THE AMERICAN ARBITRATION ASSOCIATION
INTERNATIONAL CENTRE FOR DISPUTE RESOLUTION

JOE FASANO, ALTIMEO OPTIMUM FUND, and ALTIMEO ASSET MANAGEMENT, Individually and on Behalf of All Others Similarly Situated, **Claimants,** **v.** **GUOQING LI, PEGGY YU YU, DANGDANG HOLDING COMPANY, LTD., E-COMMERCE CHINA DANGDANG INC., KEWEN HOLDING CO. LTD., SCIENCE & CULTURE LTD., FIRST PROFIT MANAGEMENT, LTD., DANQIAN YAO, LIJUN CHEN, and MIN KAN,** **Respondents.**	Case No. 01-22-0003-8285

DECLARATION OF SAMUEL J. LIEBERMAN IN SUPPORT OF: (I) CLAIMANTS' MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT AND PLAN OF ALLOCATION; AND (II) LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEE, REIMBURSEMENT OF LITIGATION EXPENSES, AND COMPENSATORY AWARDS TO CO-LEAD CLAIMANTS

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I, Samuel J. Lieberman, an attorney duly licensed to practice law in the State of New York, declare under the penalties of perjury pursuant to 28 U.S.C. § 1746, as follows:

1. I am an attorney licensed to practice law, and in good standing, in the State of New York. I am a partner in the law firm of Sadis & Goldberg LLP ("Sadis"), Lead Counsel on behalf of Claimants in the above-captioned matter. I make this declaration based on my personal knowledge and my familiarity with Sadis' files on this matter.

2. I respectfully submit this declaration in support of Claimants' unopposed Motion for Final Approval of the Class Action Settlement as well as final approval of the proposed plan for allocating the proceeds of the Settlement to the eligible Settlement Class Members (the "Plan of Allocation") (collectively, the "Final Approval Motion").

3. I also respectfully submit this Declaration in support of Lead Counsel's Motion for an Award of Attorneys' Fees, in an amount of 33.33% of the Settlement Fund, which equates to $7,000,000, plus interest earned at the same rate as the Settlement Fund; payment of Lead Counsel's expenses in the amount of $1,101,999.76; and awards to Lead Claimants (in the amount of $70,000 to Mr. Fasano and $140,000 to Altimeo), in accordance with the AAA Supplementary Rules for Class Arbitration ("Supplementary Rules") and the Private Securities Litigation Reform Act of 1995 ("PSLRA") for costs and expenses, including lost wages, incurred in connection with their representation of the Settlement Class during the course of this lengthy and hard-fought litigation (the "Fee and Expense Application").

4. As part of the Preliminary Approval Partial Final Award ("Preliminary Approval"), the Court directed that notice of the Settlement be disseminated to the Settlement Class. (*See* Preliminary Approval ¶8.) Pursuant to the Preliminary Approval, Epiq Class Action & Claims Solutions, Inc., ("Epiq"), the Tribunal-approved Claims Administrator, implemented a

comprehensive notice program under the direction of Lead Counsel, whereby notice was given to potential Settlement Class Members by mail, email, and/or publication.

5. In total, to date, more than 7,099 copies of the Notice and Claim Form have been disseminated to Settlement Class Members and, to date, no requests for exclusion have been received and no objections have been filed with Epiq or received by Lead Counsel. *See* Declaration of Eric Blow (Epiq Administrator), dated July 7, 2026, attached hereto as Exhibit 1 (the "Epiq Decl.").

I. INTRODUCTION

6. This is an Arbitration of common-law claims under New York and Cayman Islands Law asserted on a class-wide basis against Respondents, Guoqing Li ("Li"), Peggy Yu Yu ("Yu"), Dangdang Holding Company, Ltd ("Dangdang Parent"), E-Commerce China Dangdang, Inc. ("Dangdang"), Kewen Holding Co. Ltd., Science and Culture, Ltd., First Profit Management, Ltd., Danqian Yao ("Yao"), Lijun Chen ("Chen"), and Min Kan ("Kan") (together "Respondents"). The claims seek to recover damages in connection with a going-private merger conducted by Respondents on September 20, 2016 (the "Merger").

7. Claimants, as Plaintiffs, initially brought these claims and federal securities law claims in connection with the Merger in a federal action in the Southern District of New York, styled *Fasano et al. v. Li et al.*, No. 1:16-cv-08759-KPF (SDNY) (the "Federal Action"), on November 10, 2016, which is currently stayed pending this Arbitration. After obtaining a ruling from the U.S. Court of Appeals for the Second Circuit that (i) common law claims should proceed in Arbitration, and (ii) federal securities law claims should proceed in federal court, Claimants filed this Arbitration on September 9, 2022. In both the Federal Action and this Arbitration, Claimants have primarily sought to recover the difference between the $6.70 per American

Depositary Share ("ADS") paid by the Respondents and a third-party offer of $8.80—*i.e.* $2.10—per ADS, a total of approximately $100 million across the Class.

8. The proposed Settlement provides for resolution of all claims in this Arbitration and release of all claims in the Federal Action and this Arbitration (together, the "Entire Action"), in exchange for a cash payment of $21,000,000 (the "Settlement Amount") into a Settlement Fund for the benefit of the Settlement Class. As detailed herein, Claimants and Lead Counsel believe that the proposed Settlement represents an excellent result for the Settlement Class, considering the significant risks in continued litigation.

9. As detailed below, the Settlement was reached on the eve of a class certification hearing, after more than nine years of contested litigation and mediation before experienced JAMS mediator, Jed Melnick (the "Mediator"). In preparation for the mediation, Lead Counsel drafted a detailed mediation statement and thoroughly reviewed and analyzed Respondents' mediation statement. After continued discussions following the mediation, the Parties reached an agreement-in-principle to settle the Entire Action.

10. Based on the foregoing efforts, Claimants and Lead Counsel are well informed of the strengths and weaknesses of the claims and defenses in this Arbitration, and believe the Settlement represents a very favorable outcome for the Settlement Class and is in the best interests of its Members. For all the reasons set forth herein and in the accompanying memoranda and declarations, Claimants and Lead Counsel respectfully submit that the Settlement is "fair, reasonable, and adequate" in all respects, and that the Tribunal should grant final approval pursuant to Rule 8 of the Supplementary Rules.

11. In addition, Claimants seek approval of the proposed Plan of Allocation, which is discussed below. Lead Counsel developed the Plan of Allocation which provides for the

distribution of the Net Settlement Fund to each Authorized Claimant on a *pro rata* basis, as described further below, based on their Recognized Loss amounts.

12. Finally, Lead Counsel seek approval of the request for attorneys' fees and payment of Litigation Expenses, as set forth herein and in the accompanying Memorandum of Law in Support of Lead Counsel's Motion for an Award of Attorneys' Fees, Reimbursement of Expenses, and Compensatory Awards to Claimants as Class Representatives ("Fee Brief"). As discussed in detail in the accompanying Fee Brief, the requested 33.33% fee is well within the range of percentage awards granted by courts in the Second Circuit in comparable complex litigation. Additionally, the fairness and reasonableness of the request is confirmed by a lodestar cross-check, and is warranted in light of the quantity and quality of the work performed and the substantial result achieved. Likewise, the requested Litigation Expenses of $1,101,999.76 and the requested awards to each Lead Claimant pursuant to the PSLRA are also fair and reasonable under the circumstances of this Action. Accordingly, for the reasons set forth in the Fee Brief, and for the additional reasons set forth herein, Lead Counsel respectfully submits that the request for attorneys' fees and payment of expenses be approved.

II. CLAIMANTS AND LEAD COUNSEL EXTENSIVELY PROSECUTED THIS ACTION FOR OVER NINE YEARS

13. On November 10, 2016, Claimants, as Plaintiffs, filed a class action complaint in the District Court for the Southern District of New York, styled *Fasano et al. v. Li et al.*, No. 1:16-cv-08759-KPF (SDNY) (the "Federal Action"). A true and correct copy of the Original Complaint is attached hereto as Exhibit 2. A true and correct copy of the docket in the Federal Action is attached hereto as Exhibit 3.

14. The original complaint asserted (1) a breach of fiduciary duties claim against all Respondents and Ruby Rong Lu, Ke Zhang, and Xiaolong Li (collectively, the "Special

Committee Members"); (2) an aiding and abetting breach of fiduciary duties claim against the Special Committee Members; (3) a negligent misrepresentation claim against all Respondents; (4) a violation of Section 13(e) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act") and Rule 13e-3 thereunder; and (5) a quasi-appraisal claim against E-Commerce Dangdang based on allegedly materially misleading disclosures. (Ex. 2 ¶¶97-127.)

15. Claimants asserted such claims on behalf of themselves and all former ADS holders of Dangdang (except the Respondents and Special Committee Members, and any person, firm trust, corporation, or other entity related to or affiliated with any of the Respondents or Special Committee Members) who were cashed out in a going-private merger on September 20, 2016 (the "Merger"). Claimants alleged misstatements and breaches of fiduciary duties in connection with the Merger and sought approximately $100 million in damages. (*Id.* ¶¶103, 109, 118, 122.)

16. On March 8, 2017, the District Court appointed Claimants Joe Fasano, Altimeo Optimum Fund, and Altimeo Asset Management as Co-Lead Plaintiffs for the Federal Action and approved their selection of Sadis & Goldberg LLP as Lead Counsel. (Ex. 3, ECF No. 32.)

17. Before filing the original complaint, Lead Counsel conducted a comprehensive investigation into Respondents' alleged wrongful acts, by, among other things, reviewing and analyzing: (i) Dangdang's filings with the SEC; (ii) research reports prepared by securities and financial analysts, and news and industry articles relating to Dangdang; and (iii) publicly available material related to Dangdang.

18. On March 15, 2017, Respondents filed a motion to dismiss on *forum non conveniens* grounds, along with five declarations on behalf of the corporate defendants, and a declaration from an expert witness opining on Cayman Islands' law. (*Id*. ECF Nos. 38-45.) On April 28, 2017, Claimants opposed the motion to dismiss, including extensive exhibits and a

declaration from an opposing expert in Cayman Islands' law (*id.* ECF No. 48) and, on May 17, 2017, Respondents filed a reply in support of their motion to dismiss (*id.* ECF No. 52).

19. On December 29, 2017, the District Court issued an Opinion and Order, granting Respondents' motion to dismiss in full. (*Id*. ECF No. 61.) On January 10, 2018, Claimants filed a notice of appeal, then proceeded to brief that appeal to the Second Circuit. (*Id*. ECF No. 63.)

20. On April 12, 2019, the Second Circuit issued an Opinion, vacating the judgment of the District Court, concluding that the District Court abused its discretion by failing to consider a forum selection clause and its impact on the *forum non conveniens* analysis, and remanding the case to the trial court for further proceedings. *Fasano v. Yu Yu*, 921 F.3d 333, 337 (2d Cir. 2019).

21. On September 12, 2019, Claimants filed an amended complaint. A true and correct copy of the amended complaint is attached hereto as Exhibit 4.

22. The amended complaint asserted claims for violations of Sections 10(b), 13(e), and 20(a) of the Exchange Act and Rules 10b-5 and 13e-3 promulgated thereunder, as well as common-law claims for negligent misrepresentation, breach of heightened fiduciary duties, and aiding and abetting breach of fiduciary duties in connection with the Merger. (*Id.* ¶¶126-84.) This amended complaint also sought at least $100 million in damages. (*Id*. ¶137, 160, 169, 184.)

23. On October 7, 2019, Respondents filed a renewed motion to dismiss on *forum non conveniens* grounds and pursuant to Federal Rule of Civil Procedure 12(b)(6), as well as a declaration from an expert opining on Cayman law. (Ex. 3, ECF Nos. 82, 84.) On November 15, 2019, Claimants filed an opposition to the motion to dismiss (*id.*, ECF No. 88) and, on December 16, 2019, Respondents filed their reply (*id.*, ECF Nos. 96-97). Claimants filed a letter motion for leave to file a sur-reply (*id.*, ECF No. 98), which Respondents opposed (*id.*, ECF No. 99), and the District Court denied the letter motion (*id.*, ECF No. 100).

24. On August 28, 2020, the District Court granted Respondents' motion to dismiss solely on *forum non conveniens* grounds. (*Id.* ECF No. 104.) Despite the Second Circuit's prior mandate, the District Court held that the case should not go forward in New York federal court despite a mandatory forum selection clause choosing New York courts to litigate securities claims. This was the second time the District Court dismissed the complaint in the Federal Action. On September 11, 2020, Claimants filed a second notice of appeal. (*Id.* ECF No. 106.)

25. Claimants' second appeal was docketed as Case No. 20-3131. A true and correct copy of the Second Circuit docket in Case No. 20-3131 is attached hereto as Exhibit 5.

26. On October 19, 2020, Claimants filed their Appellants' opening brief. (Ex. 5, ECF No. 24.) On February 18, 2021, Respondents filed their Appellees' brief. (*Id*., ECF No. 39.) On March 11, 2021, Claimants filed their Appellants' reply brief. (*Id.*, ECF No. 48). Oral argument was held on May 24, 2021. (*Id.*, ECF No. 60.)

27. On August 26, 2022, the Second Circuit again vacated the judgment of the District Court, concluding that the forum selection clause bound all the served Defendants and required Claimants' federal claims to be heard in the District Court. *Fasano v. Li*, 47 F.4th 91, 100, 105 (2d Cir. 2022). However, the Second Circuit ruled—for the first time—that Claimants' common law claims were "required to be submitted to arbitration" and "can be pursued only in a New York arbitration." *Id.* at 104-105.

28. On September 9, 2022, in compliance with the Second Circuit's decision, Claimants filed a Demand for Arbitration (the "Demand") and Notice of Arbitration with the American Arbitration Association ("AAA"), International Centre for Dispute Resolution ("ICDR"), asserting Claimants' common law claims, under New York and Cayman Islands law.

A true and correct copy of Claimants' Demand and Notice of Arbitration is attached hereto as Exhibit 6.

29. Claimants served the Demand and the Notice of Arbitration on Respondents' counsel.

30. In the Demand, Claimants alleged the same facts as in the Complaint and asserted the same common-law claims for fraudulent misrepresentation, negligent misrepresentation, and breach of heightened fiduciary duties, and added a breach of the duty of sufficient information. (Ex. 6, ¶¶125-65.) The Demand and the Notice of Arbitration sought "Class damages of approximately $100,000,000." (Ex. 6 at Notice; *see* ¶¶136, 145, 159, 165.)

31. On October 24, 2022, Respondents filed a motion in the Federal Action to stay the arbitration and to dismiss the Complaint for failure to state a claim. (Ex. 3, ECF Nos. 116-117.) Respondents sought to dismiss all the causes of action on statute limitations grounds, and on merits arguments, including: (i) Respondents did not owe any duties to ADS-holders under Cayman Islands law, which governed their obligations; (ii) there was no transaction causation or loss causation; (iii) that the challenged misstatements were not misleading and not actionable; (iv) that a cash-out merger is not a purchase or a sale under the Exchange Act; and (v) the allegations were not enough to establish scienter.

32. On November 21, 2022, Claimants filed an opposition to the motion to dismiss, along with a cross-motion to compel arbitration of their common law claims before the AAA. (*Id.*, ECF Nos. 119, 121.) On December 16, 2022, Respondents filed a reply brief in further support of their motion to dismiss and in opposition to Claimants' motion to compel arbitration. (*Id.*, ECF No. 122.) On January 12, 2023, Claimants filed a reply brief in further support of their motion to compel arbitration. (*Id.*, ECF No. 125.)

33. On September 27, 2023, the District Court issued an Opinion and Order granting Claimants' motion to compel arbitration of their common-law claims and denying Respondents' motion to dismiss without prejudice to its renewal after arbitration. *Fasano v. Li*, 2023 WL 6292579, *14 (S.D.N.Y. Sept. 27, 2023). The District Court also stayed the pending Federal Action, pending the outcome of the arbitration. *Id.* That same day, Claimants informed the AAA that the District Court had granted the motion to compel arbitration.

34. On October 27, 2023, the Parties agreed on a procedure to select a three-person Tribunal, in accordance with the Deposit Agreement, where each side would pick one arbitrator and the two party-selected arbitrators would attempt to pick a third.

35. On November 13, 2023, Claimants selected William Narwold as Claimants' party-selected arbitrator and Respondents selected the Hon. Richard Holwell (Ret.).

36. On December 5, 2023, Claimants objected to the appointment of Judge Holwell as an arbitrator because of an ongoing conflict of interest. This was opposed by Respondents, and the dispute was ultimately brought to Mr. Jonathan Weed, the Director of ADR Operations for the AAA. Mr. Weed ruled in favor of Claimants and struck Judge Holwell from the Tribunal. A true and correct copy of Mr. Weed's ruling is attached hereto as Exhibit 7.

37. On January 31, 2024, Respondents selected the Hon. David Levi (Ret.) as their party-selected arbitrator. After extensive negotiations, on March 15, 2024, the parties, with the aid of the party-selected arbitrators, selected Mr. Charles Moxley Jr. as the Chairman of the Arbitration Tribunal (the "Tribunal").

38. On April 10, 2024, the parties submitted competing case management proposals. On April 15, 2024 the Tribunal held the first case management conference. On April 22, 2024, Claimants moved by letter to receive certain core documents and depositions and Respondents

opposed the motion. Further briefing was submitted on May 1, 2024. On May 17, 2024, the Tribunal heard argument from the parties on the issue of early production of core documents and depositions.

39. On May 19, 2024, in Procedural Order No. 2, the Tribunal ordered Respondents to produce certain core documents. A true and correct copy of Procedural Order No. 2 is attached hereto as Exhibit 8.

40. Pursuant to Procedural Order No. 2, Respondents produced 1,351 pages of documents, which Claimants reviewed.

41. On May 22, 2024, Claimants moved for Clause Construction in Support of Class Arbitration pursuant to Rule 3 of the Supplementary Rules. On June 28, 2024, Respondents submitted their opposition. On July 12, 2024, Claimants submitted a reply brief in support of this motion.

42. Also on May 22, 2024, Respondents submitted an application to move for early disposition under ICDR Rule 23(1) on various grounds. On June 28, 2024, Claimants submitted their opposition. On July 12, 2024, Respondents submitted a reply brief in support of their motion.

43. On July 18, 2024, the Tribunal heard extensive argument on both Claimants' motion for Clause Construction and Respondents application for dispositive motions.

44. On October 22, 2024, the Tribunal issued a Partial Final Award, finding, in a 2-1 decision, that the Arbitration Clause in the Deposit Agreement permitted Arbitration to proceed on behalf of a class (the "Clause Construction Award"). A true and correct copy of the Clause Construction Award is attached hereto as Exhibit 9.

45. The Tribunal analyzed the Deposit Agreement thoroughly, and concluded that based on the language of the Parties' Arbitration Agreement, the Parties affirmatively agreed to class arbitration as a mode of dispute resolution. (Ex. 9 at ¶¶38, 168-70, 173.)

46. Also on October 22, 2024, in Procedural Order 3, the Tribunal granted Respondents' request to submit a dispositive motion for their statute of limitations defense but denied the applications with respect to all other matters. A true and correct copy of Procedural Order 3 is attached hereto as Exhibit 10.

47. On November 20, 2024, Respondents filed a motion to vacate the Clause Construction Award before Judge Failla in the District Court (the "Motion to Vacate"). (Ex. 3, ECF Nos. 135-38.) On January 9, 2025, Claimants filed an opposition to the Motion to Vacate. (*Id.*, ECF No. 141.) Respondents filed a Reply on January 30, 2025. (*Id.*, ECF No. 142.)

48. On January 9, 2025, Respondents filed a motion to dismiss the Arbitration based on statute of limitations grounds. On January 30, 2025, Claimants filed their opposition brief. On February 6, 2025, Respondents filed their reply.

49. On January 3, 2025, the Parties exchanged document requests for discovery in connection with class certification. On February 3, 2025, the Parties submitted letter briefs to compel production of further documents and filed oppositions on February 10, 2025, while continuing to negotiate on potential compromises on the production of documents.

50. On February 14, 2025, the Tribunal held oral argument on Respondents' dispositive motion and the motions to compel discovery. The Tribunal ordered supplemental briefing on both issues. The Parties submitted their supplemental briefing on these issues in late February and early March, of 2025.

51. On March 21, 2025, the Tribunal ruled on the outstanding discovery disputes in the form of a Redfern Schedule. A true and correct copy of the Tribunal's Redfern Schedule Decision is attached hereto as Exhibit 11.

52. Ultimately, the Tribunal required Respondents to produce—or Respondents agreed to produce prior to the Tribunal's ruling—numerous categories of documents, including: (1) lists of beneficial owners and holders of Dangdang ADS and common shareholders during the relevant time period; (2) lists of Dangdang ADS-holders and shareholders who dissented; (3) documents related to unconsummated, post-merger transaction between Dangdang and HNA in China; (4) communications between Dangdang and the ADS Depositary; (5) documents related to Respondents' claimed non-common issues or damages; (6) all documents related to the petition by the dissenters in the Cayman Islands, including everything produced in discovery or filed in that matter; (7) valuations of Dangdang before and after the Merger; (8) Dangdang's business plans related to major corporate transactions; (9) documents related to any consideration any individual Respondent received in connection with the Merger or the HNA transaction; (10) working group lists for the HNA transaction; (11) Dangdang's document retention policies; (12) engagement letters between Maples and any Respondent; (13) documents related to Duff & Phelps' fairness opinion on the Merger; (14) documents in which Respondents cited or relied on Dangdang's stock price; and (15) documents and communications related to the efficiency of the market for Dangdang. (Ex. 11 at 2-24.) The Parties then began gathering, reviewing, and producing documents.

53. Between June 2024 and July 2025, Respondents produced 80,745 pages, plus dozens of excel spreadsheets and other native files, all of which Sadis reviewed. These documents included transcripts, filings, and exhibits from the Appraisal Action in the Cayman Islands, which

covered substantial factual information Dangdang produced in that action and the analysis of the valuation experts retained in that action. Claimants and Sadis reviewed thousands of documents and produced 3,039 pages, plus excel spreadsheets and other native files.

54. Claimants also obtained and reviewed substantial third-party discovery—2,207 pages, plus excel spreadsheets and other native files—from the New York Stock Exchange ("NYSE"), the Depositary Trust Company ("DTC"), Dangdang's ADS depositary, the Bank of New York Mellon ("BNYM"), and Kroll Securities, LLC ("Kroll") which had served as Dangdang's financial advisor in connection with the Merger under the name Duff & Phelps.

55. On June 5, 2025, the Tribunal unanimously denied Respondents' dispositive motion. A true and correct copy of the Tribunal's decision denying Respondents' dispositive motion is attached hereto as Exhibit 12.

56. On September 11, 2025, Claimants filed their Motion for Class Certification, including extensive exhibits, a memorandum of law, an expert declaration on Cayman Islands law from Graeme Halkerston, Barrister, and an expert report on the market efficiency for Dangdang ADS from Matthew Cain, Ph.D.

57. At the end of the summer of 2025, while preparing for class certification, the Parties also began seriously exploring the possibility of a negotiated resolution of the Entire Action.

58. After settlement discussions back and forth, the Parties retained the Mediator, through JAMS. In advance of a formal mediation session, the Parties exchanged detailed mediation statements and exhibits. A full-day mediation session was held on September 17, 2025, but no settlement was reached at that time. However, the Parties continued negotiating.

59. On October 17, 2025, Respondents filed their Opposition to Claimants' Motion for Class Certification including extensive exhibits, a memorandum of law, an expert declaration of

Cayman Islands Law from Camilla Bingham, KC, and an expert report on market efficiency from Faten Sabry, Ph.D. Respondents argued that Cayman Islands Law did not provide for any fiduciary duties to ADS-holders and that Claimants' fraud and fiduciary duty claims required a showing of reliance for which individual issues would predominate.

60. On October 24, 2025, while the briefing on class certification was ongoing, the District Court denied Respondents' Motion to Vacate and confirmed the clause construction award. *Fasano v. Li*, 2025 WL 3002971, at *1, 15-16 (S.D.N.Y. Oct. 24, 2025). On October 28, 2025, Respondents filed a Notice of Appeal to the Second Circuit. (Ex. 3, ECF No. 147.)

61. On October 31, 2025, Claimants filed their Reply in Support of Class Certification, including witness statements, additional exhibits, a memorandum of law from the Claimants, a rebuttal expert declaration from Mr. Halkerston, and a rebuttal expert report from Dr. Cain.

62. On November 12, 2025, Respondents filed additional materials in support of their Opposition to Class Certification, including additional exhibits, and another expert declaration from Ms. Bingham.

63. On November 13, 2025, Claimants opposed Respondents' submission of additional expert declarations as being a sur-reply and sought, in the alternative, leave to submit a further pre-hearing submission in response to Respondents' new sur-reply materials.

64. On November 16, 2025, the Tribunal granted Claimants' request to be afforded an opportunity to submit a further pre-hearing submission to address Respondents' submissions by November 25, 2025. Thus, Claimants were engaged in vigorous preparation of further pre-hearing submissions and preparation for a class certification hearing scheduled for December 3-5, 2025, when the parties reached agreement on a settlement-in-principle.

65. After extensive ongoing negotiations, on November 21, 2025, the Mediator made a formal mediator's proposal recommending that the Parties agree to settle the Entire Action for \$21,000,000. That same day, the Parties each accepted the Mediator's proposal and executed a settlement Memorandum of Understanding ("MOU") setting forth the material terms associated with resolution of the Entire Action, and agreed to work on a definitive, long-form stipulation and agreement of settlement.

66. As of February 13, 2026, the Parties entered into a Stipulation and Agreement of Settlement (the "Stipulation"). A true and correct copy of the Stipulation, including all annexed exhibits, is attached hereto as Exhibit 13.

67. On February 19, 2026, Claimants filed a Motion for Preliminary Approval of the Class Action Settlement, including: (i) a memorandum of law; (ii) proposed notice to the Class; (iii) proposed summary notice; (iv) proposed proof of claim; (v) a proposed order of preliminary approval; and (vi) a proposed order of final approval.

68. On March 1, 2026, the Tribunal sent Lead Counsel a series of detailed questions related to the Motion for Preliminary Approval.

69. On March 13, 2026, Lead Counsel provided detailed responses to the Tribunal's questions and proposed revisions to the proposed preliminary approval award, notices, and proof of claim.

70. On March 20, 2026, the Tribunal held an extensive preliminary approval hearing. During the preliminary approval hearing, the Tribunal raised various issues and requested various modifications to the notices, proof of claim, and proposed orders.

71. In response to the issues raised before and during the preliminary approval hearing, Lead Counsel made revisions to notices, proof of claim, and proposed orders. And on March 26, 2026, Lead Counsel provided these revised papers to the Tribunal.

72. On April 7 and April 10, 2026, Lead Counsel provided further final versions of the Notice and the proposed Preliminary Approval Award to the Tribunal.

73. On April 13, 2026, the Tribunal issued a Partial Final Award granting Preliminary Approval of the Settlement (the "Preliminary Approval Award"). A true and correct copy of the Preliminary Approval Award is attached hereto as Exhibit 14.

III. THE SETTLEMENT IS REASONABLE, FAIR AND ADEQUATE

74. The Settlement provides a substantial and certain benefit to the Settlement Class in the form of a non-reversionary cash payment of $21 million. As explained more fully below, there were significant risks that the Settlement Class might recover substantially less than the Settlement Amount—or nothing at all—if the case were to proceed through continued litigation to a final hearing, followed by additional inevitable appeals. Before a final hearing and a potentially litigated award, the most immediate risks faced by the Settlement Class are related to Claimants' pending motion for class certification, specifically with respect to Respondents' challenges to Claimants' arguments of the predominance of common issues, including the ability to invoke the fraud-on-the-market presumption of reliance.

75. Even if Claimants prevailed on class certification, the Parties would then face a lengthy and expensive discovery process on the merits, further dispositive motions, motions in limine, a lengthy hearing, and inevitable appeals. There was no guarantee that Claimants and the Settlement Class would surmount these hurdles and, even if they did, later achieve any award, let alone one greater than $21 million.

76. Finally, even if Claimants were to have achieved an award greater than $21 million, collecting on such an award would be exceedingly difficult because the Respondents and their assets are located in China.

A. **The Risks of Proving Liability and Damages**

77. When the Settlement was reached, Claimants had successfully opposed Respondents' dispositive motion on statute of limitations grounds, and had succeeded on appeal in the Federal Action to overturn dismissals on *forum non conveniens* grounds, twice. But neither the Tribunal, nor the Court in the Federal Action, ever issued any decision denying Respondents' merits arguments.

78. In their Answer to the Arbitration, motions to dismiss in the Federal Action, request for Article 23 dispositive motions in the Arbitration, and in their opposition to Class Certification, Respondents raised numerous novel and complex merits arguments, including whether: (1) New York or Cayman law applies to Claimants' common-law claims; (2) Cayman law Best Price and Sufficient Information duties can support post-Merger-closing class-wide damages, (3) adopting a Sarbanes-Oxley Code of Conduct and NYSE listing standards justifies imposing heightened fiduciary duties on a Cayman company's directors; (4) reliance could be presumed under Cayman or New York law, as Respondents disputed in opposing Class Certification; (5) Claimants could prove loss and transaction causation on a class-wide basis for stockholders forcibly cashed out at an unfair price; (6) Claimants could prove Respondents breached any duties or made material misrepresentations; and (7) the fair value of Dangdang's Securities was greater than the Merger price.

79. Additionally, even if Claimants could successfully show that Respondents' statements were material and misleading, Claimants would still need to establish scienter to support their fraud claims under New York law and—in the Federal Action—under Rule 10b-5.

While Claimants believe the evidentiary record would have provided strong support for their allegations, these issues would have been fiercely contested by Respondents through documents and testimony, and there is no guarantee that the Tribunal would have adopted Claimants' view.

80. Although Claimants believe that they could effectively demonstrate that Respondents made materially false and misleading statements, Respondents also would have argued in dispositive motions or at a final hearing, based on their contentions noted above, that their statements are inactionable because they are too general and/or not objectively verifiable, that Respondents publicly warned of risks, the truth was on the market, and/or their statements are not otherwise false and misleading based on the factual record.

81. In addition, the burden and risk of successfully proving Claimants' theory of liability was more difficult than in a typical case due to the international nature of the dispute. While Claimants were successfully pursuing document discovery for the class certification stage, that process was more challenging than normal due to the documents existing internationally, and primarily in China. Likewise, obtaining testimony—especially testimony from Dangdang employees who are not Respondents in the case—would be challenging because the vast majority of such witnesses are located in China.

82. Respondents have also indicated an intent to argue that the alleged false and misleading statements were not made with the requisite state of mind (i.e., scienter) to support the fraud claims alleged. While Claimants strongly disagree with this assertion, had the arbitration continued there is simply no guarantee that the trier of fact would have adopted Claimants' view of the matter. Indeed, scienter is commonly regarded to be the most difficult element to prove in a securities fraud claim.

83. Respondents have also challenged Claimants' ability to establish loss causation and damages. This case raises especially complicated issues with respect to the central theory of loss causation, namely that investors were induced to cash-out their Dangdang Securities at deflated prices for less than fair value as a result of Respondents' misrepresentations—in contrast to the more standard misrepresentation claim that investors bought a company's stock at *inflated* prices. Although Claimants are confident they would ultimately prevail on their theory of loss causation, which must be assessed in the context of going-private transactions, the fact that Respondents asserted that the Settlement Class was not harmed by the Merger at all shows how favorable the $21 million recovery is for the Class.

84. Even if Claimants were to prevail with respect to liability and the existence of damages, the specific amount at issue would be highly contested because it would be based on expert valuations of Dangdang's fair value at the time of the Merger. Although Claimants strongly believe that documentary evidence would persuasively show that the competing iMeigu offer at $8.80 per ADS was a legitimate and viable offer and Respondents' internal valuations were closer to the iMeigu offer, Respondents would certainly challenge the strength of this evidence and the viability of the iMeigu offer, and argued for their own alternative position through both documents and testimony.

85. Calculating the specific amount of damages would be further complicated by the fact that, (i) unlike the defendants in the JA Solar and Qihoo class actions, Dangdang did not consummate a second merger transaction shortly after the Merger at issue, which would help prove that the Merger at issue used an unfair price compared to a third-party arm's-length deal, and (ii) there was no Cayman Islands appraisal action judgment proving Dangdang's fair value, just a settlement which is inadmissible in arbitration.

B. <u>The Risks of Achieving and Maintaining Class Certification Support Approval of the Settlement</u>

86. Although Claimants are confident that the Settlement Class meets the requirements for certification, the class has not yet been certified and there is a risk that the Tribunal could disagree. The Settlement Class would face the risk that the Respondents would prevail on the arguments they presented in opposition to class certification. If successful, Respondents' defense would mandate individual lawsuits, many with minimal amounts of damages accrued.

87. To be entitled to class certification, Claimants must show that common issues predominate over individual ones. Respondents argued that Cayman Islands Law did not provide for fiduciary duties to ADS-holders. Although Claimants believe they are correct that Respondents owed the Settlement Class a common duty to get the best price for their ADS in the Merger, and a duty not to engage in conflicted transactions at ADS-holders expense, there is no guarantee that Claimants would prevail. Respondents' Cayman Islands Law expert strongly disagreed with Claimants' expert and argued that no such duties existed from Respondents to ADS-holders.

88. Similarly, Respondents argued that Claimants' fraud and fiduciary duty claims—to the extent they existed—required a showing of reliance for which individual issues would predominate. Claimants argued that presumptions of reliance could apply, but Respondents argued and presented expert testimony challenging Claimants' arguments and expert testimony that there was a presumption of reliance on the grounds that Dangdang ADS were not trading in an efficient market under *Halliburton Co. v. Erica P. John Fund, Inc.,* 573 U.S. 258 (2014) and its progeny. The law governing certification of securities class actions has been in constant flux, as evidenced by *Halliburton* and the Supreme Court's decision in *Goldman Sachs Group, Inc. v. Arkansas Teacher Retirement System*, 594 U.S. 113 (2021).

89. Respondents, and their expert, argued at the Class Certification stage that there was no "price impact" from their allegedly false and misleading statements on the price of Dangdang ADS, sufficient to rely on the fraud-on-the-market doctrine, while the Merger was pending. Although Claimants and their expert disagreed in a reply report, this dispute would have resulted in a complex battle of the experts, the result of which would have been uncertain.

90. Moreover, even if Claimants successfully obtained Class Certification, Respondents would have sought to vacate that award, and stay further prosecution of this matter, from the SDNY under Rule 5(d) of the Supplementary Rules.

91. In sum, without a settlement, even assuming the evolving law does not change further, the Settlement Class risked that certification would be denied. Further, even if the Tribunal were to certify the class, there is always a risk that the certified class could be decertified at a later stage in the proceedings.

C. <u>Risks of Collecting a Judgment in China</u>

92. Even if Claimants were to have achieved an award greater than $21 million after a final hearing, collecting on such an award would be exceedingly difficult because the Respondents and the vast majority of their assets are in China and there is no well-established method for enforcing U.S. judgments in China.

93. Moreover, the Second Circuit has expressly rejected enforcing U.S. judgments on American banks with branches in China. *Next Invs., LLC v. Bank of China*, 12 F.4th 119, 131–32 (2d Cir. 2021) (refusing to enforce U.S. judgments on international comity grounds).

94. Indeed, the larger the judgment the greater the risk that Respondents would pull up any stakes they had outside of China and move all their assets to China indefinitely.

D. The Settlement is Reasonable in Light of the Potential Recovery

95. In addition to the risks of litigation discussed above, the Settlement is also fair, reasonable, and adequate in light of the potential recovery of available damages.

96. Here, if the Tribunal accepted Claimants' damages theory as alleged in the Demand and the Notice of Arbitration, the total potential maximum damages for Dangdang ADS-holders that cashed out their securities in the Merger was approximately $108.9 million—$2.10 per ADS multiplied by the 51,844,618 ADS that were tendered in the Merger and are potentially eligible to recover in the Settlement. And the Demand and Notice of Arbitration sought only $100 million.

97. This means that the Settlement proceeds represent a recovery of almost 20% (19.3%) of the maximum damages—and over 20% of the damages pled in the Demand. According to *Securities Class Action Settlements – 2024 Review and Analysis,* from Cornerstone Research, for cases with total estimated damages ranging from $75 million to $149 million, median settlements from 2015 to 2023 were 7.3% of total estimated damages and 7.5% in 2024. A true and correct copy of Laarni T. Bulan & Eric Tam, *Securities Class Action Settlements – 2024 Review and Analysis*, is attached hereto as Exhibit 15.

98. According to *Recent Trends in Securities Class Action Litigation: 2025 Full-Year Review* (NERA Jan. 21, 2026), the median recovery for all securities class action in 2025 was 1.5% of estimated damages. A true and correct copy of *Recent Trends in Securities Class Action Litigation: 2025 Full-Year Review* (NERA Jan. 21, 2026), is attached hereto as Exhibit 16.

99. Thus, the Settlement proceeds here represent nearly triple the median percentage of damages for similar cases and 14 times the median percentage recovery for all securities class actions in 2025. This is a great result, by comparison.

100. Moreover, the Settlement of nearly 20% of potential damages achieved here by Lead Counsel far exceeds the percentage of damages realized in the *Qihoo* (5.15%) and *JA Solar*

(3.27%) cases involving similar challenges to Chinese Going-Private Mergers. *See Altimeo Asset Management v. Qihoo 360 Tech. Co. Ltd.*, 19-cv-10067-PAE, Dkt. No. 235 at ¶7, *see also* Dkt. No. 230 at 12, 15; *ODS Capital LLC v. JA Solar Holdings Co. Ltd.*, 18-cv-12083-ALC, Dkt. No. 131 at ¶7, *see also* Dkt. No. 124 at 12-13.

101. In absolute terms, the Settlement is also greater than the median value of securities class action settlements. For the ten years from 2015 through 2023, the median settlement in Section 10(b) securities class action—the cases most comparable to this one—was $11.3 million. (*See* Ex. 15 at 1, 6-7.)

102. To achieve this outstanding result, Lead Counsel worked tirelessly for more than nine years against sophisticated and experienced opposing counsel, expending more than 5,700 hours in attorney time and spending over $1.1 million out-of-pocket, and taking on 100% of the risk in a full contingency fee arrangement with sophisticated clients and pursuing novel common-law theories of liability, including those not raised in *Qihoo* and *JA Solar*.

IV. CLAIMANTS' COMPLIANCE WITH THE TRIBUNAL'S PRELIMINARY APPROVAL AWARD

103. Pursuant to the Preliminary Approval Award, Lead Counsel and the Claims Administrator, Epiq, implemented a comprehensive notice program whereby notice was given to potential Settlement Class Members by mail and publication.

104. The Preliminary Approval Award directed that Epiq send the Notice of Pendency of Class Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses (the "Notice") and the Proof of Claim and Release form ("Proof of Claim" and, with the Notice, the "Notice Packet") to potential Settlement Class Members who could be identified with reasonable effort and to nominees such as custodians and brokerage firms that held Dangdang Securities during the Class Period on behalf of beneficial owners.

105. Epiq sent out the Notice Packet as instructed in the Preliminary Approval Award and posted downloadable copies of the Notice Packet online at www.DangdangSecuritiesSettlement.com (the "Settlement Website"). (*See* Exhibit A to Ex. 1 hereto (Epiq Declaration).)

106. Epiq also caused the Summary Notice to be published in the Wall Street Journal and PR Newswire on April 29, 2026. Proof of such publication is attached hereto as Exhibit C to Exhibit 1, the Epiq Declaration.

107. The Notice, attached as Exhibit A to the Epiq Declaration, provides potential Settlement Class Members with information about the terms of the Settlement and contains, among other things: (i) a summary of the Settlement, including the $21 million Settlement Amount; (ii) the proposed Plan of Allocation; (iii) that Lead Counsel would apply for an award of attorneys' fees in an amount not to exceed 33.33% of the Settlement Fund (*i.e.*, $7,000,000, plus interest), as well as Litigation Expenses, which may include an application for compensation to Claimants for their costs and expenses related to their representation of the Settlement Class; (iv) that any Settlement Class Member could object to the Settlement, Plan of Allocation, or requested attorneys' fees and Litigation Expenses; (v) an explanation of the reasons for the Settlement; (vi) that requests for exclusion from the Settlement must be submitted to the Claims Administrator no later than July 21, 2026; (vii) that objections to the Settlement, the Plan of Allocation, or the Fee and Expense Application must be filed with the Court no later than July 21, 2026; and (viii) that the deadline for submitting a Claim Form is August 6, 2026.

108. As detailed in the Epiq Declaration, Epiq mailed the Notice Packet to potential Settlement Class Members that could be readily identified, as well as banks, brokerage firms, and other third-party nominees whose clients may be Settlement Class Members. (Ex. 1 ¶¶4-8.) On

April 24, 2026, Epiq sent, by USPS first-class mail, Notice Packets to 883 nominees plus 5 potential Class Members identified by Dangdang. (*Id.* ¶6.) On April 27, 2026, Epiq mailed Notice Packets to another 92 potential Class Members and emailed Notice Packets to another 12 potential Class Members. (*Id.*) The nominees then provided Epiq with names and addresses of thousands of Potential Class Members and requested Notice Packets for thousands more. (*Id.* ¶7.) Epiq then sent out Notice Packets for each of those Potential Class Members. (*Id.* ¶8)

109. As of July 6, 2026, 7,099 potential Settlement Class Members have been sent copies of the Notice Packet. (*Id.* ¶9.)

110. The Notice and Summary Notice each informed potential Settlement Class Members that the deadline to file objections to the Settlement, the proposed Plan of Allocation, and/or the Fee and Expense Application or to opt-out of the Settlement Class is July 21, 2026. To date, no objections to the Settlement, Plan of Allocation, or the Fee and Expense Application have been received. (*Id.* ¶11.) Similarly, no requests to opt out of the Settlement Class have been received. (*Id.*)

111. Lead Counsel will file reply papers by August 4, 2026, which will address any objections that may be received after the date of this declaration. Lead Counsel's reply papers will include a supplemental declaration from Epiq addressing whether any requests for exclusion have been received.

V. <u>THE ALLOCATION OF THE NET PROCEEDS OF THE SETTLEMENT</u>

112. Pursuant to the Preliminary Approval Award, and as set forth in the Notice, all Settlement Class Members who want to participate in the distribution of the Net Settlement Fund (*i.e.*, the Settlement Fund less (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court, and (d) any attorneys' fees awarded by the Court) must submit a valid Claim Form with all required information postmarked no later than August 6, 2026.

As set forth in the Notice, the Net Settlement Fund will be distributed among eligible Settlement Class Members according to the Plan of Allocation approved by the Tribunal. Lead Counsel believes that the proposed Plan of Allocation provides a fair and reasonable method to equitably allocate the Net Settlement Fund among Settlement Class Members who suffered losses as a result of the conduct alleged in the Demand.

113. The proposed Plan of Allocation is designed to distribute the proceeds of the Net Settlement Fund fairly and equitably to Settlement Class Members. The Plan of Allocation is set forth on pages 13-15 of the Notice. (*See* Exhibit A to Ex. 1 hereto.)

114. As described in the Notice, the calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

115. The Plan of Allocation calls for the Net Settlement Fund to be allocated on the basis for the Recognized Loss Amount for each Authorized Claimant. A Recognized Loss Amount will be calculated for each Dangdang ADS[1] (or Class A share that resulted from the conversion of Dangdang ADS to Class A shares during the Class Period) canceled or tendered in exchange for the Merger consideration. Recognized Loss Amounts shall be calculated as: (i) Claimants' estimate of the fair value of Dangdang Securities, $8.80 per ADS, on the date of the closing of the

[1] Each Dangdang ADS represented five Class A shares of Dangdang.

Merger, September 20, 2016, *minus* (ii) the Merger consideration of $6.70 per ADS for which the securities were tendered or cancelled.[2]

116. The Net Settlement Fund will be allocated to Authorized Claimants on a *pro rata* basis based on the individual claimant's Recognized Loss claims as compared to the total recognized claims of all Claimants to the Net Settlement Fund. The Claims Administrator, Epiq, will determine each claimant's *pro rata* share of the Net Settlement Fund.

117. In sum, the Plan of Allocation will fairly and rationally allocate the proceeds of the Net Settlement Fund among Settlement Class Members based on the losses they suffered on being cashed-out of their Dangdang Securities in the Merger, that were attributable to the conduct alleged in the Complaint. Accordingly, Lead Counsel respectfully submits that the Plan of Allocation is fair and reasonable and should be approved by the Court.

118. To date, no objections to the proposed Plan of Allocation have been received by Lead Counsel or the Claims Administrator. (Ex. 1, Epiq Decl. ¶11.)

119. The Claims Administrator will process claims under the guidance of Lead Counsel, allow claimants an opportunity to cure any deficiencies or request the Court to review their denial, and mail or wire Authorized Claimants their *pro rata* share of the Net Settlement Fund (per the Plan of Allocation).

VI. LEAD COUNSEL'S REQUEST FOR ATTORNEYS' FEES AND PAYMENT OF LITIGATION EXPENSES

120. In addition to seeking final approval of the Settlement and Plan of Allocation, Lead Counsel is applying for a fee award of 33.33% of the Settlement Fund (or $7,000,000, plus interest earned at the same rate as the Settlement Fund). Lead Counsel also requests payment of Litigation Expenses from the Settlement Fund in the amount of $1,101,999.76 in expenses that Lead Counsel

[2] Respondents do not agree with Claimants' estimate of the fair value of Dangdang Securities.

has incurred in connection with the prosecution of the Entire Action. Finally, Claimants request compensatory awards of $70,000 for Lead Claimant Fasano and $140,000 for Lead Claimants Altimeo in connection with their representation of the Settlement Class, consistent with the Supplementary Rules and the PSLRA. The total Litigation Expenses are below the maximum expense amount of $1.8 million set forth in the Notice. The legal authorities supporting Lead Counsel's request for an award of attorneys' fees and Litigation Expenses are set forth in the accompanying Fee Brief, filed concurrently herewith. The primary factual bases for the requested fee and Litigation Expenses are summarized below.

A. The Fee Application is Fair and Reasonable

121. Lead Counsel is applying for a percentage-of-the-common-fund fee award to compensate Lead Counsel for the services they rendered on behalf of the Settlement Class. As discussed below and in the Fee Brief, based on the quality of the result achieved, the extent and quality of the work performed, the significant risks of the litigation, and the fully contingent nature of the representation, Lead Counsel respectfully submits that the requested fee award is fair, reasonable, and adequate and should be approved.

122. Lead Counsel spent over nine years prosecuting this Arbitration and the Federal Action on behalf of the Settlement Class. As previously described above (*supra* ¶¶13 - 73), Lead Counsel, among other things:

- Conducted a comprehensive investigation of Dangdang and the Merger, which included, among other things, a review and analysis of Dangdang filings with the U.S. Securities and Exchange Commission ("SEC"), press releases, and analyst reports concerning Dangdang and consulted with experts in Cayman Islands law;
- Drafted the Original Complaint, Amended Complaint, and the Arbitration Demand;
- Fully-briefed oppositions to three separate motions to dismiss from Defendants in District Court, including memoranda of law, expert declarations, and dozens of exhibits;

- Won two appeals to the Second Circuit of dismissals of this case on *forum non conveniens* grounds;

- Won a motion to compel arbitration and defeated Defendants' motion to stay arbitration in District Court, after prevailing a second time before the Second Circuit;

- Won two motions before this Tribunal to compel Respondents to produce core and class certification-related documents, including key documents related to a Cayman Islands appraisal petition;

- Defeated Respondents' Article 23 motion for early disposition of the Arbitration Proceeding on statute of limitations and timeliness grounds;

- Won the motion for clause construction resulting in a holding that Respondents consented to class arbitration, after extensive briefing and argument, allowing this matter to proceed as a class arbitration;

- Defeated Respondents' motion to vacate the clause construction award in the District Court and secured confirmation of the clause construction award;

- Obtained discovery of tens of thousands of pages of documents, as part of over 83,000 pages of documents produced and exchanged in this Arbitration Proceeding;

- Subpoenaed and obtained more than 2,200 pages of third-party discovery from NYSE, DTC, Kroll, and BNYM;

- Fully-briefed a motion for class certification, including submitting dozens of exhibits and four expert declarations addressing issues of Cayman Islands law and market efficiency;

- Engaged in a mediation process, overseen by an experienced mediator, which involved an exchange of comprehensive written submissions, a full-day formal mediation session, and extensive follow-up after that session;

- Prepared for a three-day class certification hearing, including witness preparation and addressing and preparing sur-reply papers;

- Negotiated and drafted the terms of the Stipulation of Settlement with Respondents' Counsel;

- Drafted the Preliminary Approval Motion and supporting papers;

- Responded to the Tribunal's questions in response to the Motion for Preliminary Approval;

- Worked with the Claims Administrator to set up and oversee the notice and claims process; and
- Drafted the Motion for Final Approval and supporting papers.

123. Attached hereto as Exhibit 17 is a declaration in support of the request for attorneys' fees and payment of Litigation Expenses. Included with this declaration are schedules that summarize the time spent prosecuting this action by Lead Counsel and as well Lead Counsel's litigation expenses by category (the "Fee and Expense Schedules"). The attached declaration and the Fee and Expense Schedules report the amount of time spent by attorneys and professional support staff of each firm and the "lodestar" calculations, *i.e.*, their hours multiplied by their hourly rates.[3] These schedules were prepared from daily time records and expenses prepared and maintained by my Firm, which are available at the request of the Tribunal.

124. The hourly rates for the attorneys and professional support staff are far less than the rates charged by defense side law firms for similar work. Additionally, the rates of Lead Counsel's attorneys (ranging from \$395–\$850 per hour for non-partners and \$950–\$1,375 per hour for partners) are far below comparable defense firms litigating matters of similar magnitude. For example, in the recent FTX Bankruptcy, in 2023, counsel charged partner rates between \$2,135 to \$2,165 per hour; of counsel and senior counsel rates ranging from \$1,575 to \$2165 per hour, associate rates ranging from \$775 to \$1,475; and paralegal rates range from \$425 to \$595. *See* Exhibit 18 hereto (table of Sullivan & Cromwell rates for FTX Bankruptcy).

125. As set forth above and in detail in Exhibit 17, Lead Counsel has collectively expended a total of 5,718 hours in the investigation and prosecution of the Entire Action, through July 2, 2026. The resulting total lodestar is \$5,777,748. The requested fee amount of 33.33% of

[3] Time expended in preparing the Fee and Expense Application has not been included.

the Settlement Fund equals $7,000,000 (plus interest earned at the same rate as the Settlement Fund), and therefore represents a reasonable 1.2 multiplier of Lead Counsel's lodestar.

126. Lead Counsel will continue to work towards effectuating the Settlement in the event the Tribunal grants final approval. Among other things, Lead Counsel will continue working with the Claims Administrator to resolve issues with Settlement Class Member's claims, will respond to shareholder inquiries, and will oversee the distribution process. No additional compensation will be sought for this work, other than expenses incurred with respect to claims administration and expenses for any other necessary activities to conclude the administration.

127. As detailed above, throughout this litigation, Lead Counsel devoted substantial time to the prosecution of the Entire Action, including drafting, reviewing and/or editing pleadings, court filings, and the mediation submissions; communicating with Claimants; engaging in discovery efforts; the mediation process; and negotiating the terms of the Settlement, among other matters. More junior attorneys and paralegals also worked on matters appropriate to their skill and experience level. Throughout the Litigation, Lead Counsel maintained an appropriate level of staffing that avoided unnecessary duplication of effort and ensured the efficient prosecution of this Litigation.

128. Lead Counsel's extensive efforts in the face of substantial risks and uncertainties have resulted in a significant recovery for the benefit of the Settlement Class. In circumstances such as these, and in consideration of the hard work and the result achieved, Lead Counsel respectfully submits that the requested fee is reasonable and should be approved.

129. Securities class action cases are known for their notorious complexity. And this case was more complex than most securities class actions because it involved both the Federal Action and Arbitration and the intersection of Cayman Islands Law, federal law, and New York

law. As detailed above, this Action presented many novel and complex issues, including opposing three separate motions to dismiss, two successful appeals, a motion to compel arbitration, opposing a dispositive motion before the Tribunal, a motion for clause construction to determine whether the arbitration could proceed as a class action, opposing Respondents' motion to vacate the clause construction Award, discovery motions, and fully briefing the motion for Class Certification, including declarations and arguments on the application of Cayman Islands law.

130. Moreover, at each step of the way, Co-Lead Claimants and Lead Counsel were opposed by Respondents' sophisticated and well-resourced counsel of Skadden, Arps, Slate, Meagher & Flom, LLP ("Skadden") and previously, O'Melveny & Meyers, LLP ("O'Melveny").

131. Additionally, the mediation and settlement process was hard-fought. The Parties zealously advocated their positions throughout, including exchanging mediation statements, engaging in a full-day mediation, and conducting rigorous follow-up negotiations.

132. The prosecution of the Entire Action was undertaken by Lead Counsel on an entirely contingent-fee basis. From the outset, there was no guarantee that Lead Counsel would ever be compensated for the substantial investment of time and money the case would require. In undertaking that responsibility, Lead Counsel were obligated to ensure that sufficient resources were dedicated to the prosecution of the Action, that funds were available to compensate attorneys and staff, and that the considerable litigation costs required by a litigation like this one were covered. With an average lag time of many years for complex cases like this to conclude, the financial burden on contingent-fee counsel is far greater than on a firm that is paid on an ongoing basis. Indeed, Lead Counsel received no compensation for this case during the course of the Entire Action—a period of more than nine years—and incurred over $1.1 million in litigation-related expenses.

133. Lead Counsel also bore the risk that no recovery would be achieved. As discussed above (*see* ¶¶74-94), from the outset, this litigation presented multiple risks and uncertainties that could have prevented any recovery whatsoever. Indeed, this case was dismissed twice, and it was revived only as a result of Lead Counsel's tenacious and successful appeals to the Second Circuit.

134. Moreover, despite the most vigorous and competent efforts, success in contingent-fee litigations like this one is never assured. Lead Counsel know from experience that the commencement of a class action does not guarantee a settlement. On the contrary, it takes hard work and diligence by skilled counsel to develop the facts and theories that are needed to sustain a complaint or win at trial, or to induce sophisticated defendants to engage in serious settlement negotiations at meaningful levels.

135. Sadis has extensive experience and a stellar reputation in class actions, securities litigation, and investor-driven lawsuits. A true and correct summary of Sadis' attorneys' accomplishments and experience in this regard is attached as Exhibit C to Exhibit 17.

136. Sadis has previously been appointed co-lead counsel in a breach of fiduciary duties class action arising out of a going-private merger, has previously acted as lead counsel in a derivative action, and has recovered over $200 million for injured investors and class members in securities and shareholder rights litigation.

137. Additionally, the quality of the work performed by Lead Counsel in obtaining the Settlement should also be evaluated in light of the quality of the opposition. Here, the Respondents were represented by Skadden, and previously, O'Melveny, two well-known international law firms that vigorously represented the interests of their clients throughout the Entire Action. In the face of this experienced and formidable opposition, Lead Counsel were able to develop a case that was

sufficiently strong to nonetheless persuade Respondents to settle the case on terms that Lead Counsel believe are highly favorable to the Settlement Class.

138. The amount of the fee requested (33.33%) in relation to the Settlement Amount ($21 million) is fair and reasonable. Courts routinely award fees of one-third in securities class action settlements. (*See* Fee Brief §III.A.)

139. To date, no objection has been raised as to Lead Counsel's fee request. (Ex. 1, Epiq Decl. ¶10.) If any objection to the Lead Counsel's fee request is made after the date of this filing, Lead Counsel will address it in their reply papers, set to be filed by August 4, 2026

B. <u>Payment of the Requested Litigation Expenses is Fair and Reasonable</u>

140. Lead Counsel seeks a total of $1,101,999.76in litigation expenses, reasonably and necessarily incurred in connection with commencing, litigating, and settling the claims asserted in the Entire Action.

141. From the commencement of this Action, Lead Counsel understood that it might not recover its litigation expenses. Accordingly, Lead Counsel was motivated to take steps to assure that only necessary expenses were incurred for the vigorous and efficient prosecution of the Entire Action.

142. As set forth in the Fee and Expense Schedules, Lead Counsel's Litigation Expenses total $1,101,999.76. (See Ex. 17, Ex. B.) The Expense Schedule identifies the specific category of expense—e.g., arbitrator fees, expert and consultant fees, mediation fees, travel costs, discovery vendors, etc. These expenses are reflected on the books and records of Sadis and are an accurate record of Lead Counsel's expenses.

143. The largest component of expenses, $604,847.50 or approximately 55% of the total Litigation Expenses, was incurred on the Arbitrators' and AAA fees. (Ex. 17 ¶6.a, Ex. B.)

144. Another large component of expenses, $305,977.30, or approximately 27.77% of the total Litigation Expenses, was expended on the fees of Claimants' experts. (*Id.* ¶6.b.) Lead Counsel consulted with experts in the fields of (i) Cayman Islands Law; and (ii) market efficiency, loss causation, and damages theory. Lead Counsel utilized these experts in connection with opposing the motions to dismiss in the Federal Action and moving for class certification in the Arbitration. These experts were essential to the prosecution of the Action.

145. Lead Counsel also retained local counsel in the Cayman Islands, Harneys Westwood & Riegels ("Harneys") to consult on the application of Cayman Islands law to the Federal Action and provide an expert opinion on Cayman Islands law in the Federal action. Lead Counsel expended $121,623.89 to retain Harneys and Harneys' expert, John Litton, or approximately, 11% of the total Litigation Expenses. (*Id.* ¶6.c.)

146. The last large component of expenses, is the $26,427.05, for Lead Counsel's share of the mediator, Mr. Melnick's fees, for the preparation, full-day of mediation, and follow-up discussions. (*Id.* ¶6.d.) Lead Counsel also incurred fees totaling $18,413 for document discovery hosting, production, and translation services from vDiscovery and Transperfect. (*Id.* ¶6.e.)

147. The other Litigation Expenses for which Lead Counsel seek payment are the types of expenses that are necessarily incurred in complex international litigation and routinely paid by clients in non-contingent cases. These Litigation Expenses included, among other things: (i) legal and factual research; (ii) filing fees; (iii) domestic and international service of process; (iv) work-related transportation and meals; (v) appellate briefing vendors; (vi) asset investigators; and (vii) transcription fees for arguments before the Tribunal and the District Court. (*Id.* ¶6.f-l.)

148. All the Litigation Expenses, totaling $1,101,999.76, were necessary to the successful prosecution and resolution of the claims against Respondents.

149. To date, no objection has been raised as to expenses. If any objection to the request for Litigation Expenses is made after the date of this filing, Lead Counsel will address it in their reply papers, set to be filed by August 4, 2026.

150. As set forth in their respective declarations submitted, Claimants have concluded that Lead Counsel's requested fees and reimbursement of expenses are fair and reasonable based on the work performed, the recovery obtained for the Settlement Class, and the risks of the Action. The Declaration of Joe Fasano is attached hereto as Exhibit 19. The Declaration of Bernard Delattre on behalf of Altimeo is attached hereto as Exhibit 20.

151. Claimants have been involved throughout this lengthy litigation and the Settlement of the Action, and their endorsement of Lead Counsel's fee and expense request supports the reasonableness of the request and should be given weight in the Tribunal's consideration of the fee award.

152. In sum, Lead Counsel accepted this matter on a fully contingent basis, committed significant resources, and prosecuted the Entire Action for more than nine years without any compensation or guarantee of success. Based on the result obtained, the quality of the work performed, the litigation risks, and the contingent nature of the representation, Lead Counsel respectfully submits that a fee award of 33.33% of the Settlement Fund, resulting in a modest multiplier of 1.2, and litigation expenses of approximately $1.1 million are fair and reasonable, and is supported by the fee awards courts have granted in other comparable cases.

C. **The Compensatory Awards to Claimants as Class Representatives are Fair and Reasonable**

153. Finally, as stated above, Claimants, as class representatives, respectfully request awards in the amount of $70,000 to Fasano and $140,000 to Altimeo, consistent with the Supplementary Rules and the PSLRA, 15 U.S.C. § 78u-4(a)(4), for the reasonable costs directly

incurred, including the time and effort expended by Fasano and Altimeo in connection with representing the Settlement Class and prosecuting the Entire Action. Lead Counsel respectfully submits that the amounts requested by Claimants are consistent with the goal of encouraging investors, especially institutional investors, to take an active role in commencing and supervising private, securities class action litigation.

154. As set forth in their respective declarations, Fasano and Altimeo have been engaged in prosecuting the Entire Action on behalf of the Settlement Class for more than nine years. Claimants have participated in discussions concerning the prosecution of the Entire Action, the strengths and risks of the asserted claims, and potential settlement. In particular, throughout the course of the Entire Action, Fasano and Altimeo have: (a) reviewed the key pleadings and briefings filed in the Entire Action; (b) regularly consulted with Lead Counsel regarding the progress of and strategy for the case; (c) compiled its trading data and completed its certification in connection with their motion to be appointed Co-Lead Plaintiffs; (d) participated in extensive discovery efforts and expended substantial effort to collect documents in response to Respondents' document requests leading to the production of over thousands of pages; (e) executed declarations in support of class certification; (f) conferred with Lead Counsel regarding the mediations and settlement negotiations; and (g) evaluated and approved the proposed Settlement with Respondents and the Plan of Allocation. These efforts provided a significant benefit to the Settlement Class. (Ex. 19 ¶¶10-11; Ex. 20 ¶¶10-11.)

155. Fasano estimates that he devoted approximately 441 hours total to these tasks. (Ex. 19 ¶14.) A skilled union carpenter of Fasano's seniority, knowledge, and experience can ordinarily bill out his time at a value of $160 per hour. (*Id.*) Altimeo's senior managers devoted approximately 755 hours total to these tasks. (Ex. 20 ¶¶18-19.) Based on their knowledge and

experience as senior finance professional, Altimeo's senior managers could ordinarily bill out their time at, at least, $550 per hour. (*Id.*) Nevertheless, Altimeo is only requesting compensation at a reduced rate of $185.43 per hour. The time Claimants devoted to supporting the Entire Action was time they could have used conducting other business or work activities and, therefore, represents a cost to them.

156. To date, no objections to the Litigation Expenses or compensatory awards for Claimants have been received. In Lead Counsel's opinion, the Litigation Expenses incurred by Lead Counsel and Claimants were reasonable and necessary to represent the Settlement Class and achieve the Settlement. Accordingly, Lead Counsel respectfully submits that the Litigation Expenses should be reimbursed in full and Claimants should receive the requested compensatory awards, from the Settlement Fund.

VII. CONCLUSION

157. In view of the significant recovery for the Settlement Class and the substantial risks of this Action, as described herein and in the accompanying Final Approval Memorandum, Lead Counsel respectfully submits that the Settlement should be approved as fair, reasonable, and adequate, and the proposed Plan of Allocation should be approved as fair and reasonable.

158. Lead Counsel further submits that the requested fee in the amount of 33.33% ($7,000,000, plus *pro rata* interest) of the Settlement Fund should be approved as fair and reasonable, and that the requests for payment of $1,101,999.76 in Litigation Expenses, and Lead Claimants' requests for $70,000 for Fasano and $140,000 for Altimeo should also be approved.

I declare under penalty of perjury that the foregoing facts are true and correct.

Dated: New York, NY
July 7, 2026[4]

SADIS & GOLDBERG LLP

s/ Samuel J. Lieberman

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[4] Paragraphs 3, 12, 102, 120, 132, 140, 142-45, 148, 152, and 158 are as revised on July 23, 2026 to distinguish actual and estimated AAA fees from unapplied deposits.