UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE VNET GROUP, INC. SECURITIES LITIGATION	Case No. 1:23-cv-11187-DEH **CLASS ACTION** Hon. Dale E. Ho

MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFFS' MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT

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Lead Plaintiff Wong Tan ("Lead Plaintiff") and additional named Plaintiff Michael Semerak (collectively, "Plaintiffs") on behalf of themselves and the Class, respectfully submit this memorandum of law in support of the motion for (1) final approval of the $5.875 million Settlement reached in this Action and of the proposed Plan of Allocation, (2) maintenance of certification of the Class for settlement purposes, and (3) a finding that the notice plan approved at preliminary approval satisfies Fed. R. Civ. P. 23 and all other applicable requirements. The terms of the Settlement are set forth in the Stipulation of Settlement, dated April 3, 2026 (ECF 66-1) (the "Stipulation").[1] The Court preliminarily approved the Settlement on May 5, 2026 (ECF 68) (the "Preliminary Approval Order").[2]

I. PRELIMINARY STATEMENT

After more than two years of litigation, Plaintiffs respectfully request that this Court: (1) finally approve a $5.875 million settlement that will resolve all claims in this Action; (2) finally approve the Plan of Allocation for the disbursement of the Net Settlement Fund among Class Members; (3) maintain certification of the Class for settlement purposes; and (4) find that the notice plan the Court approved at preliminary approval met all applicable requirements.[3]

The $5.875 million Settlement is fair, reasonable, adequate, and an excellent result for the Class. This recovery, obtained on behalf of all persons and entities that purchased or otherwise acquired VNET American Depositary Shares ("VNET ADSs") between March 23, 2022, and February 17, 2023, both dates inclusive, and who were damaged thereby (the "Class"), is the result

[1] All capitalized terms not otherwise defined herein are defined in the Stipulation.

[2] "Plaintiffs' Counsel" refers to proposed class counsel, Pomerantz LLP, and additional counsel Glancy Prongay Wolke & Rotter LLP ("GPWR", formerly known as Glancy Prongay & Murray LLP).

[3] A memorandum in support of Plaintiffs' Motion for an Award of Attorneys' Fees, Reimbursement of Litigation Expenses, and Compensatory Awards for Plaintiffs is filed concurrently herewith.

of arm's-length settlement negotiations by experienced and knowledgeable counsel, overseen by a nationally recognized mediator. The Settlement recovers a far greater percentage of estimated damages than most securities fraud class actions and readily satisfies each of the Rule 23(e)(2) factors, as well as the factors set forth in *Detroit v. Grinnell Corp.*, 495 F.2d 448 (2d Cir. 1974).

As described herein, the Settlement provides an excellent result for the Class. The Court's Preliminary Approval Order established a detailed notice plan, which Plaintiffs and the Claims Administrator followed. While the time to object to the Settlement has not passed, so far ***none*** of the 15,000+ potential Class Members provided notice have objected to the Settlement or requested exclusion. The Settlement is fair, reasonable, and adequate. The Plan of Allocation also treats all Class Members equitably, with a *pro rata* distribution.

For these reasons, Plaintiffs respectfully request that the Court: (1) finally approve the Settlement; (2) finally approve the Plan of Allocation; (3) maintain certification of the Class for settlement purposes; and (4) find that the previously approved plan of Notice satisfied all applicable requirements.

II. SUMMARY OF THE LITIGATION AND SETTLEMENT

A. Factual and Procedural History

The initial complaint in this Action was filed on December 26, 2023, asserting claims under Sections 10 and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act") (ECF No. 1). On February 26, 2024, Plaintiff Michael Semerak moved to be appointed Lead Plaintiff and sought approval of his selection of GPWR as Lead Counsel. (ECF No. 12.) The same day, Plaintiff Wong Tan also moved to be appointed Lead Plaintiff and sought approval of his selection of Pomerantz LLP as Lead Counsel. (ECF No. 15.) On March 13, 2024, after Mr. Semerak withdrew his motion, the Court granted Plaintiff Wong Tan's motion and appointed Plaintiff Wong Tan as Lead Plaintiff and Pomerantz LLP as Lead Counsel. (ECF Nos. 19–20.)

On May 20, 2024, after a thorough factual investigation and engagement of a damages expert, Mr. Wong filed a Consolidated Amended Class Action Complaint, which Mr. Semerak joined as an additional named Plaintiff (the "Amended Complaint"), asserting claims under Sections 10(b) and 20(a) of the Exchange Act. ECF No. 34. Thereafter, on July 19, 2024, Defendants moved to dismiss (ECF Nos. 36–38), which Plaintiffs opposed on September 3, 2024. ECF No. 39. Defendants' motion was fully briefed on October 3, 2024 (ECF No. 40), and in an opinion and order dated September 15, 2025, the Court granted in part and denied in part Defendants' motion to dismiss. ECF No. 43.

On November 13, 2025, Defendants filed their Answers (ECF Nos. 50–54) and on November 17, 2025, the Parties exchanged Rule 26(a)(1) initial disclosures. Thereafter, the Parties proceeded to discovery. Plaintiffs issued thorough discovery requests to Defendants and subpoenas to relevant third parties. Plaintiffs also moved for and obtained the issuance of a Letter Rogatory for discovery from a company incorporated in the Cayman Islands, which was granted. ECF Nos. 58–61. On January 9, 2026, the Parties participated in an all-day, in-person mediation before Jed Melnick, an experienced mediator familiar with securities class actions. While the mediation did not initially resolve the Action, the Parties subsequently engaged in follow-up negotiations and ultimately accepted a mediator's proposal to settle all claims in this Action for the Settlement Amount.

On April 3, 2026, Plaintiffs filed their motion for preliminary approval of the Settlement, which the Court subsequently granted on May 5, 2026. ECF No. 68. Plaintiffs now move for final approval of the Settlement.

III. THE CLASS SHOULD REMAIN CERTIFIED

The Court provisionally certified a Settlement Class at preliminary approval. ECF No. 68 at 2. Here, all requirements for class certification under Rules 23(a) and (b) remain satisfied, and the Court should maintain certification of the Settlement Class.

First, numerosity is generally met in cases involving nationally traded securities like VNET ADSs, *see*, *e.g.*, *Schutter v. Tarena Int'l, Inc.*, 2024 WL 4118465, at *4 (E.D.N.Y. Sept. 9, 2024), and here, during the Class Period, and an average of 41,615,231 ADSs traded monthly. Second, commonality exists because all Class Members were subjected to the same alleged misrepresentations and omissions. *See*, *e.g.*, *Schutter*, 2024 WL 4118465, at *4; *Rodriguez v. CPI Aerostructures, Inc.*, 2023 WL 2184496, at *5–6 (E.D.N.Y. Feb. 16, 2023). Third, Plaintiffs' claims are typical, because they suffered losses following the disclosures, as the other Class Members did. *See*, *e.g.*, *In re Flag Telecom Holdings, Ltd. Sec. Litig.*, 574 F.3d 29, 35 (2d Cir. 2009). Fourth, Plaintiffs are adequate representatives because they have no conflicts with the Class, and have been actively involved in the case from its inception, maintaining communication with Plaintiffs' Counsel, who are qualified, experienced, and able to conduct the litigation. *See id.* at 35; *Baffa v. Donaldson, Lufkin & Jenrette Sec. Corp.*, 222 F.3d 52, 60 (2d Cir. 2000). Also, "[a]scertaining the members of the class will be easily administrable by references to investor records." *Rodriguez*, 2023 WL 2184496, at *6.

A proposed class action must also satisfy one of the requirements of Rule 23(b). *See*, *e.g.*, *In re Am. Int'l Grp., Inc. Sec. Litig.*, 689 F.3d 229, 238 (2d Cir. 2012). Here, common questions of law or fact predominate over any individual question and a class action is superior to other available means of adjudication. *See* Rule 23(b)(3); *see also Amchem Prods., Inc. v. Windsor*, 521 U.S. 591, 607 (1997). Both Plaintiffs and Class Members allege injuries from common, public misrepresentations and omissions, and the resolution of liability from this common course of conduct predominates over any theoretical individual issue that may arise. *See*, *e.g.*, *In re Facebook, Inc., IPO Sec. & Derivative Litig.*, 312 F.R.D. 332, 341, 346-51 (S.D.N.Y. 2015). In these circumstances, class treatment is the best method of resolving all the individual claims because the controversy for each Class Member is identical and will result in the adjudication of all claims in one forum. *See*, *e.g.*, *In re Beacon Assocs. Litig.*, 282 F.R.D. 315, 334 (S.D.N.Y. 2012).

In addition, Rule 23(b)(3) provides a right to opt-out or object to a proposed settlement. *See*, *e.g.*, *Claridge v. N. Am. Power & Gas, LLC*, 2017 WL 3638455, at *2 (S.D.N.Y. Aug. 23, 2017). Here, the Notice provided Class Members with, among other things, a right to object or request exclusion from the Class. *See* Declaration of Josephine Bravata Concerning: (A) CAFA Mailing; (B) Mailing/Emailing of Notice; (C) Publication of The Summary Notice; (D) Report on Requests for Exclusion and Objections; and (E) Claims Received To Date ("Bravata Decl."), Ex. B (Notice at 3, 6-7, 8-9), submitted herewith. Accordingly, the previously certified Class should remain certified.

IV. THE SETTLEMENT SHOULD BE FINALLY APPROVED

A. Public Policy Favors Settlement

Courts in the Second Circuit have noted that in securities class action litigation, "[s]ettlements are to be encouraged[.]" *In re Ramp Corp. Sec. Litig.*, 2008 WL 58938, at *4 (S.D.N.Y. Jan. 3, 2008); *In re Initial Pub. Offering Sec. Litig.*, 226 F.R.D. 186, 190 (S.D.N.Y. 2005) ("it is axiomatic that the law encourages settlement of disputes."). A court may approve a class action settlement if it is "fair, adequate, and reasonable, and not a product of collusion." *Wal-Mart Stores, Inc. v. Visa U.S.A., Inc.*, 396 F.3d 96, 116 (2d Cir. 2005). There is a "strong judicial policy in favor of settlements, particularly in the class action context [and] compromise … is encouraged by the courts and favored by public policy." *Id.* Moreover, as noted by both the Supreme Court and the Second Circuit, in determining the fairness of a settlement, courts should "not decide the merits of the case or resolve unsettled legal questions." *Carson v. Am. Brands,* *Inc.*, 450 U.S. 79, 88 n.14 (1981); *Grinnell*, 495 F.2d at 462 (similar). This is particularly important in class actions and other complex cases where substantial resources can be conserved by avoiding the time, cost, and rigor of prolonged litigation. *See* William Rubenstein, Alba Conte, & Herbert B. Newberg, *4 Newberg on Class Actions § 13:44* (6th ed. 2025). The Settlement here is fair, adequate, and should be approved.

B. The Settlement Was Achieved By Arm's-Length Negotiation And Is Presumed Fair

Rule 23(e)(2)(B) requires that "the proposal was negotiated at arm's length." *See also Moses v. New York Times Co.*, 79 F.4th 235, 243 (2d Cir. 2023) (arms-length negotiations support approval, though they do not give rise to a presumption of fairness). Courts should give "proper deference to the private consensual decision of the parties" and bear in mind "the unique ability of class and defense counsel to assess the potential risks and rewards of litigation." *Fleisher v. Phoenix Life Ins. Co.*, 2015 WL 10847814, at *4 (S.D.N.Y. Sept. 9, 2015).

The Settlement was reached through arm's-length negotiation, involving one mediation and subsequent negotiations with a highly regarded mediator, Jed Melnick, whose involvement demonstrates that the Settlement is fair and free of collusion. *See D'Amato v. Deutsche Bank*, 236 F.3d 78, 85 (2d Cir. 2001) (a "mediator's involvement in … settlement negotiations helps to ensure that the proceedings were free of collusion and undue pressure"); *In re 3D Sys. Sec. Litig.*, 2023 WL 4621716, at *6 (E.D.N.Y. July 19, 2023) (collecting cases) ("several courts in this circuit have held that [Jed] Melnick's involvement has supported a finding that settlement negotiations were at arm's length.").

In negotiating the Settlement, Plaintiffs had the benefit of attorneys who are highly experienced in complex litigation and familiar with the legal and factual issues of the case. *See* Tourek Decl., ¶72, Ex. 4-C, Ex. 5; *see also Lyons v. Marrud, Inc.*, 1972 WL 327, at *2 (S.D.N.Y.

June 6, 1972). The efforts of Plaintiffs' Counsel secured a Settlement that provides substantial benefits to the Class, especially considering the expense, risks, difficulties, delays, and uncertainties of litigation, trial, and post-trial proceedings.

The Parties and their counsel thoroughly understood the strengths and weaknesses of the Action prior to the Settlement. Plaintiffs and Plaintiffs' Counsel: (1) conducted an intensive investigation before filing an amended complaint (which included, among other things, a review of United States Securities and Exchange Commission filings, press releases, earnings presentations, conference call transcripts, and other information prepared for investors by VNET, as well as media and analyst reports about the Company); (2) drafted and filed a 57-page Amended Complaint; (3) briefed an opposition to Defendants' motion to dismiss; (4) met and conferred with Defendants, and subsequently drafted a joint case management plan and scheduling order; (5) drafted correspondence with the Court in advance of the Court's initial pretrial conference; (6) drafted Rule 26(a)(1) initial disclosures; (7) analyzed and determined how to obtain evidence in multiple jurisdictions, including obtaining a Letter Rogatory to access certain international evidence; (8) drafted requests for production of documents and interrogatories to Defendants; (9) analyzed Defendants' requests for production of documents and interrogatories and drafted responses thereto; (10) met and conferred with Defendants on their discovery requests; (11) drafted relevant search terms for requests for production of documents to Defendants and negotiated those search terms with Defendants; (12) drafted a protective order and ESI protocol; (13) met and conferred with Defendants on the protective order and ESI protocol; (14) drafted and issued subpoenas duces tecum to relevant third parties; (15) met and conferred with relevant third parties on the requests for production of documents; (16) reviewed and analyzed lending documents received from third-party lenders to determine the impact of Sheng Chen's default of the Bold Ally loan on the loan agreements and to VNET; (17) employed damages experts to determine the total estimated damages for Defendants' alleged misrepresentations and omissions; (18) researched and analyzed case law regarding potential class certification issues related to statistical significance of corrective disclosures; (19) investigated and reviewed Chinese language materials; (20) reviewed and analyzed Defendants' insurance policies; (21) drafted a detailed 17-page mediation statement; (22) participated in an in-person, full-day mediation in front of a respected mediator; and (23) continued subsequent negotiations with the Defendants and the mediator that resulted in this Settlement. Thus, they had ample information to evaluate the risks and merits of the Settlement relative to continued litigation.

That the Settlement is fair is also reflected by the fact that the proposed Plan of Allocation treats all Class Members equally, allocating funds on a *pro rata* basis. *See infra* at Section V; Tourek Decl., ¶¶49-58. Similar plans have repeatedly been approved by courts in this Circuit and District. *See*, *e.g.*, *Trostorff v. Mynaric AG*, 800 F. Supp. 3d 486, 492 (E.D.N.Y. 2025); *Rodriguez*, 2023 WL 2184496, at *12; *In re Citigroup Inc. Sec. Litig.*, 965 F. Supp. 2d 369, 386–87 (S.D.N.Y. 2013); *In re Marsh ERISA Litig.*, 265 F.R.D. 128, 145–46 (S.D.N.Y. 2010).

These factors support final approval of the Settlement.

C. The *Grinnell* Factors Confirm that the Settlement is Substantively Fair

To evaluate the substantive fairness of a settlement, courts in the Second Circuit consider the nine *Grinnell* factors: (1) the complexity, expense, and likely duration of the litigation; (2) the reaction of the class to the settlement; (3) the stage of the proceedings and the amount of discovery completed; (4) the risks of establishing liability; (5) the risks of establishing damages; (6) the risks of maintaining the class action through the trial; (7) the ability of the defendants to withstand a greater judgment; (8) the range of reasonableness of the settlement fund in light of the best possible recovery; and (9) the range of reasonableness of the settlement fund in light of all the attendant risk of litigation. *Grinnell*, 495 F.2d at 463. "All nine factors need not be satisfied; the court must look at the totality of these factors in light of the specific circumstances involved." *In re Hi-Crush Partners L.P. Sec. Litig.*, 2014 WL 7323417, at *5 (S.D.N.Y. Dec. 19, 2014); *Thompson v. Metro. Life Ins. Co.*, 216 F.R.D. 55, 61 (S.D.N.Y. 2003). Here, the *Grinnell* factors support final approval.

1. The Complexity, Expense and Likely Duration of Litigation Support Final Approval

The "risk, expense, complexity, and likely duration of further litigation" would be substantial. The Settlement provides the Class with substantial relief, without the delay and risk of trial and post-trial proceedings. Here, Plaintiffs would have to succeed on a motion for class certification and defeat an anticipated motion for summary judgment filed by Defendants. This would be particularly difficult in a complex securities case like this, which numerous courts have noted to be "notoriously complex and difficult to prove." *Rodriguez*, 2023 WL 2184496, at *14; *see also Mikhlin v. Oasmia Pharm. AB*, 2021 WL 1259559, at *5 (E.D.N.Y. Jan. 6, 2021).

Even if Plaintiffs were able to advance this case to the trial stage, trial, appeal, and post-trial coverage and collection efforts would be risky, expensive, and even if successful, would delay recovery by several years. This case involved misrepresentations and omissions concerning Sheng Chen's private agreement with Bold Ally, the revelation of his default under that agreement, VNET's creation of additional shares for Sheng Chen, and the drop in VNET's ADS price. As Defendants have repeatedly raised, the connection between Sheng Chen's agreement with Bold Ally and the ultimate drop in VNET's ADS price is subject to attack. In addition to these loss causation hurdles, Plaintiffs and the Class would face considerable risks proving the falsity and materiality of Defendants' representations, that Defendants acted with scienter with respect to the Section 10(b) claims, and that there was artificial inflation of VNET ADSs.

Were Plaintiffs to prevail at trial, Defendants would likely appeal, further delaying any benefit to the Class. And, any recovery would face collection challenges as most of Defendants' assets are in the People's Republic of China. The delay and risk occasioned by trial, post-trial, and appellate processes offsets the potential of a higher award. *See, e.g.*, *Guevoura Fund Ltd. v. Sillerman*, 2019 WL 6889901, at *10 (S.D.N.Y. Dec. 18, 2019). Even very large judgments recovered after lengthy litigation and trial can be completely lost on appeal or as a result of a post-trial motion practice. *See In re Warner Commc'ns Sec. Litig.*, 618 F. Supp. 735, 748 (S.D.N.Y. 1985) (collecting cases). This is especially true of securities class actions, where intervening shifts in legal standards have undermined trial victories. *See, e.g., In re Vivendi Universal, S.A. Sec. Litig.*, 765 F. Supp. 2d 512, 533 (S.D.N.Y. 2011) (a Supreme Court decision after entry of a verdict in Plaintiff's favor reduced the billion-dollar award to approximately $78 million); *Glickenhaus & Co. v. Household Int'l, Inc.*, 787 F.3d 408, 414, 433 (7th Cir. 2015) (reversing and remanding securities class action jury verdict of $2.46 billion after 13 years of litigation in light of intervening Supreme Court case).

Thus, not only would ***any*** recovery be delayed by years, but the potential for a greater recovery via continued litigation would be minimal. Therefore, these factors support final approval of the Settlement.

2. The Class's Reaction Was Overwhelmingly Positive

The reaction of the Class to the Settlement is a significant factor when considering adequacy, and strongly supports the Settlement here. *City of Providence v. Aeropostale, Inc.*, 2014 WL 1883494, at *5 (S.D.N.Y. May 9, 2014); *In re Bear Stearns Companies, Inc. Sec., Derivative, & ERISA Litig.*, 909 F. Supp. 2d 259, 266 (S.D.N.Y. 2012). Indeed, "the absence of objections may itself be taken as evidencing the fairness of the settlement." *City of Providence*, 2014 WL 1883494, at *5–6 (collecting cases).

The Class overwhelmingly favors the Settlement. Pursuant to the Court's Preliminary Approval Order, Strategic Claims Services ("SCS"), the Claims Administrator, caused the Notice to be emailed and mailed to 15,364 potential Class Members and nominees. Bravata Decl., ¶8. Additionally, the Summary Notice was published in *Globe Newswire* on June 10, 2026. *Id*. at ¶10. To date, no objections or requests for exclusion have been received, and 51 potential Class Members have submitted Proofs of Claim indicating their support of and desire to participate in the Settlement. *Id*. at ¶¶13-15. The Class's favorable reaction supports approving the Settlement. *See Rodriquez v. It's Just Lunch Int'l*, 2020 WL 1030983, at *4–5 (S.D.N.Y. Mar. 2, 2020); *In re MetLife Demutualization Litig.*, 689 F. Supp. 2d 297, 333 (E.D.N.Y. 2010) (collecting cases); *In re Glob. Crossing Sec. & ERISA Litig.*, 225 F.R.D. 436, 457 (S.D.N.Y. 2004).

3. The Stage of Proceedings Supports Final Approval

Settlement at this stage, after Plaintiffs have an opportunity to appreciate the strengths and weaknesses of their claim, supports final approval. "This factor relates to whether the plaintiffs had sufficient information on the merits of the case to enter into a settlement." *Parker v. Time Warner Entm't Co.*, 631 F. Supp. 2d 242, 259 (E.D.N.Y. 2009). It does not require Plaintiffs to conduct extensive formal discovery, but instead can be satisfied when "the parties have already conducted extensive review of documents, evaluated the merits of the case, and participated in … mediation sessions with an experienced mediator." *Rodriguez*, 2023 WL 2184496, at *15 (finding this factor favored final approval through plaintiff's initial investigation of the merits of the action).

Here, by the time the Parties agreed to settle, Plaintiffs and Plaintiffs' Counsel conducted a thorough pre-filing investigation, including a review of SEC filings, press releases, earnings presentations, conference call transcripts, other investor-facing materials, and media and analyst coverage of the Company; prepared and filed a 57-page Amended Complaint; briefed an opposition to Defendants' motion to dismiss; met and conferred with Defendants and prepared a joint case management plan and scheduling order; prepared pre-conference correspondence to the Court and Rule 26(a)(1) initial disclosures; devised strategies to secure evidence across multiple jurisdictions, including obtaining a Letter Rogatory for evidence located abroad; propounded document requests and interrogatories, negotiated search terms in English and Chinese, and evaluated Defendants' discovery requests and prepared responses; prepared and negotiated a protective order and ESI protocol; served subpoenas duces tecum on third parties, conferred with them, and reviewed the documents produced; retained damages experts to determine the total estimated damages arising from Defendants' alleged misrepresentations and omissions; researched class-certification questions concerning the statistical significance of corrective disclosures; reviewed Chinese-language materials and Defendants' insurance policies; prepared a detailed 17-page mediation statement; and attended a full-day mediation and pursued the negotiations that culminated in this Settlement. Plaintiffs and Plaintiffs' Counsel understand the law and the facts here, as well as Defendants' positions on the same.

As a result of these activities, and having completed significant discovery, Plaintiffs were able to determine (1) that Bold Ally Facility Agreement's Early Termination Provision had been redacted from the SEC filing exhibits; and (2) that from the discovery responses received from third-party lenders, Plaintiffs were able to ascertain that the third-party lenders had not treated that the Change of Control clauses embedded in VNET's $850 million in outstanding convertible bonds and domestic loans as being violated, contrary to some reports that were referenced in the Amended Complaint, *see* ECF No. 34, ¶¶46-47. Plaintiffs' Counsel also conducted substantial legal investigations into the likelihood that these facts would be able to prevail at class certification, summary judgment, and trial. Therefore, Plaintiffs' Counsel "had a sufficient understanding of the case to gauge the strengths and weaknesses of their claims as well as the adequacy of the settlement." *In re Facebook, Inc., IPO Sec. & Derivative Litig.*, 343 F. Supp. 3d 394, 412 (S.D.N.Y. 2018), *aff'd sub nom. In re Facebook, Inc.*, 822 F. App'x 40 (2d Cir. 2020); *see also City of Providence*, 2014 WL 1883494, at *6–7 (that the parties conducted sufficient formal discovery and motion practice to "in order to analyze the strengths and weaknesses of Lead Plaintiff's claims" supported final approval); *Gong v. Neptune Wellness Sols. Inc.*, 2023 WL 6594352, at *2, ECF No. 75 at 2 (E.D.N.Y. July 18, 2023), *report and recommendation adopted,* 2023 WL 5793557 (E.D.N.Y. Sept. 7, 2023) (finding that the "stage of the proceedings and the amount of investigation conducted" factor weighs in favor of final approval after the motion to dismiss was fully briefed and pending); *In re N. Dynasty Mins. Ltd. Sec. Litig.*, 2023 WL 5511513, at *10 (E.D.N.Y. Aug. 24, 2023) (finding "well-developed allegations of the pleadings substantiate" Plaintiffs' investigative efforts before "formal discovery" had begun.).

4. The Risks of Establishing Liability and Damages Support Final Approval

In assessing the fairness, reasonableness, and adequacy of a settlement, courts should consider the "risks of establishing liability [and] the risks of establishing damages." *Grinnell Corp.*, 495 F.2d at 463; *Wal-Mart*, 396 F.3d at 117. Analyzing these risks "does not require the Court to adjudicate the disputed issues or decide unsettled questions; rather, the Court need only assess the risks of litigation against the certainty of recovery under the proposed settlement." *In re Glob. Crossing Sec. & ERISA Litig.*, 225 F.R.D. at 459. In other words, "[i]n assessing the Settlement, the Court should balance the benefits afforded to members of the Class and the immediacy and certainty of a substantial recovery for them against the continuing risks of litigation." *Castagna v. Madison Square Garden, L.P.*, 2011 WL 2208614, at *6 (S.D.N.Y. June 7, 2011) (citing *Maley v. Del Glob. Techs. Corp.*, 186 F. Supp. 2d 358, 364 (S.D.N.Y. 2002)). Courts should, therefore, "approve settlements where plaintiffs would have faced significant legal and factual obstacles to proving their case." *In re Glob. Crossing Sec. & ERISA Litig.*, 225 F.R.D.

at 459.

There are substantial risks to prosecuting this Action in the absence of the Settlement. While Plaintiffs are confident that they would prevail on their claims at trial, Plaintiffs acknowledge that continued litigation would expose the Class to the risk of no recovery, or a much lower recovery. "Because Plaintiffs' ability to establish the liability of Defendants is far from certain, this factor weighs in favor of settlement approval." *In re Facebook, Inc. IPO Sec. & Derivative Litig.*, 2015 WL 6971424, at *5 (S.D.N.Y. Nov. 9, 2015), *aff'd sub nom. In re Facebook, Inc.*, 674 F. App'x 37 (2d Cir. 2016). Further, for their Section 10(b) claim, Plaintiffs would have to establish scienter to a jury's satisfaction, which is notoriously difficult and risky. Courts have recognized that scienter is difficult to prove in securities fraud cases. *See Athale v. Sinotech Energy Ltd.*, 2013 WL 11310686, at *5 (S.D.N.Y. Sept. 4, 2013) (emphasizing the "substantial risk involved in proving *scienter,* because it goes directly to a defendant's state of mind, and proof of state of mind is inherently difficult"); *In re IMAX Sec. Litig.*, 283 F.R.D. 178, 190 (S.D.N.Y. 2012) (same).

Plaintiffs would also have to show that the alleged securities violations caused their losses. *Dura Pharm., Inc. v. Broudo*, 544 U.S. 336, 345–46 (2005). Establishing loss-causation is a "complicated and uncertain process, typically involving conflicting expert opinion[s]." *In re Glob. Crossing Sec. & ERISA Litig*, 225 F.R.D. at 459. Plaintiffs acknowledge there is significant risk regarding causation, as Defendants would argue that the stock drops following the alleged corrective disclosures lacked a statistically significant decline. *See In re Omnicom Grp., Inc. Sec. Litig.*, 597 F.3d 501, 505 (2d Cir. 2010) (affirming summary judgment for a lack of loss causation where defendant's "stock never experienced any statistically significant drop in value at or near the time of [the alleged corrective disclosures]"); *see also Vaccaro v. New Source Energy Partners*

L.P., 2017 WL 6398636, at *5 (S.D.N.Y. Dec. 14, 2017) (noting that "Plaintiffs may have been unable to prove that Defendants' misleading statements were the cause of Plaintiffs' losses").

Moreover, both causation and damages would, at trial, involve a "battle of the experts" and a "jury could be swayed by experts for the Defendants, who could minimize or eliminate the amount of Plaintiffs' losses." *Bear Stearns*, 909 F. Supp. 2d at 268; *see also Maley*, 186 F. Supp. 2d at 365 (same). The jury's reaction to conflicting experts "is inherently uncertain and unpredictable." *In re Flag Telecom Holdings, Ltd. Sec. Litig*., 2010 WL 4537550, at *18 (S.D.N.Y. Nov. 8, 2010). Accordingly, the certain and immediate relief the Settlement affords, in light of the risks of establishing liability, loss causation, and damages supports approval of the Settlement.

5. The Risks of Maintaining Class Certification Support Final Approval

The risks of maintaining the Action as a class action through trial also supports approval of the Settlement. While Plaintiffs had not yet moved for class certification, Defendants would have undoubtedly opposed certification. Even if the Court certified a class over Defendants' opposition, Defendants may have moved to decertify the class before trial or on appeal, as class certification "may be altered or amended before [the final judgment]" under Rule 23(c)(1)(C). *Christine Asia Co. v. Yun Ma*, 2019 WL 5257534, at *13 (S.D.N.Y. Oct. 16, 2019); *see also Bellifemine v. Sanofi-Aventis U.S. LLC*, 2010 WL 3119374, at *4 (S.D.N.Y. Aug. 6, 2010). Thus, the risks of maintaining the class action status weigh in favor of approval of the Settlement.

6. Defendants' Ability to Withstand a Greater Judgment

"[W]hile it is possible Defendants could withstand a greater judgment, even if they could, it does not necessarily preclude a finding that the settlement is fair." *McIntosh v. Katapult Holdings, Inc.*, 2024 WL 5118192, at *11 (S.D.N.Y. Dec. 13, 2024). A defendant is not required to "empty its coffers before a settlement can be found adequate," *see In re Giant Interactive Grp., Inc. Sec. Litig*., 279 F.R.D. 151, 162 (S.D.N.Y. 2011). Instead, the Settlement represents a good compromise between the Parties that delivers the Settlement immediately to Class Members. Consequently, this factor is "neutral … [and o]n balance, the *Grinnell* factors weigh in favor of approval of the [S]ettlement." *McIntosh*, 2024 WL 5118192, at *11.

7. The Settlement is Eminently Reasonable in Light of the Possible Recovery and Attendant Risks

Courts typically analyze the last two *Grinnell* factors together. *See Grinnell*, 495 F.2d at 463. In so doing, courts "consider and weigh the nature of the claim, the possible defenses, the situation of the parties, and the exercise of business judgment in determining whether the proposed settlement is reasonable." *Id*. at 462. A court's "determination of whether a settlement amount is reasonable in light of the best possibl[e] recovery does not involve the use of a mathematical equation yielding a particularized sum." *Bear Stearns*, 909 F. Supp. 2d at 269. Instead, the Second Circuit instructs that "[t]here is a range of reasonableness with respect to a settlement—a range which recognizes the uncertainties of law and fact in any particular case and the concomitant risks and costs necessarily inherent in taking any litigation to completion." *Wal-Mart*, 396 F.3d at 119. As it explains, "there is no reason, at least in theory, why a satisfactory settlement could not amount to a hundredth or even a thousandth part of a single percent of the potential recovery." *Grinnell*, 495 F.2d at 455 n.2.

The Settlement provides for a recovery of $5.875 million. After consulting with an econometric expert, Plaintiffs and Plaintiffs' Counsel believe that a successful verdict on all claims could result in aggregated damages to the Class as high as $85.6 million, using an 80/20 multi-trader model. The Settlement thus represents 6.86% of the estimated maximum likely recovery, on the higher end of the range courts recognize as common in comparable securities class actions. *See, e.g.*, *In re China Sunergy Sec. Litig.*, 2011 WL 1899715, at *5 (S.D.N.Y. May 13, 2011) (the "average settlement amounts in securities fraud class actions … have ranged from 3% to 7% of the class members' estimated losses"); *In re Merrill Lynch & Co., Inc. Rsch. Reps. Sec. Litig.*, 2007 WL 313474, at *10 (S.D.N.Y. Feb. 1, 2007) (a recovery of approximately 6.25% was "at the higher end of the range of reasonableness of recovery in class action[] securities litigations").

8. The Settlement Meets All Requirements of Rule 23(e)

Rule 23(e)(2) lists four factors for a court to consider in determining fairness:

> (A) the class representatives and class counsel have adequately represented the class; (B) the proposal was negotiated at arm's-length; (C) the relief provided for the class was adequate, taking into account: (i) the cost, risks, and delay of trial and appeal; (ii) the effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims; (iii) the terms of any proposed award of attorney's fees, including timing of payment; and (iv) any agreement required to be identified under Rule 23 (e)(3); and (D) the proposal treats class members equitably relative to each other.

Fed. R. Civ. P. 23(e)(2).

Sections A, B, and C (i-ii) are addressed above. *See supra* at Section III, Section IV(B), and Section IV(C)(7), respectively. The proposed fee award (Section C (iii)) is discussed in the accompanying Plaintiffs' Motion for an Award of Attorneys' Fees, Reimbursement of Litigation Expenses, and Compensatory Awards for Plaintiffs, which details why Plaintiffs' Counsel's request for 33 1/3% of the Settlement Fund is fair and reasonable. Moreover, Plaintiffs' Counsel has not sought any payment of fees before the Settlement was fully funded and finally approved. With respect to identifying agreements pursuant to Rule 23(e)(3)(C)(iv), the Stipulation previously filed with the Court, ECF 66-1, discloses that the Parties have entered into a Supplemental Agreement, as is the standard practice in securities fraud class action settlements. *See* Stipulation at ¶42. The Supplemental Agreement provides Defendants with the option to terminate the Settlement if Class Members who meet certain criteria exclude themselves from the Class. *Id*. To protect the Class, the Supplemental Agreement is confidential. *See In re PPDAI Grp. Inc. Sec. Litig.*, 2022 WL 198491, at *13 (E.D.N.Y. Jan. 21, 2022) (finding that the supplemental agreement does not pose an impediment to final approval); *Christine Asia*, 2019 WL 5257534, at *15 (same). Finally, the Plan of Allocation treats all Class Members equitably. *See infra* at Section V.

In sum, the Settlement is fair, reasonable, and adequate under Rule 23(e) and the *Grinnell* factors, supporting Plaintiffs' request for final approval of the Settlement.

V. THE PLAN OF ALLOCATION SHOULD BE APPROVED

"To warrant approval, the plan of allocation must also meet the standards by which the settlement was scrutinized—namely, it must be fair and adequate. When formulated by competent and experienced counsel, a plan for allocation of net settlement proceeds need have only a reasonable, rational basis. Such a reasonable plan may consider the relative strength and values of different categories of claims." *IMAX*, 283 F.R.D. at 192 (citations, brackets, and internal quotation marks omitted). *Pro rata* distributions have "frequently been determined to be fair, adequate, and reasonable." *Fleisher*, 2015 WL 10847814, at *12 (collecting cases).

The proposed Plan of Allocation, which was developed by Plaintiffs' Counsel in consultation with a damages expert, provides a fair and reasonable method to allocate the Net Settlement Fund among Settlement Class Members who submit valid Claim Forms. Tourek Decl., ¶¶49-58. Recognized losses will be calculated for each Class Period purchase or acquisition of VNET ADS's listed on the Claim Form and for which adequate documentation is provided. This calculation is based on the standard method of determining Section 10(b) damages: assessing the difference between the amount of estimated alleged artificial inflation in VNET ADSs on the purchase date and the amount of estimated alleged artificial inflation on the sale date, adjusted for the 90-day lookback period as required by the Private Securities Litigation Reform Act of 1995 ("PSLRA"). *Id*. at ¶54. The Net Settlement Fund will be allocated to Authorized Claimants on a *pro rata* basis based on the relative size of their recognized claims. *Id*. at ¶50.

Plaintiffs' Counsel submit that the Plan of Allocation fairly and rationally allocates the proceeds of the Net Settlement Fund among Class Members based on the losses they suffered attributable to the alleged fraud. Moreover, the Plan of Allocation is set forth in the Notice, and no Class Member has objected to the Plan. *Id*. at ¶58. Accordingly, the Plan of Allocation is fair and reasonable and should be granted final approval to administer the Settlement.

VI. NOTICE TO THE CLASS COMPLIED WITH RULE 23 AND DUE PROCESS

The notice plan set forth in the Court's preliminary approval order "direct[ed] notice in a reasonable manner to all class members who would be bound by the proposal," satisfying Fed. R. Civ. P. 23(e)(1), the requirements of the PSLRA, and constitutional due process. It provided "best notice practicable under the circumstances, including individual notice to all members who can be identified through reasonable effort." *Eisen v. Carlisle & Jacquelin*, 417 U.S. 156, 173–74 (1974).

The Court-approved notice materials includes all the information required by Rule 23(c)(2)(B) and the PSLRA, 15 U.S.C. §78u-4(a)(7), including: (i) an explanation of the nature of the Action and the claims asserted; (ii) the definition of the Class; (iii) the amount of the Settlement; (iv) a description of the Plan of Allocation; (v) the Parties' reasons for proposing the Settlement; (vi) the attorneys' fees and costs sought; (vii) how to opt-out of the Class; (viii) how to object to the Settlement, Plan of Allocation, or the requested attorneys' fees or expenses; and (ix) the binding effect of a judgment on Class Members. *See* Bravata Decl., Ex. B. It also apprised Class Members about the final approval hearing, as did the Settlement website.

SCS, a nationally recognized claims administrator, carried out the notice program under Plaintiffs' Counsel's supervision. The Court approved the notice documents and notice plan in its Preliminary Approval Order. As the Court ordered, the Summary Notice was published over *Globe Newswire* on June 10, 2026, and the Postcard Notice was mailed or a link to the Notice and Proof of Claim was emailed to 15,364 potential Class Members. *See* Bravata Decl., ¶¶3-9, Exs. B, D-E. Summary Notice was also published, directing potential Class Members to a settlement website at www.strategicclaims.net/VNET/, which contains the Notice, Proof of Claim, Stipulation of Settlement, and other documents. *Id*. at ¶¶10, 12. Additionally, SCS has maintained a toll-free number to answer any questions from Class Members. *Id*. at ¶11. To date, no Class Members have objected to the Settlement or requested exclusion from the Class. *Id*. at ¶¶13-14.

This combination of first-class mail and/or email notice to all Class Members who could be identified with reasonable effort, supplemented by publication notice in a relevant widely circulated publication, via newswires, and posted on the internet, was "the best notice that is practicable under the circumstances." Fed. R. Civ. P. 23(c)(2)(B); *Rodriguez*, 2023 WL 2184496, at *9.

VII. CONCLUSION

For all of the foregoing reasons, the Court should finally approve the $5.875 million Settlement that provides a meaningful and immediate recovery for the claims in this Action, approve the Plan of Allocation for the disbursement of the proceeds among Class Members, maintain certification of the Class for settlement purposes, and find that the notice plan it approved at preliminary approval met all applicable requirements.

Dated: July 23, 2026

Respectfully submitted,

POMERANTZ LLP

/s/ Christopher P.T. Tourek

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CERTIFICATE OF SERVICE

On July 23, 2026, the foregoing document was filed through the Court's ECF system and will be sent electronically to the registered participants as identified on the Notice of Electronic Filing.

/s/ Christopher P.T. Tourek
Christopher P.T. Tourek