

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

IN RE SINOHUB
SECURITIES LITIGATION

This Document Relates to: All Actions

No. 1:12-cv-08478-WHP

NOTICE OF PENDENCY AND
PROPOSED SETTLEMENT
OF CLASS ACTION

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF SINOHUB INC. (THE "COMPANY" OR "SINOHUB") DURING THE PERIOD MAY 17, 2010 THROUGH AUGUST 21, 2012, INCLUSIVE, AND WHO WERE DAMAGED THEREBY:

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER (AS DEFINED BELOW), YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE POSTMARKED ON OR BEFORE NOVEMBER 9, 2015.

This Notice of Pendency and Proposed Settlement of Class Action (the "Notice") has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order (the "Order") of the United States District Court for the Southern District of New York (the "Court"). The purpose of this Notice is to inform you of the pendency and proposed settlement of this class action litigation (the "Settlement") and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations or the merits of the claims or defenses asserted in this case. This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this class action litigation (the "Action").

The proposed Settlement creates a fund in the amount of \$600,000 in cash (the "Settlement Fund") before deduction of permitted fees, costs and expenses, and will include interest that accrues on the fund prior to distribution. Your recovery from the Settlement Fund, if any, will depend on a number of variables, including the number of shares of SinoHub stock you purchased during the period May 17, 2010 through August 21, 2012 (the "Class Period") and the timing of your purchases and any sales. Depending on the number of eligible shares purchased by Class Members (as defined below) who elect to participate in the Settlement and when those shares were purchased, the estimated average distribution per share of SinoHub common stock will be approximately \$.03, before deduction of Court-approved fees, costs and expenses. To see how claims for losses in SinoHub stock will actually be calculated, see Section VIII, entitled Plan of Distribution, beginning at page 5 below.

This Action is a securities fraud class action brought on behalf of those persons who purchased the common stock of SinoHub during the Class Period ("Class Members"), against SinoHub, certain of its current and former officers and directors, for allegedly issuing materially false and misleading public statements concerning: (1) SinoHub's financial statements; (2) the Company's internal controls; (3) the Company's revenue; and (4) the success of SinoHub's "ICM" (cell phone) business and against Baker Tilly Hong Kong Limited, the Company's former auditor, for allegedly knowingly or recklessly reviewing and certifying flawed financial statements prepared by SinoHub. The Complaint further alleges that, as a direct and proximate result of the alleged false and misleading statements, the price of SinoHub's stock was artificially inflated at the time it was purchased by Lead Plaintiff and the members of the Class and that, when the truth was allegedly revealed, the price of SinoHub's stock collapsed, allegedly damaging Lead Plaintiff and the Class.

Lead Plaintiff and the Defendants do not agree on the average amount of damages per share that would be recoverable if the Lead Plaintiff were to have prevailed on each of the claims alleged. The issues on which the parties disagree include, among others: (1) whether the statements made or facts allegedly omitted were material, false, misleading or otherwise actionable under the securities laws; (2) whether Baker Tilly Hong Kong knowingly or recklessly reviewed and certified flawed financial statements prepared by SinoHub; (3) the appropriate economic model for determining the amount by which the price of SinoHub common stock was allegedly artificially inflated (if at all) during the Class Period; (4) the amount by which the price of SinoHub common stock was allegedly artificially inflated (if at all) during the Class Period; (5) the effect of various market forces influencing the trading price of SinoHub common stock at various times during the Class Period; (6) the extent to which external factors, such as general market and industry conditions, influenced the trading price of SinoHub common stock at various times during the Class Period; (7) the extent to which the various matters that Lead Plaintiff alleged were materially false or misleading influenced (if at all) the trading price of

SinoHub common stock at various times during the Class Period; and (8) the extent to which the various allegedly adverse material facts that Lead Plaintiff alleged were omitted influenced (if at all) the trading price of SinoHub common stock at various times during the Class Period.

Lead Plaintiff believes that the proposed Settlement is the best available recovery and is in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that the Class would not have prevailed on any of their claims, in which case the Class would have received nothing. The amount of damages recoverable by the Class was, and is, challenged by the Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law. Had the Action gone to trial, Defendants would have asserted, *inter alia*, that any losses to the Class were caused by non-actionable market factors, and that throughout the Class Period the uncertainties and risks associated with the purchase of SinoHub common stock were fully and adequately disclosed. Moreover, even if the Class were to prevail in the Action, there is a substantial question as to whether any damages awarded could be recovered from any of the Defendants, and the Settlement Fund is comprised entirely of the remaining proceeds available from applicable insurance policies.

Lead Counsel have not received any payment for their services or expenses incurred in conducting this Action on behalf of the Lead Plaintiff and the Class. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees of 25% of the Settlement Fund, and the reimbursement of expenses incurred in connection with the action in an amount not to exceed \$50,000. Application will also be made to the Court for reimbursement of Lead Plaintiff's reasonable costs and expenses (including lost wages, if any), directly relating to its representation of the Class in this Action, from the Settlement Fund. If the amount of fees and costs requested is approved by the Court, the average cost per share will be \$.02.

For further information regarding this Settlement you may contact a representative of Lead Counsel: Michael Burnett, Scott+Scott, Attorneys at Law, LLP, 156 South Main Street, Colchester, CT 06415, Telephone No. 860-537-5537.

I. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A hearing (the "Final Approval Hearing") will be held on November 13, 2015, at 11:30 a.m., before the Honorable William H. Pauley, III, United States District Judge, Southern District of New York, at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl St., New York, New York. The purpose of the Final Approval Hearing will be to determine: (1) whether the proposed Settlement of the claims in the Action for the sum of \$600,000 in cash, less permitted fees, costs and expenses, should be approved by the Court as fair, reasonable, and adequate; (2) whether, thereafter, the Action should be dismissed with prejudice; (3) whether the Plan of Distribution is fair, reasonable, and adequate and therefore should be approved; (4) whether the application of Lead Plaintiff for payment of costs and expenses (including, but not limited to, lost wages, if any) and of Lead Counsel for the payment of attorneys' fees and expenses incurred in connection with the Action should be approved; and (5) whether the Court should grant certification of the Class for purposes of settlement. The Court may adjourn or continue the Final Approval Hearing without further notice to the Class.

II. DEFINITIONS USED IN THIS NOTICE

1. "Authorized Claimant" means any member of the Class whose claim for recovery has been allowed pursuant to the terms of the Stipulation.
2. "Baker Tilly" means the auditing company Baker Tilly Hong Kong Limited.
3. "Claims Administrator" means KCC, LLC or its successor.
4. "Defendants" means SinoHub, Inc., Henry T. Cochran, De Hui Li, Lei Xia, Chi Keung Lui and Baker Tilly Hong Kong Limited.
5. "Effective Date" means the first date by which all of the events and conditions specified in 7.1 of the Stipulation have been met and have occurred.
6. "Escrow Agent" means KCC, LLC or its successor.
7. "Final" means when the last of the following with respect to the Judgment approving the Stipulation, in the form of Exhibit B attached to the Stipulation, shall occur: (i) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion having been filed; (ii) the expiration of the time in which to appeal the Judgment has passed without any appeal having been taken; and (iii) if a motion to alter or amend is filed or if an appeal is taken, the determination of that motion or appeal in such a manner as to preclude any further motions or appeals thereof and to permit the consummation of the Settlement, in accordance with the terms and conditions of the Stipulation. For purposes of this paragraph, an "appeal" shall include any petition for a writ of *certiorari* or other writ that may be filed in connection with approval or disapproval of this Settlement, but shall not include any appeal which concerns only the issue of attorneys' fees and expenses or Lead Plaintiff's expenses or any Plan of Distribution of the Settlement Fund.
8. "Individual Defendants" means Henry T. Cochran, De Hui Li, Lei Xia, and Chi Keung Lui.
9. "Final Judgment" means the proposed judgment to be entered by the Court approving the Settlement, substantially

in the form attached to the Stipulation as Exhibit B.

10. "Lead Plaintiff" means Ellsworth Investments Limited.
11. "Person" means an individual, corporation (including all divisions and subsidiaries), partnership, limited partnership, association, joint stock company, joint venture, limited liability company, professional corporation, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and his, her or its spouses, heirs, predecessors, successors, representatives, or assignees.
12. "Lead Counsel" means Scott+Scott, Attorneys at Law, LLP.
13. "Plan of Distribution," as further defined in §VIII below, means a plan or formula of allocation of the Net Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the Settlement, Taxes and Tax Expenses, and payment of such attorneys' fees, costs, expenses and interest and other expenses as may be awarded by the Court. Any Plan of Distribution is not part of the Stipulation, and the Released Persons shall not have any responsibility or liability with respect thereto.
14. "Class Period" means the period commencing on or about May 17, 2010 through August 21, 2012, inclusive.
15. "Class" means all persons or entities that purchased or otherwise acquired SinoHub's common stock during the Class Period. Excluded from the Class are the Defendants, officers, and directors of the Company, as well as their families and the families of the Defendants, those holding 5% or more of SinoHub's outstanding shares, and any member of the Class who has validly and timely requested exclusion from the Class.
16. "Class Member" means a Person who falls within the definition of the Class as set forth in the Stipulation.
17. "Released Claims" means all claims, demands, losses, charges, complaints, obligations, damages, suits, expenses, rights, liabilities and causes of action of every nature and description whatsoever, whether known or unknown, whether concealed or hidden, whether in law or equity, whether asserted or that might have been asserted, including, without limitation, claims for negligence, gross negligence, breach of duty of care and/or breach of duty of loyalty, fraud, breach of fiduciary duty (including, without limitation, the fiduciary duty claims and shareholder derivative claims asserted in the Li Derivative Action), or violations of any state or federal statutes, rules or regulations, including "Unknown Claims" as defined below, and other similar state laws, arising out of, relating to, or in connection with the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act which were or could have been alleged by Lead Plaintiff or any member of the Class in the Action, against Defendants, their past or present subsidiaries, parents, successors and predecessors, officers, directors, shareholders, partners, agents, employees, attorneys, insurers, executors, estates and any person, firm, trust, corporation, officer, director, or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, heirs, successors in interest, or assigns of the Defendants, except for claims to enforce the terms of this Stipulation.
18. "Released Persons" means Defendants, their past or present subsidiaries, parents, successors and predecessors, officers, directors, shareholders, partners, agents, employees, attorneys, insurers, executors, estates, and any person, firm, trust, corporation, officer, director, or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, heirs, successors in interest, or assigns of the Defendants.
19. "Settlement Fund" means \$600,000 in cash to be paid to the Escrow Agent pursuant to 2.1 of the Stipulation together with all interest and income earned thereon. After payment of all Court approved costs, fees and expenses set forth in the Stipulation, the remaining amount in the Settlement Fund (the "Net Settlement Fund") is the amount available for payment to Authorized Claimants.
20. "Settling Parties" means, collectively, the Defendants and the Lead Plaintiff on behalf of itself and Class Members.
21. "SinoHub Defendants" means SinoHub, Henry T. Cochran, De Hui Li, Lei Xia and Chi Keung Lui.
22. "Unknown Claims" means any and all Released Claims against the Released Persons which Lead Plaintiff or any Class Member does not know of or suspect to exist in his, her or its favor as of the Effective Date, and any Released Defendants' Claims against the Releasing Persons which Defendants do not know or suspect to exist in their favor, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Released Defendants' Claims, the Settling Parties stipulate and agree that by operation of the Final Judgment, upon the Effective Date, Lead Plaintiff and Defendants shall have expressly waived, and each Class Member shall be deemed to have waived, and by operation of the Final Judgment shall have expressly waived, the provisions, rights and benefits of Cal. Civ. 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 OR HER SETTLEMENT WITH THE DEBTOR**

and 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. Lead Plaintiff and Class Members may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly, fully, finally, and forever settle and release, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released, 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, 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. Lead Plaintiff and Defendants acknowledge, and Class Members shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Defendants’ Claims was separately bargained for and was a key element of the Settlement.

III. THE LITIGATION

On November 20, 2012, the Action was filed in the United States District Court for the Southern District of New York (the “Court”) as a securities class action on behalf of all Persons who purchased the common stock of the Company between May 17, 2010 and August 21, 2012, inclusive, and were damaged thereby. Thereafter, three (3) additional actions were filed with the Court alleging substantially the same allegations as this Action. On March 4, 2013, the Court appointed Ellsworth Investments as Lead Plaintiff and Scott+Scott, Attorneys at Law, LLP as Lead Counsel, and the Court consolidated each of the pending actions into this Action.

The operative complaint in the Action is the First Amended Class Action Complaint (the “Complaint”), filed in the Court on September 16, 2013. The Complaint alleges violations of §10(b) and 20(a) of the Securities Exchange Act of 1934, as well as Rule 10b-5 enacted thereunder on behalf of the Class.

IV. CLAIMS OF THE LEAD PLAINTIFF AND BENEFITS OF SETTLEMENT

Lead Counsel represent that they have conducted an extensive investigation of the claims and the underlying events and transactions alleged in this Action. Among other things, Lead Counsel have analyzed public filings, records, documents, and other materials concerning Defendants, and have researched the applicable law with respect to the claims of Lead Plaintiff and the Class against Defendants and the potential defenses thereto.

Based on their investigation and review, Lead Plaintiff and its Counsel have concluded that the terms and conditions of the Stipulation are fair, reasonable, and adequate to the Class and in its best interests, and have agreed to settle the claims raised in the Action pursuant to the terms and provisions of the Stipulation, after considering: (1) the benefits that Lead Plaintiff and the Class will receive from settlement of the Action; (2) the risks, costs, and uncertainties of ongoing litigation; (3) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation; (4) Lead Counsel’s experience in the prosecution of similar actions; and (5) the financial condition of the Company and the small amount of insurance coverage remaining.

V. DEFENDANTS’ DENIALS OF WRONGDOING AND LIABILITY

Defendants have denied and continue to deny that they have committed any act or omission giving rise to any liability and/or violation of law. Defendants further deny that they made any material misstatements or omissions, that Lead Plaintiff or the Class have suffered any damages, or that Lead Plaintiff or the Class were harmed by any conduct alleged in the Action or that could have been alleged therein, and Baker Tilly denies that it knowingly or recklessly reviewed or certified flawed financial statements of SinoHub. Neither the Settlement nor any of its terms shall constitute an admission or finding of wrongful conduct, acts or omissions. Defendants deny any liability or wrongdoing in connection with the allegations set forth in the Action, or any facts related thereto.

Defendants are entering into this Settlement to eliminate the burden and expense of further litigation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Action. Defendants have, therefore, determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation.

VI. TERMS OF THE PROPOSED SETTLEMENT

The Defendants in this case will pay or cause to be paid into an escrow account, pursuant to the terms of the Stipulation of Settlement, cash in the amount of \$600,000.

A portion of the Settlement Fund will be used for certain administrative expenses, including costs of printing and mailing this Notice, the cost of publishing this notice in *Investor’s Business Daily* and over the Internet, payment of any taxes assessed

against the Settlement Fund, and costs associated with the processing of claims submitted. In addition, as explained below, a portion of the Settlement Fund may be awarded by the Court to Lead Counsel as attorneys' fees and for Lead Counsel's and the Lead Plaintiff's expenses. The balance of the Net Settlement Fund will be distributed according to the Plan of Distribution described below to Class Members who submit a valid and timely Proof of Claim and Release.

VII. THE RIGHTS OF CLASS MEMBERS

If you are a Class Member, you may receive the benefit of, and, unless you exclude yourself from the Class, you will be bound by the terms of the proposed Settlement described in this Notice, upon approval of it by the Court.

If you are a Class Member, you have the following options:

1. You may file a completed Proof of Claim and Release as described below. If you choose this option, you will remain a Class Member, you will share in the proceeds of the proposed Settlement if your claim is timely, valid and reflects a net loss under the Plan of Distribution, and if the proposed Settlement is finally approved by the Court, and you will be bound by the Final Judgment and release described below.
2. If you do not wish to be included in the Class and you do not wish to participate in the proposed Settlement described in this Notice, you may request to be excluded. To do so, you must so state in writing postmarked no later than October 29, 2015. You must sign a Request for Exclusion and: (a) state your name, address, and telephone number; (b) set forth the number of shares of SinoHub common stock purchased and the number of shares sold during the Class Period and the dates and prices of such purchase(s) and/or sale(s); (c) demonstrate the above information by either brokerage statement, affidavit, confirmation slips or other documentation; and (d) state that you wish to be excluded from the Class. The exclusion request should be addressed as follows:

SinoHub Securities Settlement
c/o KCC Class Action Services
EXCLUSIONS
75 Rowland Way, Suite 250
Novato, CA 94945

If you validly request exclusion from the Class: (a) you will be excluded from the Class, (b) you will not share in the proceeds of the Settlement described herein, (c) you will not be bound by any judgment entered in the Action, and (d) you will not be precluded, by reason of your decision to request exclusion from the Class, from otherwise prosecuting an individual claim, if timely, against Defendants based on the matters complained of in the Action.

If you do not request in writing to be excluded from the Class as set forth in paragraph 2 above, you will be bound by any and all determinations or judgments in the Action in connection with the Settlement entered into and approved by the Court, whether favorable or unfavorable to the Class, and you shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released, relinquished and discharged against the Released Persons (whether or not you submit a valid Proof of Claim and Release form) all Released Claims (including Unknown Claims) as well as any other claims arising out of, relating to, or in connection with, the defense, settlement or resolution of the Action or the Released Claims, and to have and by operation of law shall have covenanted not to sue any of the Released Persons based upon the Released Claims.

3. You may do nothing at all. If you choose this option, you will not share in the proceeds of the Settlement, but you will be bound by any judgment entered by the Court, and you shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released, relinquished and discharged against the Released Persons all Released Claims (including Unknown Claims) as well as any other claims arising out of, relating to, or in connection with, the defense, settlement or resolution of the Action or the Released Claims, and to have and by operation of law shall have covenanted not to sue any of the Released Persons based upon the Released Claims.
4. If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing at your own expense. If you do not do so, you will be represented by Lead Counsel: Scott+Scott, Attorneys at Law, LLP, The Chrysler Building, 405 Lexington Avenue, 40th Floor, New York, NY 10174.

VIII. PLAN OF DISTRIBUTION

The Net Settlement Fund will be distributed to Class Members who submit valid, timely Proof of Claim and Release forms under the Plan of Distribution described below. The Plan of Distribution provides that you will be eligible to participate in the distribution of the Net Settlement Fund only if you have a net loss on all transactions in SinoHub common stock during the Class Period.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Distribution, Lead Counsel have consulted with their damages consultants and the Plan of Distribution reflects an equitable manner in which to allocate the Net Settlement Fund, but is not an assessment of the damages that they believe could have been recovered had Lead Plaintiff prevailed at trial.

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to

permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A claim will be calculated as follows:

1. For each share of SinoHub, Inc. common stock ("SIHI") purchased between May 17, 2010 and May 13, 2011, inclusive, and:
 - a) Sold prior to the close of trading on May 13, 2011, the Recognized Loss is \$0.00.
 - b) Sold at a loss between May 16, 2011 and August 12, 2011, inclusive, the Recognized Loss shall be the lesser of: a) \$0.31 per share; or b) the difference between the purchase price per share and the sale price per share.
 - c) Sold at a loss between August 15, 2011 and May 15, 2012, inclusive, the Recognized Loss shall be the lesser of: a) \$0.57 per share; or b) the difference between the purchase price per share and the sale price per share.
 - d) Sold at a loss between May 16, 2012 and August 20, 2012, inclusive, the Recognized Loss shall be the lesser of: a) \$0.67 per share; or b) the difference between the purchase price per share and the sale price per share.
 - e) Held as of the close of trading on August 20, 2012, the Recognized Loss shall be the lesser of: a) \$0.67 per share; or b) the difference between the purchase price per share and \$0.19 per share, if greater than zero.
2. For each share of SIHI purchased between May 16, 2011 and August 12, 2011, inclusive, and:
 - a) Sold prior to the close of trading on August 12, 2011, the Recognized Loss is \$0.00.
 - b) Sold at a loss between August 15, 2011 and May 15, 2012, inclusive, the Recognized Loss shall be the lesser of: a) \$0.26 per share; or b) the difference between the purchase price per share and the sale price per share.
 - c) Sold at a loss between May 16, 2012 and August 20, 2012, inclusive, the Recognized Loss shall be the lesser of: a) \$0.36 per share; or b) the difference between the purchase price per share and the sale price per share.
 - d) Held as of the close of trading on August 20, 2012, the Recognized Loss shall be the lesser of: a) \$0.36 per share; or b) the difference between the purchase price per share and \$0.19 per share, if greater than zero.
3. For each share of SIHI purchased between August 15, 2011 and May 15, 2012, inclusive, and:
 - a) Sold prior to the close of trading on May 15, 2012, the Recognized Loss is \$0.00.
 - b) Sold at a loss between May 16, 2012 and August 20, 2012, inclusive, the Recognized Loss shall be the lesser of: a) \$0.10 per share; or b) the difference between the purchase price per share and the sale price per share.
 - c) Held as of the close of trading on August 20, 2012, the Recognized Loss shall be the lesser of: a) \$0.10 per share; or b) the difference between the purchase price per share and \$0.19 per share, if greater than zero.
4. For each share of SIHI purchased between May 16, 2012 and August 21, 2012, the Recognized Loss shall be \$0.00.

IX. PARTICIPATION IN THE SETTLEMENT

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM AND RELEASE FORM THAT ACCOMPANIES THIS NOTICE. The Proof of Claim and Release must be postmarked on or before November 9, 2015, and delivered to the Claims Administrator at the address below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim and Release, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

X. DISMISSAL AND RELEASES

If the proposed Settlement is approved, the Court will enter the Final Judgment. The Final Judgment will dismiss the Released Claims with prejudice as to all Released Persons. The Judgment will provide that all Class Members shall be deemed to have released and forever discharged all Released Claims (to the extent Class Members have such claims) against

all Released Persons and that the Released Persons shall be deemed to have released and discharged all Class Members, Lead Counsel and Plaintiff's Counsel from all claims arising out of the prosecution and Settlement of the Action or the Released Claims, and to have and by operation of law shall have covenanted not to sue any of the Released Persons based upon the Released Claims.

XI. APPLICATION FOR FEES AND EXPENSES

At the Final Approval Hearing, Lead Counsel will request the Court to award attorneys' fees of 25% of the Settlement Fund, plus expenses not to exceed \$50,000, which were incurred in connection with the Action, plus interest thereon. In addition, Lead Plaintiff may seek payment for costs and expenses (including, but not limited to, lost wages, if any) it incurred in representing the Class, not to exceed \$5,000. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

To date, Lead Counsel have not received any payment for their services or expenses in conducting this Action on behalf of Lead Plaintiff and Class Members. The fee requested by Lead Counsel will compensate them for their efforts in achieving the Settlement for the benefit of the Class and for their risk in undertaking this representation on a wholly contingent basis.

XII. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) entry of the Final Judgment by the Court, as provided for in the Stipulation; and (2) expiration of the time to appeal from or to seek to alter or amend the Final Judgment.

Upon the occurrence of all of the events referenced in ¶7.1 of the Stipulation, any and all remaining interest or right of Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished. Upon the occurrence of any of the following events, the Stipulation shall be canceled and terminated subject to ¶2.33 thereof unless Lead Counsel and counsel for the Defendants mutually agree in writing to proceed with the Settlement:

- (a) Lead Counsel and the Defendants fail to execute all documents as may be required to obtain Court approval of the Stipulation in a form satisfactory to the Settling Parties within ninety (90) calendar days of the execution of the Stipulation;
- (b) Defendants fail to cause their contributions to the Settlement Fund to be deposited with the Escrow Agent as required by ¶7.2 of the Stipulation;
- (c) Defendants exercise their option to terminate the Stipulation pursuant to ¶7.3 thereof;
- (d) the Court declines to enter the Notice Order, as required by ¶3.1 of the Stipulation;
- (e) the Court declines to enter a Final Judgment that, *inter alia*, dismisses with prejudice the Action as set forth above; or
- (f) the Final Judgment fails to become Final, as defined in ¶1.11 of the Stipulation.

If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation may be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions as of prior to executing the Stipulation.

XIII. THE RIGHT TO BE HEARD AT THE HEARING

Any Class Member who objects to any aspect of the Settlement, the Plan of Distribution, the application for attorneys' fees and expenses, or Lead Plaintiff's application for reimbursement of costs and expenses may appear and be heard at the Final Approval Hearing. Any such Person must submit a written notice of objection, received on or before October 29, 2015, by each of the following:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, NY 10007

SEYFARTH SHAW LLP
William L. Prickett
Erik W. Weibust
World Trade Center East
Two Seaport Lane, Suite 300
Boston, MA 02210-2028

Attorneys for Defendant SinoHub

WHITE AND WILLIAMS LLP
Jay Shapiro
Michael Onufrak
Primitivo J. Cruz
One Penn Plaza
250 W. 34th Street, Suite 4110
New York, NY 10119

Attorneys for Defendant De Hui Li

CROWE & DUNLEVY, P.C.
Harry A. Woods, Jr.
Bruce W. Day
Mary H. Tolbert
324 North Robinson Avenue, Suite 100
Oklahoma City, OK 73102-8273

Attorneys for Defendant Baker Tilly

SCOTT+SCOTT, ATTORNEYS AT LAW, LLP
David R. Scott
Joseph P. Guglielmo
Amanda F. Lawrence
The Chrysler Building
405 Lexington Avenue, 40th Floor
New York, NY 10174

Lead Counsel for Plaintiff

The notice of objection must demonstrate the objecting Person's membership in the Class, including the number of shares of SinoHub common stock purchased during the Class Period, and contain a statement of the reasons for objection. Only Class Members who have submitted written notices of objection in this manner will be entitled to be heard at the Final Approval Hearing, unless the Court orders otherwise.

XIV. SPECIAL NOTICE TO NOMINEES

If you hold or held any SinoHub common stock purchased during the Class Period as nominee for a beneficial owner, then, within ten (10) calendar days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim and Release by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator in a computer-readable format to Nominees@SinoHubSettlement.com, or by mail to the following address:

SinoHub Securities Settlement
c/o KCC Class Action Services
P.O. Box 40007
College Station, TX 77842-4007

If you choose to mail the Notice and Proof of Claim and Release 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 whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement of reasonable administrative costs actually incurred in connection with forwarding the Notice and Proof of Claim and Release and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim and Release, upon submission of appropriate documentation to the Claims Administrator.

XV. EXAMINATION OF PAPERS

This Notice is a summary and does not describe all of the details of the Stipulation. For full details of the matters discussed in this Notice, you may review the Stipulation filed with the Court, which may be inspected during business hours, at the office of the Clerk of the Court, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York, or the website dedicated to this Settlement at www.SinoHubSettlement.com.

If you have any questions about the Settlement of the Action, you may contact Lead Counsel by writing:

SCOTT+SCOTT, ATTORNEYS AT LAW, LLP
David R. Scott
Joseph P. Guglielmo
Amanda F. Lawrence
The Chrysler Building
405 Lexington Avenue, 40th Floor
New York, NY 10174

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

DATED: AUGUST 11, 2015

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK