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

In re SEA LIMITED SECURITIES LITIGATION	Index No. 151344/2022 The Honorable Andrew Borrok, J.S.C. Part 53 **Motion Sequence No. 8** CLASS ACTION
This Document Relates To: ALL ACTIONS.	**JOINT AFFIRMATION OF JOSEPH RUSSELLO AND LAWRENCE D. LEVIT IN SUPPORT OF PLAINTIFFS' MOTION FOR (1) FINAL APPROVAL OF THE SETTLEMENT AND APPROVAL OF THE PLAN OF ALLOCATION AND (2) AN AWARD OF ATTORNEYS' FEES AND EXPENSES AND AWARD TO PLAINTIFFS**

Joseph Russello and Lawrence D. Levit, attorneys duly admitted to practice law in New York, hereby affirm, pursuant to CPLR 2106, that the following is true under penalty of perjury:

1. Joseph Russello is a partner with Robbins Geller Rudman & Dowd LLP ("RGRD"), counsel for Plaintiff City of Taylor Police and Fire Retirement System ("City of Taylor"), and Lawrence D. Levit is of counsel at the law firm Abraham, Fruchter & Twersky, LLP ("AFT"), counsel for Plaintiff General Retirement System of the City of Detroit ("City of Detroit," and with City of Taylor, "Plaintiffs"), Co-Lead Counsel for Plaintiffs in this Action (AFT, with RGRD, "Lead Counsel").[1] We are duly licensed to practice before all of the courts of the State of New York, have been personally involved in all material aspects of this Action, and have personal knowledge of the matters set forth herein as to ourselves and our respective firms, except as

[1] Capitalized terms not defined herein are defined in the Stipulation of Settlement, dated February 28, 2025 (NYSCEF No. 149) ("Stipulation").

otherwise indicated. If called upon, we could and would competently testify that the following facts are true and correct.

2. Pursuant to CPLR Article 9, on behalf of RGRD and AFT and Plaintiffs and the Settlement Class, we jointly submit this affirmation, in support of Plaintiffs' motion for: (i) final approval of the Settlement and approval of the Plan of Allocation in connection with the proposed all-cash Settlement of $40 million (the "Settlement Amount"), payable by Defendants and/or their insurers; and (ii) an award of attorneys' fees and expenses to Lead Counsel and an award to Plaintiffs.

3. This motion follows the April 14, 2025 Order Granting Plaintiffs' Unopposed Motion for Preliminary Approval of Class Action Settlement, for Issuance of Notice to the Settlement Class, and for Scheduling of Fairness Hearing (NYSCEF No. 156), by which the Court granted preliminary approval, preliminarily certified and directed notice to the Settlement Class, and entered a schedule for final approval and related matters.

I. INTRODUCTION

4. This $40 million Settlement resulted from hard-fought litigation brought on behalf of a class of purchasers of Sea Limited's ("Sea") American Depositary Shares ("ADSs") and/or 0.25% convertible senior notes due 2026 ("Notes"), pursuant and/or traceable to the Offering Materials issued in connection with Sea's September 2021 Offerings. The Parties briefed and argued the issues before this Court and the Appellate Division, First Judicial Department, and engaged in intensive, arm's-length negotiations with the assistance of David M. Murphy—a mediator with significant expertise in complex securities matters—to reach a resolution.

5. As explained below and in the accompanying memorandum of law, the Settlement takes into consideration significant risks specific to this Action. By the time the Parties mediated this Action in October 2024, they had briefed Sea's motion to the First Department for reargument

of the appellate reversal. After the Parties reached an agreement-in-principle to settle this matter in November 2024, and as negotiations continued over the terms of the Settlement documentation, Plaintiffs briefed opposition to Tencent's motion to dismiss. By then, however, discovery had not yet begun. The Settlement eliminates the risk and uncertainty associated with further proceedings at the trial and appellate levels, and provides Settlement Class Members with an immediate cash recovery that fairly values the claims that survived on appeal.

6. The Settlement reflects the Parties' understanding of the strengths and weaknesses of the claims and defenses in the Action, including the complexities associated with prosecuting claims against foreign entities and individuals. Additionally, Plaintiffs consulted with a financial expert, Scott Hakala, Ph.D., CFA, of ValueScope, Inc., who provided insight regarding financial aspects of the claims, the amount of potentially recoverable damages, the Settlement Class's claimed losses and any potential negative causation defenses, and the proposed Plan of Allocation for the Settlement. This information, together with Lead Counsel's investigation and litigation of the Action, informed Plaintiffs' decision to accept the Settlement.

7. Accordingly, Plaintiffs and Lead Counsel believe that this Settlement provides an excellent recovery to the Settlement Class, given the nature of the claims, the size of investors' estimated likely recoverable losses, and the risks and uncertainties associated with continued litigation. They now respectfully request that this Court approve the Settlement and Plan of Allocation and certify the Settlement Class. Additionally, given the contingent nature of Lead Counsel's engagement and the benefit secured, Lead Counsel respectfully request approval of a fee award of 33-1/3% of the Settlement Amount, an award of expenses totaling $91,921.00 that were reasonably and necessarily committed to this Action, plus interest on both amounts, and an aggregate award to Plaintiffs of $10,000 for their representation of the Settlement Class.

II. THE LITIGATION

A. Background of the Allegations

8. Sea is a Singapore-based digital entertainment, technology, and gaming company. At the time of the Offerings, Sea's most profitable business was its gaming division, called Garena. Garena generated revenue from the sale of items offered in downloadable games like *Free Fire*. Sea developed *Free Fire*, which launched in December 2017 and became a top downloaded game worldwide, including in India.

9. Tencent is a well-known China-based entertainment conglomerate that invested in Sea and appointed its COO to Sea's Board of Directors. Before the Offerings, Tencent published *Free Fire* in India. The relationship between these entities proved problematic for Sea, however, after tensions ignited between China and India in June 2020.

10. Shortly thereafter, out of national security concerns, India adopted a formal policy designed to prevent gaming and other apps with perceived ties to China from harvesting and exploiting data and other information on Indian citizens. This policy resulted in a series of sweeping bans of apps, beginning in June 2020, including several with ties to Tencent and others with only remote ties to China. India never announced the cessation or suspension of these bans or its policy.

11. The Offerings took place in September 2021. Despite the continuation of India's policy and bans, the Offering Materials did not disclose either, nor the specific risk of a *Free Fire* ban in India. They did caution, however, that Sea's business would suffer if any of its key games, including *Free Fire*, were banned for any reason (by any government or otherwise).

12. In January 2022, Tencent revealed that it would reduce its stake in Sea by selling $3 billion worth of ADSs at below-market prices. The following month, India banned *Free Fire*

and 53 other apps with perceived ties to China. Some media reports suggested that the *Free Fire* ban stemmed from Sea's close relationship with Tencent.

B. Background of the Litigation

13. On February 11, 2022, City of Taylor filed a complaint (NYSCEF No. 1), alleging 1933 Act violations against Defendants on behalf of the ADS purchasers. City of Taylor served Sea, the Puglisi Defendants, and underwriters of the Offerings (together, "Served Defendants"), and on May 16, 2022, filed an amended complaint (NYSCEF No. 16). That complaint alleged that the Offering Materials failed to disclose that *Free Fire* was at substantial risk of a ban in India, and had experienced declining user demand, before the Offerings.

14. On June 2, 2022, City of Taylor filed a motion for an extension of time under CPLR 306-b to allow service to take place on Tencent in China pursuant to the Hague Service Convention (NYSCEF No. 20). That motion remained pending as proceedings progressed further.

15. On June 17, 2022, City of Detroit filed a substantially similar action to the City of Taylor's action on behalf of the Notes purchasers. *See* Index No. 155162/2022 (NYSCEF No 1). On July 15, 2022, the Served Defendants moved to dismiss City of Taylor's amended complaint (NYSCEF No. 31). The Court then consolidated the two separate actions brought on behalf of different classes of purchasers and directed Plaintiffs to file a consolidated complaint (NYSCEF No. 61)—which they did, on August 9, 2022 (NYSCEF No. 65)—and that complaint became the pleading subject to the dismissal motion.

16. On September 13, 2022, Plaintiffs filed their opposition to the motion to dismiss (NYSCEF No. 66), and on October 13, 2022, the Served Defendants filed their reply in further support of dismissal (NYSCEF No. 67).

17. On May 12, 2023, after the Parties completed briefing the motion to dismiss, the Court heard oral argument (NYSCEF No. 111). On May 15, 2023, the Court issued its Decision

and Order (NYSCEF No. 82), granting the motion to dismiss with prejudice and denying as moot Plaintiffs' CPLR 306-b motion.

18. On June 15, 2023, Plaintiffs filed a Notice of Appeal (NYSCEF No. 86) and moved to reargue and renew the dismissal motion (NYSCEF No. 87). On November 20, 2023, after the Served Defendants filed opposition (NYSCEF No. 107) and Plaintiffs filed a reply (NYSCEF No. 108), the Court denied the motion (NYSCEF No. 109).

19. On appeal, Plaintiffs focused solely on the *Free Fire* ban, and briefing concluded on March 29, 2024. On May 7, 2024, a panel of the First Department heard oral argument. On May 28, 2024, the First Department issued a decision reversing dismissal as to the *Free Fire* issue (NYSCEF No. 115).

20. On June 6, 2024, Plaintiffs filed a Notice of Effectuation of Service Upon Tencent, advising the Court that Plaintiffs' agents accomplished service of process under the Hague Service Convention (NYSCEF No. 116). On June 27, 2024, the Served Defendants filed a motion in the First Department seeking leave to reargue or, alternatively, leave to appeal to the Court of Appeals.

21. On July 3, 2023, Plaintiffs and Tencent entered into a stipulation that, subject to the Court's approval, set a schedule for briefing an anticipated motion to dismiss involving issues unique to Tencent and not already addressed on appeal (NYSCEF No. 120).

22. Meanwhile, briefing on the Served Defendants' reargument motion concluded on July 12, 2024, and remained pending. On July 22, 2024, the Served Defendants filed their Answers (NYSCEF No. 129 and NYSCEF No. 130).

23. A few weeks later, on August 9, 2024, Tencent moved to dismiss (NYSCEF No. 136), raising unique arguments concerning the scope and application of the 1933 Act and general and long-arm jurisdiction (NYSCEF No. 137).

24. While Tencent's motion was pending, Plaintiffs and Sea agreed to participate in mediation before David M. Murphy. On September 16, 2024, the Court entered a scheduling order in contemplation of mediation. On September 27, 2024, Plaintiffs and Sea exchanged and submitted mediation statements, and on October 15, 2024, they participated in an all-day mediation session.

25. The mediation was not successful. The mediator continued to work with Plaintiffs and Sea, however, and they ultimately reached an agreement-in-principle to resolve this matter. On November 13, 2024, Plaintiffs advised the Court of this development. The Parties then engaged in additional, extensive, arm's-length negotiations of the terms of the Settlement and Stipulation.

26. On February 3, 2025, as discussions were in advanced stages, Plaintiffs filed their opposition to Tencent's motion to dismiss out of an abundance of caution (NYSCEF No. 145). Negotiations proceeded throughout the month, and the Parties executed the Stipulation on February 28, 2025. *See* NYSCEF No. 149.

27. In the months leading up to the execution of the Stipulation, Plaintiffs worked with their outside damages and financial consultant, Dr. Hakala, to evaluate potentially recoverable damages in various scenarios and develop the proposed Plan of Allocation.

28. On March 4, 2025, Plaintiffs filed an unopposed motion for preliminary approval, which the Court granted on March 11, 2025 (NYSCEF No. 150). Pursuant to the entered schedule, the Parties appeared before the Court at the preliminary approval hearing on April 14, 2025. The Court then entered the Preliminary Approval Order (NYSCEF No. 149).

C. Summary of the Efforts of Plaintiffs and Lead Counsel

29. Before the Offerings, Sea reported growth in its digital entertainment segment, with an increase in quarterly active users. In August 2021, Sea raised full-year guidance, announcing

that *Free Fire* exceeded one billion cumulative downloads on *Google Play*—the first-ever mobile battle royale game to do so.

30. The Offerings took place in September 2021, during Sea's third quarter. When Sea reported third-quarter results in November 2021, however, Sea announced a decrease in digital entertainment margins and adjusted EBITDA and flat user growth as compared to prior quarters. In response, the price of the ADSs declined.

31. RGRD investigated 1933 Act claims on behalf of ADS purchasers pursuant and/or traceable to the Offering Materials, and subsequently prepared the initial complaint, filed February 11, 2022 (NYSCEF No. 1). To do so, lawyers and staff reviewed the Offering Materials and other SEC filings and public statements issued by Sea and its executives. City of Taylor authorized the litigation and assisted as needed.

32. India then banned *Free Fire*, resulting in additional stock price declines tethered to that particular development. The media reported the ban, Sea disclosed the ban in its SEC filings, and Sea and its executives issued other statements on the ban. RGRD conducted extensive research on the issue and the circumstances leading up to the ban, including India's adoption of a policy—enacted to address national security concerns—to restrict apps in the wake of tensions with China. This research resulted in the filing of an amended complaint on May 16, 2022 (NYSCEF No. 16).

33. At the same time, RGRD and City of Taylor sought to ensure that service of process could be effected on Tencent in China, if necessary. Accordingly, RGRD researched and prepared a motion under CPLR 306-b to extend the time for service on Tencent, evaluated the provision of the Hague Service Convention and related case law, and engaged the services of a process service agency with expertise in facilitating service abroad. There was, of course, no guarantee that service would be accomplished timely or effectively.

34. After India banned *Free Fire*, AFT began researching 1933 Act claims, including media reports regarding the ban, and prepared and filed a complaint on behalf of City of Detroit, and other purchasers of the Notes pursuant and/or traceable to the Offering Materials, on June 17, 2022. Index No. 155162/2022 (NYSCEF No 1). That complaint alleged substantially similar claims to those in City of Taylor's May 2022 amended complaint. Plaintiffs then agreed to seek consolidation of the actions and requested the Court to appoint them as Lead Plaintiffs and their counsel as Lead Counsel, which the Court granted.

35. The Served Defendants then filed their motion to dismiss, and Plaintiffs prepared and filed the operative, consolidated complaint. NYSCEF No. 65. The motion challenged the user demand allegations, disputing that disclosure was required of trends, risks, or uncertainties associated with demand for *Free Fire* or other market developments. The motion also challenged the India ban issue, arguing that information on India's policy and bans was public and that Sea did not believe *Free Fire* was at risk based on ties to Tencent.

36. Plaintiffs responded that flat or stabilizing user growth in the pre-Offerings quarter as compared to earlier periods translated into a downward user/revenue trend requiring disclosure. Plaintiffs also argued that the Offering Materials did not adequately disclose the risk or uncertainty of a *Free Fire* ban in India and that disclosure was required of India's policy. As Plaintiffs argued, the policy was not widely reported in the U.S., the Offering Materials did not mention the policy or the bans, and the Offering Materials told investors not to consider outside information. Plaintiffs also argued that Sea had extensive ties to Tencent, which exposed *Free Fire* to India's policy.

37. Developing these arguments required extensive factual and legal research given the unique circumstances presented. Although Plaintiffs alleged that India adopted a formal national security policy of banning apps with even perceived ties to China, the policy itself did not mention China, many of the banned apps were directly developed by Chinese-affiliated companies, and the

media issued only sporadic reports about these developments. In fact, the Singaporean government evidently communicated concerns to India questioning whether the ban of *Free Fire* was a mistake.

38. The public availability of information, and its implications for the claims alleged, became a core point of contention between the Parties. In granting the motion to dismiss, the Court ultimately determined that Defendants had no reason before the Offerings to expect or even suspect that India might ban *Free Fire*. As the Court reasoned, Sea "is not a Chinese company" and India's ban of *Free Fire* "was the very first ban of an app of a non-Chinese company where merely having an investor (Tencent) who happens to be Chinese, was the cause of a ban." *See* NYSCEF No. 82 at 2. The Court concluded that these circumstances meant that Sea "had good reason to expect that no such ban would occur . . . ." *Id.* at 3.

39. The Court also reasoned that the ban of a competing gaming app, PlayerUnknown's Battlegrounds ("PUBG"), which Tencent distributed in India, did not alert Sea to the risk of a ban of *Free Fire* because India lifted restrictions on PUBG (albeit temporarily) after Tencent stopped distributing PUBG, despite remaining an investor in its developer, Krafton Inc., a South Korean company. *Id.* at 3. Again, the Court held that *Free Fire's* ban was "unexpected," and that PUBG's own ban could not "form a predicate for liability . . . ." *Id.* at 3.

40. Additionally, the Court dismissed the user demand claim, reasoning that there was no assertion that "historical data" disclosed were inaccurate and concluding that the "data reflected a slowing of growth in three of the previous four quarters . . . ." *Id.* at 4. The Court also held that the risk warnings in the Offering Materials sufficiently addressed the possibility of issues with user demand and engagement, but found no decrease in user engagement or any discrepancy in reported figures—particularly when viewed against Sea's digital entertainment revenue—that would have been material to investors in the Offerings. *Id.* at 4-5.

41. In response to the Court's dismissal decision, Plaintiffs reinitiated the investigation and attempted to identify additional factual information relevant to Defendants' awareness before the Offerings of the risk of a ban of *Free Fire* in India. In addition to researching media reports in the United States about the India bans, Plaintiffs conducted a thorough examination of media reports issued in India and China about the India ban, including those reports that only appeared in Chinese.

42. Ultimately, Plaintiffs prepared and filed a motion for reargument and renewal, arguing that Tencent's affiliation with Sea posed a substantial risk to *Free Fire* and that sporadic yet foreign reports raised the possibility of a ban in India and raised questions about Tencent. Plaintiffs also argued that user growth stagnated during the quarter of the Offerings and that Sea's digital entertainment bookings—a measure of revenue—were flat, signaling little to no growth. After briefing concluded, the Court denied the motion. NYSCEF No. 109.

43. Separately, Plaintiffs pursued an appeal of the dismissal decision, focusing briefing on the *Free Fire* ban and electing not to challenge the Court's dismissal of the user demand claims. The issue was unique, involving a question of whether the Offering Materials required disclosure *before* the Offerings of the risk of a ban of *Free Fire* in India, despite warning of the general risk of a governmental ban and the fact that the ban did not occur until five months *after* the Offerings. The issue was further complicated by other considerations: tensions arose between India and China in June 2020, over a year before the Offerings, and waves of bans in India occurred sporadically thereafter without any warning. Drawing on these facts, the Served Defendants argued that even if Sea could have suspected that *Free Fire* was ever at risk (which they denied), the intermittent nature of the bans undermined any reason to believe that a ban of *Free Fire* was imminent.

44. Accordingly, the appeal involved complicated factual and legal issues, requiring a tailored approach to crafting the appellate briefing and argument that took into account the nuances

of existing law and the facts presented. The argument underscored the uniqueness of this situation, as the First Department explored these issues in the context of the nearly 900-page record. The appeal decision reflects these complex considerations, recognizing that "defendants have advanced substantial arguments in favor of their reading of the Indian government's motivation and actions," while ruling that "plaintiffs were entitled to have all reasonable inferences drawn in their favor[.]" NYSCEF No. 115 at 2. But the First Department ultimately held that the Offering Materials failed to disclose the risk that *Free Fire* would be banned in India and remanded for further proceedings, including a determination of the CPLR 306-b motion as to Tencent. *Id.* at 1-2.

45. The Served Defendants then filed a motion to the First Department for reargument or, alternatively, leave to appeal to the Court of Appeals. In their motion, they argued that an omission claim under Item 303 is not viable unless the issuer allegedly has non-public information regarding a "known" yet undisclosed risk. They also argued that Plaintiffs claimed that the risk of a *Free Fire* ban in India was publicly known, and thus did not require disclosure in the Offering Materials. Lastly, they argued that Court of Appeals' review was appropriate to ensure the uniform application of federal law to these types of claims. Appellate Division, Case No. 2023-03081, NYSCEF No. 13. Plaintiffs responded, arguing that the motion neither satisfied the standards for reargument nor implicated the legal concerns necessary to justify Court of Appeals' review. Appellate Division, Case No. 2023-03081, NYSCEF No. 14.

46. While the reargument motion was pending, Plaintiffs and Sea agreed to mediation with the assistance of David M. Murphy, who is experienced in resolving securities class actions. In anticipation of the mediation, Lead Counsel worked closely with Plaintiffs' retained consultant, Dr. Hakala, who analyzed movements in the trading price of the ADSs, and the value of the Notes, before and after the Offerings and the public disclosure of the *Free Fire* ban in India. Dr. Hakala also considered the implications for damages of arguments that the Served Defendants advanced

in briefing the motion to dismiss and appeal, and considered whether the decreases in prices of Sea's securities were caused by the alleged misstatements and omissions at issue. With Lead Counsel's guidance and involvement, Dr. Hakala ultimately developed a range of potential damages in advance of the mediation. Based on Dr. Hakala's analysis, when considering various causation-related and other issues, he estimated that the Settlement Class's reasonably recoverable damages were approximately $264 million.

47. On September 27, 2024, Plaintiffs and Sea submitted and exchanged mediation statements, and on October 15, 2024, they participated in an all-day mediation session with Mr. Murphy in New York. Although the mediation was productive, the session did not result in a resolution. Nevertheless, the mediator remained engaged and continued to work with Plaintiffs and Sea in an effort to broker an acceptable settlement as the litigation continued.

48. By then, Tencent appeared in this Action for the purpose of contesting jurisdiction and moving to dismiss, which motion it filed on August 9, 2024. *See* NYSCEF No. 136. In June 2024, Plaintiffs received notification that service of process on Tencent was accomplished in China under the Hague Service Convention—a long and uncertain process that began with no guarantee of success. Indeed, City of Taylor filed the CPLR 306-b motion as to Tencent two years earlier, in June 2022. By agreement, Tencent's dismissal motion addressed unique arguments concerning the scope and application of the 1933 Act, as well as its jurisdictional challenges, but did not raise issues that the First Department had already considered or decided. *See* NYSCEF No. 120 at 2, ¶2 ("[A]ny motion to dismiss shall raise arguments applicable to the Tencent Defendant that were not already addressed in the Appeal Decision[.]").

49. As Plaintiffs and the Served Defendants addressed discovery scheduling and related issues, Lead Counsel worked on preparing the opposition to Tencent's dismissal motion. Plaintiffs and Sea also continued to engage in discussions with the mediator, and they ultimately agreed to

settle this matter, subject to judicial approval and the negotiation of settlement documentation, for $40 million in cash. On November 13, 2024, Plaintiffs advised the Court that they had reached an agreement-in-principle to resolve this matter.

50. The Parties then engaged in extensive negotiations over the terms of the Stipulation. During this time, Lead Counsel spent hours drafting and revising the Stipulation, Notice, and other materials; reviewing and discussing revisions by defense counsel; reviewing drafts of the proposed Plan of Allocation that Dr. Hakala developed and discussing aspects of the Plan of Allocation with him; meeting with defense counsel on significant issues and addressing concerns they raised; and working with the Claims Administrator.

51. On February 3, 2025, as discussions regarding these items were in advanced stages, out of an abundance of caution, Plaintiffs filed opposition to Tencent's motion to dismiss. *See* NYSCEF No. 145. By then, Plaintiffs had requested several extensions of the opposition filing date, which the Court granted to permit negotiations on the Settlement documentation to conclude. Lead Counsel also participated in several conferences with the Court to discuss the Settlement and provide updates on progress on the Stipulation and related documents.

52. The Parties executed the Stipulation on February 28, 2025. *See* NYSCEF No. 149. On March 4, 2025, Plaintiffs filed an unopposed motion for preliminary approval, which the Court granted on March 11, 2025 (NYSCEF No. 150). The Parties appeared at the preliminary approval hearing on April 14, 2025, after which the Court entered the Preliminary Approval Order (NYSCEF No. 156), and Lead Counsel has continued to work with the Claims Administrator and engage in discussions with potential Settlement Class Members as appropriate.

III. THE RISKS OF CONTINUED LITIGATION

53. As explained herein, the Settlement was reached only after Lead Counsel developed a thorough understanding of the strengths and potential weaknesses of the claims and defenses.

Unlike many cases, this Action involved additional briefing and argument at the First Department, which provided an additional layer of critical examination of those strengths and weaknesses. In rendering the appeal decision, the First Department acknowledged this Court's concerns regarding the potential public availability of information on India's policy and bans before the Offerings that would counter Plaintiffs' claim that a warning of that risk was required in the Offering Materials, which might prove difficult to overcome if this Action continues, in the absence of a Settlement.

54. Additionally, much of the information relevant to establishing the claims is located abroad—in Singapore (where Sea and the unserved individual defendants are based), in China (where Tencent is based), or in India (where the policy and *Free Fire* ban originated). Obtaining discovery from each of these locales—all, separate jurisdictions, with separate civil justice systems and procedures—would be exceedingly time-consuming, costly, uncertain, and otherwise rife with complexities with no guarantee of success. It took many months simply to serve Tencent in China under the Hague Service Convention. It would take many more months during the pendency of this litigation to conduct discovery internationally in each of these countries.

55. Additional risks relate to Sea's appellate reargument motion and Tencent's motion to dismiss, both of which remained pending at the time of Settlement. Whether or not probable, the First Department could have elected to revisit its appeal decision or granted leave to appeal to the Court of Appeals. Likewise, the discovery schedule contemplated the determination of Tencent's motion to dismiss (adding additional time), but this Court could have granted Tencent's dismissal motion, further complicating discovery.

56. Even if Plaintiffs were successful in obtaining discovery from Sea and obtaining a judgment, it is possible that Sea would not have sufficient assets in the U.S. to satisfy the judgment. The involvement in this Action of the Underwriter Defendants and Sea's agents in the United States could certainly work to Plaintiffs' advantage, but Sea's location abroad—where assets are

perhaps out of this Court's reach—certainly presents a significant risk for continued litigation. And unlike Sea, the other Served Defendants had additional defenses, such as the Underwriter Defendants' due diligence defense, which may have absolved them from liability.

57. Finally, other risks and challenges also could impede Plaintiffs' ability to secure an alternative resolution through further litigation or at trial. For example, the Court might refuse to certify a class if the Parties litigate the issue, requiring members of the putative Settlement Class to file individual actions (if they are so inclined, and if those actions are still timely then). Plaintiffs might receive adverse rulings on discovery and evidence or at summary judgment or trial, which could either substantially reduce or eliminate damages. Or Defendants might advance successful defenses that reduce or eliminate damages, decrease the size of the class and potential damages, or result in dismissal. Defendants would almost certainly contest causation and the amount of damages, which would require testimony from damages experts. Even if Plaintiffs prevail at trial, appellate relief is potentially available that could undo the win and deprive investors of any recovery.

58. The Settlement, if approved, would eliminate all of these risks and uncertainties, ensuring that Settlement Class Members will receive a recovery—out of a total amount of $40 million—that is fair, reasonable, and adequate under the circumstances of this case.

IV. THE SETTLEMENT TERMS

59. The Stipulation provides that Sea or its insurers will pay or cause to be paid a total of $40 million in cash, inclusive of attorneys' fees and costs/expenses, to resolve this matter against the Settling Defendants. The recovery to individual Settlement Class Members depends on a number of variables, including the number of ADSs and Notes that Settlement Class Members who submit valid Proof of Claim forms purchased or acquired and when and at what price, and whether those ADSs or Notes were sold, and if sold, on what date and at what price. The proposed

Plan of Allocation establishes the amount that an eligible Settlement Class Member may receive as compensation for such transactions.

A. Lead Counsel Believe that the Settlement Is in the Best Interests of the Settlement Class and Warrants Approval

60. Lead Counsel believe that the proposed Settlement is fair, reasonable, adequate, and in the best interests of the Settlement Class. The Settlement represents an extremely favorable result that provides a sizable recovery now, eliminating the risk and uncertainty of further litigation in a case that the Court once found insufficiently alleged. That Plaintiffs and Lead Counsel could settle this Action at this juncture is a reflection of their diligence, and effective and efficient prosecution, for the benefit of Settlement Class Members who would otherwise receive nothing. This case is challenging, and no investor other than Plaintiffs brought these claims—so this Settlement represents the sole and exclusive opportunity for Settlement Class Members to receive any recovery related to disclosures in the Offering Materials, generally, and India's ban of *Free Fire*, specifically.

B. The Proposed Plan of Allocation

61. The Net Settlement Fund will be distributed to Settlement Class Members who, in accordance with the terms of the Stipulation, are entitled to a distribution and submitted a valid and timely Proof of Claim form. The Plan of Allocation provides that a Settlement Class Member will be eligible to participate in the distribution of the Net Settlement Fund only if the Settlement Class Member has an overall net loss on all of his, her, or its transactions in the ADSs and/or Notes.

62. For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel conferred with their consultant, Dr. Hakala. The Plan of Allocation does not reflect an assessment of damages that Settlement Class Members could have recovered had Plaintiffs (or they) prevailed at trial, but provides an equitable method to allocate

Settlement proceeds to those who suffered losses on their purchases of ADSs and/or Notes during the relevant period.

63. To date, there have been no objections to the Plan of Allocation and Lead Counsel respectfully submit that the Plan of Allocation is fair and reasonable, and should be approved.

V. PLAINTIFFS' COUNSEL'S ATTORNEYS' FEES AND EXPENSES

64. Lead Counsel respectfully request that the Court award 33-1/3% of the $40 million Settlement Fund for attorneys' fees. We believe this fee is reasonable and appropriate in light of the result achieved in the Settlement, the efficiency with which Lead Counsel litigated this case, the quality of work and resources dedicated to and expended in prosecuting this Action, and the risk of nonpayment undertaken in representing the Settlement Class on a contingent basis. Lead Counsel also respectfully request an award of $91,921.00 for their costs and expenses incurred or charged in representing the Settlement Class.

65. Legal authorities supporting the requested fees and expenses are set forth in the Memorandum of Law in support of attorneys' fees and expenses, submitted herewith. Factors that are relevant to considering this application are also discussed herein. To date, there have been no objections received to the request for attorneys' fees and expenses or the award to Plaintiffs.

A. Time, Labor, and Fee Percentage Requested

66. Lead Counsel have litigated similar cases before this Court. As this Court knows, Lead Counsel have substantial experience in representing investors in securities cases. In this case, Lead Counsel devoted meaningful time and resources in investigating, researching, litigating, and resolving this Action, as detailed above. The fee request is based upon a percentage of the recovery and is reasonable when cross-checked against lodestar. As the accompanying submissions show, Lead Counsel spent 4,943.80 hours during the course of this Action for a total lodestar of $4,759,559.50.

67. Additionally, even if the Court approves the Settlement, Lead Counsel will continue to answer inquiries and address concerns of Settlement Class Members and work closely with the Claims Administrator on administering the Settlement. Lead Counsel will not seek any further compensation for that work.

B. The Risk and Complexity of the Litigation

68. As detailed above, this Action involves unique issues of law and fact that present considerable risk—a conclusion this Court's dismissal confirms. The risk to the Settlement Class's recovery were magnified by public information about India's policy and bans before the Offerings, as well as cautionary language in the Offering Materials which warned that any of Sea's games—including *Free Fire*—could be banned at any time, for any reason, anywhere.

69. Although Plaintiffs contended that this language was inadequate to warn investors of the present risk of a ban of *Free Fire* in India at the time of the Offerings, the presence of this language, and the public information about India's bans, dramatically increases the risk that the Settlement Class might receive no recovery if this litigation proceeds. Both this Court and the First Department emphasized this cautionary language in their respective decisions, and it most certainly would factor prominently in later proceedings.

70. Additionally, because this is a class action, certification of the class presents unique challenges not involved in other types of litigation. A favorable class certification determination, however, is necessary for the case to move forward on a class-wide basis. Yet even if the Court granted class certification (and that determination remained intact after the inevitable appeal), the location of witnesses, materials, and other discovery in various locales abroad, including whether Plaintiffs would be able to depose witnesses located on foreign soil, would significantly complicate discovery and magnify the uncertainties and costs associated with continued litigation. Even the

prospect of enforcing a judgment obtained after trial would be challenging, and inherently involve uncertainties that could frustrate recovery for Settlement Class Members.

71. When Lead Counsel undertook this representation, there was no assurance that the litigation would survive a motion to dismiss or other proceedings, and therefore no assurance that Lead Counsel would receive any payment for their services—for years to come, if at all. Securities cases present formidable challenges to prosecute, and this case is a perfect example. Lead Counsel assumed the risk of no recovery in accepting this engagement and even suffered a dismissal defeat, expending resources to pursue the appeal while absorbing all costs both before and after that point to prosecute this Action (to the exclusion of other meritorious cases).

C. Quality of the Representation

72. Lead Counsel have vast experience in securities litigation and worked efficiently and diligently to obtain a favorable result for the Settlement Class. The $40 million proposed Settlement Amount is the direct result of those efforts. The Settlement represents a substantial recovery achieved at a relatively early stage, but only after the Action was dismissed, appellate proceedings succeeded, and prolonged settlement discussions had occurred with the assistance of an experienced mediator.

73. The quality of opposing counsel is also an important factor to consider in evaluating Lead Counsel's work and the quality of representation for the Settlement Class. Defendants are represented by experienced lawyers from large law firms who mounted a formidable defense. That the proposed Settlement resulted from litigation involving such adversaries supports the quality of Lead Counsel's representation.

VI. THE REQUESTED EXPENSES ARE FAIR AND REASONABLE

74. Lead Counsel respectfully request an award of $91,921.00 in expenses. Those expenses and charges are summarized in the accompanying affirmations, are reasonable, and were

necessary to successfully prosecute this Action. Lead Counsel took steps to minimize expenses whenever practicable without jeopardizing the prosecution of this Action. The expenses sought reflect routine and typical expenditures incurred in litigation, such as investigation-related costs, document duplication, consultant fees, mediation fees, filing fees, and expedited mail delivery.

VII. PLAINTIFFS' REQUESTED AWARDS ARE FAIR AND REASONABLE

75. Plaintiffs are institutional investors who initiated this Action. City of Taylor and City of Detroit filed putative class actions on behalf of purchasers of ADSs and Notes, respectively, pursuant and/or traceable to the Offering Materials. Even after suffering an adverse ruling from this Court, they persevered, pursuing the appeal to a successful conclusion. Were it not for their dedication and commitment, there may be no recovery at all for Settlement Class Members.

76. This Action has been pending for over three years, since February 2022. Since that time, litigation activity has been extensive, with two motions to dismiss (the Served Defendants' and Tencent's), a motion for reargument and/or renewal of the dismissal, an appeal, a motion for reargument or leave to appeal to the Court of Appeals on appeal, and a CPLR 306-b motion. There also were successful efforts to serve Tencent in China. At any time, Plaintiffs could have accepted their dismissal loss, diverted resources elsewhere, or directed Lead Counsel to stand down. They did not do so, but instead persevered.

77. For their service to the Settlement Class, Plaintiffs respectfully request an aggregate award of $10,000, which, if awarded, they will divide between themselves. This modest sum is appropriate under the circumstances to recognize their contributions and defray their expenditure of resources in directing and supervising the prosecution of this Action.

VIII. CONCLUSION

78. In light of the significant recovery to the Settlement Class and the substantial risks of continued litigation, Lead Counsel respectfully submit that the proposed Settlement and Plan of

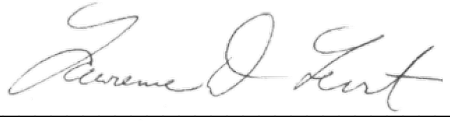
Allocation are fair and reasonable. As a result of the recovery obtained in the face of substantial risks, including the contingent nature of the fees and the complexity of the case, Lead Counsel also respectfully request the Court to award attorneys' fees in the amount of 33-1/3% of the Settlement Amount, as well as $91,921.00 in expenses, plus interest earned on both amounts at the same rate and for the same period as that earned on the Settlement Fund until paid, as well as an aggregate award of $10,000 for Plaintiffs.

79. Pursuant to CPLR 2217(b), no prior or other application has been made for the relief requested herein or similar relief.

I affirm, on July 3, 2025, at Melville, New York, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.

JOSEPH RUSSELLO

I affirm, on July 3, 2025, at New York, New York, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.



LAWRENCE D. LEVIT

PRINTING SPECIFICATIONS STATEMENT

1. Pursuant to 22 N.Y.C.R.R. §202.70(g), Rule 17, the undersigned counsel certifies that the foregoing affirmation was prepared on a computer using Microsoft Word. A proportionally spaced typeface was used as follows:

Name of Typeface: Times New Roman
Point Size: 12
Line Spacing: Double

2. The total number of words in the affirmation, inclusive of point headings and footnotes and exclusive of the caption, table of contents, table of authorities, signature block, and this Certification, is 6,742 words. By operation of Microsoft Word's word count function, this number includes legal citations, numerical information, and certain forms of punctuation.

DATED: July 3, 2025

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