, CA 94111

*Counsel for WestPark Capital, Inc.
and Richard Rappaport*

Attorney for David De Campo

Attendance at the Final Settlement Hearing is not necessary but persons wishing to be heard orally in opposition to the Settlement, the Plan of Allocation, and/or the application for Attorneys’ Fees and Expenses are required to indicate in their written objection (or in a separate writing that is submitted in accordance with the deadline and after instructions pertinent to the submission of a written objection) that they intend to appear at the Final Settlement Hearing and identify any witnesses they may call to testify or exhibits they intend to introduce into evidence at the Final Settlement Hearing.

15. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court you do not like something about the Settlement. You can object only if you stay in the Class. Requesting exclusion is telling the Court you do not want to be part of the Class and Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you. If you stay in the Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself.

16. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Settlement Hearing on October 7, 2013 at 8:30 a.m., at the United States District Court for the Central District of California, 255 East Temple Street, Los Angeles, CA 90012.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel for attorneys’ fees and expenses.

17. Do I have to come to the hearing?

No. Class 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 mail your written objection on time, the Court will consider it.

18. What happens if I do nothing at all?

If you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against MaloneBailey, the WestPark Defendants, I-Bankers, Gunnar, Aegis, and/or De Campo about the claims made in this case ever again.

DATED: JULY 2, 2013.

BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE
CENTRAL DISTRICT OF CALIFORNIA