

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

OASIS INVESTMENTS II MASTER FUND LTD., derivatively on behalf of nominal Defendant FANG HOLDINGS LIMITED,	:	
	:	Index No. 652607/2023
Plaintiff,	:	Justice Andrew Borrok
-against-	:	Mot. Seq. No. 21
VINCENT TIANQUAN MO, RICHARD JIANGONG DAI, ACE SMART INVESTMENTS LIMITED, NEXT DECADE INVESTMENTS LIMITED, MEDIA PARTNER TECHNOLOGY LIMITED, and TRUE KNIGHT LIMITED,	:	
	:	
	:	
Defendants.	:	
	:	X

**MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S
MOTION FOR APPROVAL OF THE PROPOSED SETTLEMENT**

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TABLE OF CONTENTS

TABLE OF AUTHORITIES ii

PRELIMINARY STATEMENT 1

STATEMENT OF FACTS 2

I. Claims at Issue 2

II. History of the Action 5

III. The Settlement 9

 A. Consideration 9

 B. Notice to Shareholders 10

ARGUMENT 12

I. The Court Should Approve the Proposed Settlement Because It Is Fair and Reasonable to Fang and Its Minority Shareholders. 12

 A. The Proposed Settlement Provides Immediate Substantial Compensation to Fang and Its Minority Shareholders, and Incorporates Corporate Governance Reforms to Prevent Future Harm..... 13

 B. The Benefits of the Proposed Settlement Far Outweigh the Delays and Risks of Continued Litigation..... 16

 C. The Parties Reached the Proposed Settlement Through Hard-Fought, Arm’s Length Negotiation 17

 D. The Experience and Opinions of Plaintiff and Plaintiff’s Counsel Favor Approving the Proposed Settlement 17

II. The Mechanics of the Settlement are Consistent with Settled Law..... 18

CONCLUSION..... 19

TABLE OF AUTHORITIES

Cases

Baghoomian v. Basquiat,
167 A.D.2d 124 (1st Dep’t 1990) 12

Baker v. Sadiq, C.A.,
No. 9464-VCL, 2016 WL 4375250 (Del. Ch. Aug. 16, 2016)..... 13, 18

Benedict v. Whitman Breed Abbott & Morgan,
77 A.D.3d 870 (2d Dep’t 2010)..... 11

Eshleman v. Keenan,
194 A. 40 (Del. Ch. 1937) 18

Gordon v. Verizon Comms., Inc.,
148 A.D.3d 146 (1st Dep’t 2017) 17

In Re Renren, Inc. Derivative Litigation,
No. 653594/2018, 2022 WL 18401839 (Sup. Ct., N.Y. Cnty. June 14, 2022)..... 1, 13, 18

Kahn et al. v. Buttner et al.,
No. 650320/ 2008 (Sup. Ct., N.Y. Cnty. Dec. 7, 2011)..... 18

Klurfeld v. Equity Enters.,
79 A.D.2d 124 (2d Dep’t 1981)..... 11

O’Mahony v. Whiston,
2023 WL 2020049 (Sup. Ct., N.Y. Cnty. Feb. 15, 2023)..... 13, 18

Waterman Corp. v. Johnston,
106 N.Y.S.2d 813 (Sup Ct. 1951), *aff’d*, 279 A.D. 1073 (1st Dep’t 1952) 11, 12, 16, 17

PRELIMINARY STATEMENT

Plaintiff Oasis Investments II Master Fund Ltd. (“Plaintiff”) obtained the proposed settlement (the “Settlement”), documented in the Stipulation of Settlement filed on October 29, 2025 [[NYSCEF No. 563](#)] (the “Stipulation”), after expending significant efforts investigating the potential claims and basis for jurisdiction and then spending over two years litigating the Action against Defendants Vincent Tianquan Mo (“Mo”), Richard Jiangong Dai (“Dai”), Ace Smart Investments Limited (“Ace”), Next Decade Investments Limited (“Next Decade”), Media Partner Technology Limited (“Media Partner”), and True Knight Limited (“True Knight”) (collectively “Defendants”).

The Settlement is a remarkable achievement for nominal Defendant Fang Holdings Limited (“Fang”) and its minority shareholders. In addition to important corporate governance reforms to protect Fang and its minority shareholders in the future, the Settlement utilizes a hybrid settlement that provides both immediate and long-lasting economic benefits.

First, it incorporates a monetary, “transitive property” component in which Fang’s minority shareholders will receive, on a pro rata basis, a direct benefit in the form of a cash payment (rather than receiving an indirect benefit from a payment of cash to Fang). This cash component of the Settlement closely tracks the settlement structure and payment mechanics this Court previously approved in *In Re Renren, Inc. Derivative Litigation*, No. 653594/2018, 2022 WL 18401839 (Sup. Ct., N.Y. Cnty. June 14, 2022) (J. Borrok). Defendants are required to contribute \$30 million, defined as the Monetary Consideration,¹ in this part of the Settlement.

Second, it also includes a more common derivative settlement component in which settlement consideration is directly provided to Fang. Specifically, the Settlement requires

¹ Capitalized terms not otherwise defined herein are given the meaning ascribed to them in the Stipulation.

Defendants to transfer 20,471,063 shares of CIH Holdings Limited, defined as the CIH Consideration, directly to Fang. CIH Holdings Limited holds 100% of China Index Holdings Limited (“CIH”). [[NYSCEF No. 563](#) ¶3]. Those shares have substantial value. And the CIH Consideration directly benefits Fang and indirectly benefits its minority shareholders by strengthening Fang’s balance sheet immediately, while allowing Fang (directly) and its minority shareholders (indirectly through Fang) to share in future economic upside in CIH Holdings Limited.

Third, the Settlement includes important corporate governance reforms that would not be available absent a negotiated resolution. These reforms provide safeguards to prevent future harm to Fang and its minority shareholders, including the appointment of a new independent director and the establishment of special committee(s) that include a fully independent outside director for any related-party or insider transactions.

The Settlement is a product of significant arm’s length negotiations between sophisticated parties represented by experienced counsel, and a formal mediation before former Justice of the New York Commercial Division, Justice Barry R. Ostrager. That mediation itself came on the heels of substantial time and effort involved in litigating the case, which required substantial time and attention from the Court itself. Because the Settlement is fair and reasonable to Fang and its minority shareholders and the product of arm’s length negotiations, the Court should approve the Settlement.

STATEMENT OF FACTS

I. Claims at Issue

Fang is a Cayman Islands company with its principal place of business in Beijing, China. Fang, formerly known as SouFun Holdings Limited, went public in the United States on

September 17, 2010. Its American Depositary Shares (“ADSs”) were listed on the New York Stock Exchange (“NYSE”).

Defendant Mo is Fang’s founder and controlling shareholder, and served as executive chairman of Fang’s board of directors from 1999 to February 28, 2022, and from November 1, 2024, to the present. [NYSCEF No. [563](#) ¶A]. Defendant Mo is citizen of the People’s Republic of China (“PRC”). [NYSCEF No. [15](#) ¶20]. Defendant Ace is a Hong Kong entity with its principal place of business in Hong Kong. *Id.* ¶21. Defendant Next Decade is a British Virgin Islands company with its principal place of business address in the British Virgin Islands. *Id.* ¶22. Defendant Media Partner is a British Virgin Islands company with its principal place of business in the British Virgin Islands. *Id.* ¶23. Defendant Dai served as Fang’s director and board chairman from February 28, 2022, to November 1, 2024, and is Defendant Mo’s nephew. *Id.* ¶24. Defendant Dai is a citizen of the PRC. *Id.* Defendant True Knight is a British Virgin Islands entity with its principal place of business in the British Virgin Islands. *Id.* ¶25.

Through the Action, Plaintiff challenged a series of transactions undertaken by the Defendants between 2019 and 2022 that harmed Fang and benefitted the Defendants in violation of Defendants Mo’s and Dai’s fiduciary duties to Fang.

Specifically, in 2019, Fang completed a spin-off of CIH as an independent, publicly traded company listed on the National Association of Securities Dealers Automated Quotations (“NASDAQ”). *Id.* ¶58. As part of the spin-off, Fang shareholders, including Defendant Mo and Defendants Next Decade and Media Partner (owned and controlled by Mo), received shares of CIH in proportion to their Fang holdings. *Id.* ¶58.

On December 24, 2019, Fang, Next Decade, and Media Partner entered into a Sale and Purchase Agreement (“SPA”). *Id.* ¶66. The SPA gave Fang the option to buy up to 15 million

aggregate CIH Class A shares and CIH Class B shares from Next Decade and Media Partner within the next twelve months at a fixed price of \$5.99 per share. *Id.* ¶66. On December 27, 2019, Fang exercised part of its option under the SPA and purchased 5,000,000 CIH shares from Next Decade and Media Partner at \$5.99 per share for a total price of \$29.95 million. *Id.* ¶70. The price Fang paid was higher than the NASDAQ closing price of \$3.09 per CIH ADS on December 26, 2019. *Id.* ¶71. On June 23, 2020, Fang again exercised part of its option under the SPA and purchased an additional 8,549,249 CIH shares from Next Decade and Media Partner, for a total price of \$51.21 million. *Id.* ¶73. Again, the price Fang paid was higher than the NASDAQ closing price of \$3.10 per CIH ADS on June 22, 2020. *Id.* ¶74. Through the December 2019 and June 2020 purchases, Fang obtained 13,859,249 CIH shares from Next Decade and Media Partner at above-market prices. *Id.* ¶¶ 66-74.

Between May 2021 and June 2022, under control of Defendants Mo and Dai, Fang ceased filing required public financial disclosures, and Fang's shares were ultimately delisted from the NYSE in June 2022. Specifically, on May 3, 2021, Fang filed a Securities and Exchange Commission ("SEC") Form 12b-25, signed by Mo, that indicated that Fang would not timely file its Form 20-F annual report for the year ending December 31, 2020. [NYSCEF No. [563](#) ¶H]. Fang failed to timely file its Form 20-F within the prescribed 12b-25 grace period. *Id.* On November 17, 2021, Fang announced that it had received notice from NYSE Regulation indicating that NYSE's Listings Operations Committee agreed to an additional trading period through April 25, 2022, for Fang to complete and file its fiscal year 2020 Form 20-F. *Id.* ¶I. On April 25, 2022, Fang, in a public filing signed by Mo, announced that it had received notice from NYSE Regulation indicating that NYSE's Listings Operations Committee had agreed to provide Fang with an additional trading period through May 17, 2022. *Id.* ¶K. Ultimately, Fang failed to file its Form

20-F for the year ended December 31, 2020, by the extended May 17, 2022 filing deadline, causing NYSE to suspend trading of Fang's ADSs on NYSE on May 18, 2022, and then delist Fang from NYSE on June 2, 2022. *Id.* ¶L.

Between May 2021 and June 2022, Mo and Dai, through their owned and controlled entities Defendants Ace and True Knight, acquired significant equity stakes in Fang and CIH. Specifically, Mo, through Ace, acquired 22,281,344 Fang Class A common shares along with 11,669,921 CIH Class A common shares. *Id.* ¶N. And Dai, through True Night, acquired 8,801,142 CIH Class A Common shares. *Id.* ¶O.

On August 23, 2022, Mo and Dai initiated a take-private transaction of CIH that was ultimately consummated in a short-form merger on April 17, 2023 (the "CIH Take-private"). Through the CIH Take-private, CIH became a wholly owned subsidiary of CIH Holdings Limited and CIH's pre-merger shares were cancelled and ceased to exist on a share-for-share basis in exchange for shares of CIH Holdings Limited. *Id.* ¶Q.

Plaintiff brought multiple causes of action under Cayman substantive law against Defendants arising out of Fang's purchase of the 13,859,249 CIH shares from Next Decade and Media Partner at \$5.99 per share and related manipulative trading on the New York public markets, and the subsequent "going dark" scheme involving NYSE delisting of Fang (which enabled Defendants to obtain Fang and CIH securities at deflated prices during the May 2021 through June 2022 period). The causes of action include claims for breach of fiduciary duty, knowing receipt, dishonest assistance, and alter ego. [NYSCEF No. [15](#)].

II. History of the Action

Plaintiff Oasis Investments II Master Fund Ltd. initiated this derivative action on May 29, 2023, by filing a summons and complaint in the Supreme Court of the State of New York, County

of New York, Commercial Division, derivatively on behalf of nominal Defendant Fang.² [NYSCEF No. [563](#) ¶R]. Service was effectuated on nominal Defendant Fang and the entity Defendants Ace, Next Decade, Media Partner, and True Knight by July 11, 2023. [NYSCEF Nos. [4](#), [5](#), [6](#), [7](#), [8](#)]. On September 13, Plaintiff filed an Order to show cause seeking alternative service through counsel against Defendants Mo and Dai. [NYSCEF No. [19](#)]. On October 23, 2023, the Court granted Plaintiff's motion permitting alternative service on Defendants Mo and Dai. [NYSCEF No. [563](#) ¶T].

On November 30, 2023, Defendants filed three motions to dismiss: one by the individual Defendants (Mo and Dai), one by the entity Defendants (Ace, Next Decade, Media Partner, and True Knight), and one on behalf of Fang. [NYSCEF No. [563](#) ¶U]. The motions challenged the Plaintiff's complaint on multiple grounds, including lack of personal jurisdiction, forum non conveniens, and statute of limitations. *Id.* Plaintiff opposed all three motions. *Id.* On January 10, 2024, Defendants filed a motion to stay discovery pursuant to CPLR 3214, which Plaintiff also opposed. *Id.* ¶V. On May 2, 2024, the Court denied all three motions to dismiss in full, and denied the discovery stay motion as moot. *Id.* ¶W. Thereafter, on July 19, 2024, each Defendant and Fang filed an Answer to the Complaint. *Id.* ¶Y.

On November 7, 2024, Plaintiff moved for sanctions under CPLR 3126 based on Defendants' failure to meet their discovery obligations. *Id.* ¶Z. Prior to filing the November 7th sanctions motion, Plaintiff attempted to obtain discovery from Defendants for nearly a year. This was a protracted discovery battle that entailed: (1) opposing Defendants' efforts to impose a de facto discovery stay through a protective order [NYSCEF No. [254](#) ¶3, 27-28]; (2) opposing

² The original complaint also included Lorelei NCC Inc. as a co-plaintiff, who later withdrew by stipulation on March 31, 2025. After Lorelei NCC Inc.'s withdrawal, the caption of the complaint was updated to reflect only Plaintiff Oasis Investments II Master Fund Ltd. in the operative complaint (the "Complaint").

Defendants' multiple deficient discovery responses and objections, *id.* ¶¶6-8; (3) Defendants failing to meet multiple document production deadlines, *id.* ¶¶12, 15; and (4) engaging in significant discovery negotiations and conducting an in-depth review of the documents produced by Defendants at that point to identify deficiencies. *Id.* ¶¶7-9, 13-16, 19, 22-24, 28-35. Plaintiff withdrew its motion without prejudice on December 19, 2024. [NYSCEF No. [563](#) ¶AA].

On January 13, 2025, Defendants moved to amend their Answers to add new affirmative defenses, which Plaintiff opposed. *Id.* ¶BB. On February 19, 2025, Plaintiff moved to compel Defendants' document production, and Defendants filed a separate motion to compel additional disclosures from Plaintiff. *Id.* ¶CC. On March 14, 2025, Plaintiff filed a second sanctions motion, this time asserting spoliation of evidence. *Id.* ¶EE. All motions were fully briefed by the parties. *Id.* ¶¶AA–CC, EE.

On March 18, 2025, the Court held oral argument and issued rulings from the bench: Plaintiff's motion to compel was granted; Defendants' motion to compel and their motion to amend their answers were denied. *Id.* ¶FF; NYSCEF No. [424](#). The Court directed Plaintiff to submit a proposed order on notice, and competing orders were filed on March 26 and 30, 2025. *Id.* On April 16, 2025, the Court held a hearing and adopted Plaintiff's proposed order with edits, which the Court entered on April 17, 2025. *Id.* ¶HH; NYSCEF Nos. [542](#), [436](#), [437](#), [438](#). Defendants filed notices of appeal from that order on April 29 and 30, 2025. NYSCEF No. [563](#) ¶II.

Defendants moved for leave to reargue and renew on May 22, 2025, and separately filed an order to show cause to stay of the Court's April 17th Order on May 29, 2025. *Id.* ¶¶KK–LL. Plaintiff opposed these motions. *Id.* On June 6, 2025, Defendants filed a request for an emergency

stay of the April 17, 2025 Order with the Appellate Division First Department, which the First Department denied on June 9, 2025. *Id.* ¶MM.

On June 6, 2025, Plaintiff filed another order to show cause seeking sanctions for noncompliance with the April 17 order, which Defendants opposed. *Id.* ¶NN.

On September 4, 2025, the Court held oral argument on Plaintiff’s March and June sanctions motions, and Defendants’ stay request. *Id.* ¶PP. The Court granted both of Plaintiff’s sanctions motions, striking Defendants’ Answers, and denied Defendants’ request for a stay of the April 17th Order. *Id.*; NYSCEF No. [543](#). The Court’s rulings were reflected in decisions and orders issued on September 5 (NYSCEF Nos. [539](#), [540](#), [541](#)) and again on September 11, 2025 (NYSCEF No. [550](#), [551](#)). NYSCEF No. [563](#) ¶¶QQ–RR.

On September 29, 2025, the parties participated in a private mediation before Honorable Barry R. Ostrager (ret.). *Id.* ¶SS. The mediation involved extensive preparatory efforts and briefing submissions by both parties. *Id.* The mediation resulted in a signed term sheet on the key settlement terms but required additional formalization on certain details and mechanics. *Id.*; Reid Aff.³ ¶12–13. Negotiating the formal Settlement for proposal to the Court took nearly a month of significant effort from the parties and was shepherded by Justice Ostrager. *Id.* ¶13. On October 25, 2025, the parties finalized, signed, and filed the Stipulation reflecting the final Settlement, along with associated exhibits, which included a proposed notice to Fang shareholders, a proposed scheduling order, and a proposed final order and judgment. [NYSCEF No. [563](#)].

On October 28, 2025, the Court held a status conference where the Stipulation and the exhibits thereto—including the proposed shareholder notice, the proposed scheduling Order, and the proposed Order and Final Judgment—were discussed. [NYSCEF No. [565](#)]. At the October 28,

³ Affirmation of William T. Reid IV attached hereto (“[Reid Aff.](#)”)

2025 status conference, the Court approved of and entered the proposed scheduling order (the “Scheduling Order”) and scheduled the Settlement Approval Hearing for February 5, 2026 (the “Settlement Approval Hearing”). [NYSCEF Nos. [561](#) and [563](#)]. On October 30, 2025, Plaintiff filed with the Court an updated version of the shareholder notice (the “Notice”) to be disseminated and distributed in accordance with the notice provisions of the Scheduling Order. [NYSCEF No. [564](#)].

III. The Settlement

A. Consideration

The Settlement provides for a multifaceted, hybrid recovery comprised of two forms of substantial economic consideration and corporate governance reforms. The economic consideration of the Settlement is comprised of the \$30 million Monetary Consideration and the 20,471,063 CIH Holdings Limited shares constituting the CIH Consideration. [NYSCEF No. [563](#) ¶¶ 2-3]. The Settlement structure is a hybrid structure including: (1) a “transitive property” monetary component involving payment to Fang’s minority shareholders on a pro rata basis to the exclusion of the Defendants, their affiliates, and certain Fang directors and officers (obtaining releases as part of the Settlement); and (2) a traditional derivative action settlement structure involving transfer of the CIH Consideration directly to Fang, the nominal defendant on whose behalf the action was brought.

Through the transitive property feature, as previously utilized and approved in *Renren*, the Monetary Consideration portion of the Settlement’s economic consideration, net of costs, administrative expenses, and any expense award to Plaintiff’s Counsel, will be distributed directly to Fang minority shareholders on a pro rata basis, excluding the Defendants, their affiliates, and certain directors and officers (obtaining releases). No. 653594/2018, 2022 WL 18401839; [NYSCEF No. [563](#) ¶8]. The distribution of the Monetary Consideration directly to Fang minority

shareholders will be overseen and administered by the Court-approved third-party claims Administrator, Epiq Class Action & Claims Solutions, Inc. (“Epiq”), who will maintain the Monetary Distribution escrow account under the Court’s authority. [NYSCEF No. [563](#) ¶¶ 1(a), 2].

The CIH Consideration portion of the Settlement’s economic consideration will be remitted by Defendants directly to nominal Defendant Fang as in a typical derivative action recovery structure. *Id.* ¶3. The CIH Consideration provides substantial value to Fang that is likely worth at least \$40.9 million (based on a conservative estimate). Reid Aff. ¶3. Fang already owns a substantial portion of CIH Holdings Limited and will directly benefit from significantly adding to its CIH Holdings Limited equity stake. *Id.* By virtue of their ownership of Fang, Fang’s minority shareholders will indirectly receive the substantial benefit of the CIH Consideration. *Id.*

In addition to the substantial economic consideration, the Settlement also mandates two significant corporate governance reforms at Fang: (1) the appointment of a new independent outside director, and (2) the formation of a Special Committee, including at least one fully independent director, to oversee all related-party and insider transactions, both of which must remain in effect for at least five years. [NYSCEF No. [563](#) ¶4].

B. Notice to Shareholders

The Settlement provides Fang shareholders with sufficient notice of the proposed Settlement and instructions on how to lodge objections. *Id.* ¶10. Consistent with the Court’s Scheduling Order entered October 28, 2025 (“Scheduling Order”) [NYSCEF No. [561](#)], Fang shareholders received several forms of notice of the proposed Settlement, which included:

1. Fang publicly filed a SEC Form 6-K that included a copy of the proposed Settlement with the Exhibits thereto and a notice to shareholders (the “Notice”)⁴ (*Id.* ¶6(a));
2. Epiq mailed Notice of the proposed Settlement to Fang minority shareholders as of the date the parties entered the stipulation of Settlement at their last known address provided on Fang’s Cayman Registry and by Fang’s ADS depository, J.P. Morgan (*Id.* ¶6(b));
3. Epiq set up a dedicated website for information about the proposed Settlement (<https://www.fangholdingssettlement.com>) which provides copies of the Notice, the Scheduling Order, the Settlement, and the Complaint, and contains information and instructions on how Fang shareholders may participate in the Settlement Approval Hearing (*Id.* ¶6(d));
4. Plaintiff’s Counsel set up and maintains a webpage on its website with links to the Notice, the Scheduling Order, the Settlement, and the Complaint, along with additional case information (<https://reidcollins.com/fang-holdings-limited-derivative-litigation>) (*Id.* ¶6(d)).

The proposed Settlement has also been announced and circulated in the broader media.⁵

⁴ <https://ir.fang.com/static-files/20ff0031-aa18-4616-bcec-45367cc1697d>; <https://ir.fang.com/static-files/a192b263-8f89-43cf-97de-5df8240d1f8a>

⁵<https://www.theglobeandmail.com/investing/markets/stocks/SFUNY/pressreleases/35847265/fang-holdings-announces-30m-settlement-in-shareholder-derivative-action/>; <https://www.investing.com/news/sec-filings/fang-holdings-announces-settlement-agreement-in-new-york-derivative-lawsuit-93CH-4323001>

As discussed below, the Settlement consideration represents recovery that is more favorable to Fang and its minority shareholders than the likely outcome of continuing to litigate the case through judgment.

ARGUMENT

I. The Court Should Approve the Proposed Settlement Because It Is Fair and Reasonable to Fang and Its Minority Shareholders.

The proposed Settlement easily passes the test under New York Business Corporation Law § 626(d) for approval: the parties reached it through an arm’s length bargaining process, and it is “fair and reasonable.” *See Benedict v. Whitman Breed Abbott & Morgan*, 77 A.D.3d 870, 871 (2d Dep’t 2010) (court must “determine whether a proposed settlement of a shareholder derivative claim is fair and reasonable to the corporation and its shareholders”); *Waterman Corp. v. Johnston*, 106 N.Y.S.2d 813, 819 (Sup Ct. 1951), *aff’d*, 279 A.D. 1073 (1st Dep’t 1952) (same). “The only question . . . is whether the settlement, taken as a whole, is so unfair on its face as to preclude judicial approval.” *Benedict*, 77 A.D.3d at 871 (citing *Klurfeld v. Equity Enters.*, 79 A.D.2d 124, 126 (2d Dep’t 1981)). Moreover, a court’s review of the terms of a fairly bargained agreement is limited because New York public policy strongly favors resolving litigation through settlements. *See Baghoomian v. Basquiat*, 167 A.D.2d 124, 125 (1st Dep’t 1990) (“Public policy encourages the settlement of lawsuits . . .”).

There is no question that the terms of the proposed Settlement—which were reached with the assistance of a private mediator, former New York Commercial Division Justice Barry R. Ostrager—deliver substantial benefits to Fang and its minority shareholders and are fair and reasonable.

A. The Proposed Settlement Provides Immediate Substantial Compensation to Fang and Its Minority Shareholders, and Incorporates Corporate Governance Reforms to Prevent Future Harm

As stated above, the Settlement is comprised of three distinct components: (1) Monetary Consideration, (2) the CIH Consideration, and (3) corporate governance reforms. Together, these elements provide comprehensive relief and meaningful protections and constitute a fair and reasonable settlement for Fang and its minority shareholders. *Renren*, 2022 WL 18401839 (approving settlement under New York Business Corporation Law § 626(d) based on its fairness and reasonableness to company and its shareholders); *see also Waterman Corp.*, 106 N.Y.S.2d at 819 (substantial benefit to company warranted settlement approval).

1. The total economic value of the Settlement is at least as good as (if not better than) the likely recovery at trial, while providing significant structure advantages.

Plaintiff's claims for relief focus on two main buckets of recovery. First, Plaintiff asserted claims for monetary relief based on Fang's purchase of 13,859,249 CIH shares from Next Decade and Media Partner. Reid Aff. ¶4. At the \$5.99 price Fang paid for the 13,859,249 CIH shares, Fang expended \$81.1 million in total. *Id.* Because Fang received the 13,859,249 CIH shares in exchange for \$81.1 million, the most likely damages scenario at the damages inquest for the purchases would be the difference between what Fang paid and the value of the CIH shares Fang received in exchange for its funds. *Id.* Based on CIH's contemporaneous closing price on the day before Fang made those purchases, the resulting damages would be approximately \$39.2 million to \$55.6 million.⁶ *Id.*

⁶ Plaintiff alleged that market-manipulative trading occurred in the lead-up to Fang's June 2020 purchase of approximately 8.55 million CIH shares to drive up the prevailing market price to narrow the gap between the price Fang would pay for the CIH shares (\$5.99) and the prevailing market price in a misguided attempt to conceal the magnitude of planned self-dealing. At the damages inquest, Plaintiff would have asserted that the value of CIH shares should have been measured at a time point prior to when this market manipulation commenced. That would have

Because this is a shareholder derivative action brought on behalf of Fang, any monetary award or judgment would have been issued to Fang at trial, whereas a settlement allows for a “transitive property” structure in which the indirect benefit minority shareholders would receive via their ownership in Fang is transformed into a direct benefit consisting of payments to minority shareholders based on their pro rata ownership in Fang. *See O’Mahony v. Whiston*, 2023 WL 2020049, at *4 (Sup. Ct., N.Y. Cnty. Feb. 15, 2023) (acknowledging parties are free to settle on a transitive basis but that Court judgment could only award company-legal damages); *Renren*, 2022 WL 18401839 (approving transitive property settlement); *Baker v. Sadiq, C.A.*, No. 9464-VCL, 2016 WL 4375250, at *1–4 (Del. Ch. Aug. 16, 2016) (discussing recoveries in a shareholder derivative action). This means that at trial, Plaintiff would have had to obtain at least \$65.8 million⁷ to provide Fang’s minority shareholders—who together hold a 45.49% economic interest in the company—with an indirect benefit equal to the direct benefit they will receive through the Monetary Consideration under the Settlement. [NYSCEF No. [563](#) ¶9].

Plaintiff’s second category of claims seeks equitable relief—specifically, a constructive trust to force Defendants to disgorge future profits from about 22.4 million Fang shares (or ADS equivalents) and 20.47 million CIH shares. Reid Aff. ¶5. Rather than be limited to a constructive trust over future uncertain profits, the Settlement provides for an immediate substantial recovery for Fang and its minority shareholders. The CIH Consideration under the Settlement consists of 20,471,063 shares of CIH Holdings Limited, which are likely worth at least \$40.9 million (under a very conservative estimate). Reid Aff. ¶3.

resulted in a lower value for the CIH shares, and correspondingly a higher damages number based on the difference between the money Fang paid and the value it received in exchange. If Plaintiff persuaded the Court to value the CIH shares based on an earlier reference point (an uncertain prospect), then damages measured as the difference between the money spent by Fang and the value of CIH shares could be as high as \$55.6 million.

⁷ \$30 million ÷ 45.59% = \$65.8 million.

The CIH Consideration provided by the Settlement is a more favorable result to Fang and its minority shareholders than the imposition of a constructive trust over Ace's and True Knight's future profits from potential sales of Fang or CIH interests for several reasons. First, the CIH Consideration provides immediate direct economic benefit to Fang and indirect benefit to its minority shareholders compared to waiting on possible future profits that may stem from potential future sales of CIH Holdings Limited shares at prices and times dictated by Defendants. Reid Aff. ¶6. Second, the CIH Consideration allows Fang and its minority shareholders to benefit from the current value of the CIH Consideration as opposed to being limited to disgorgement of future profits that Defendants might obtain from selling CIH Holdings Limited shares in the future. *Id.* In other words, Fang and its minority shareholders get the immediate value of the CIH Consideration and its future upside from potential sales.

In total, the Monetary Consideration and the CIH Consideration provide a minimum of \$70.9 million in value (or a minimum of \$48.6 million when measured solely from the perspective of Fang's minority shareholders). Reid Aff. ¶7. But as discussed above, that recovery consists of a payment to Fang's minority shareholders based on their transitive ownership of Fang and company-level recovery for Fang with indirect benefit to Fang's minority shareholders. At trial, where a judgment would be entered in favor of Fang (as structures like this are only permissible in settlement), achieving the same economic benefit of the Settlement for minority shareholders would require a company-level recovery of \$106.7 million.⁸ Reid Aff. ¶7.

Accordingly, the total implied company-level economic value of the Settlement of \$106.7 million meets or exceeds the total economic value of the likely result at trial given the likely ceiling on monetary damages and uncertain value of constructive trusts. In other words, the Settlement

⁸ $(\$30 \text{ million} \div 45.59\%) + \$40.9 \text{ million} = \$106.7 \text{ million}$.

provides for a recovery that is greater than the likely recovery that could have been procured by litigating the case through judgment. Reid Aff. ¶8. And the Settlement does so while avoiding any delays or uncertainties associated with appeals or collecting a judgment. *Id.*

2. The Settlement achieves corporate governance changes that would not otherwise be available through trial judgment.

Similar to the immediate realization of value on Plaintiff's equitable claims, the corporate governance reforms secured through the Settlement would not be obtainable through a trial verdict. Reid Aff. ¶9. As such, the Settlement provides significant additional value to Fang and its minority shareholders by implementing meaningful structural protections designed to prevent similar future misconduct that would not otherwise be achievable through a resolution other than the negotiated Settlement. *Id.*

Accordingly, the Settlement provides best-case recovery for Fang and its minority shareholders, which would not otherwise be available to Fang and its minority shareholders at trial and is therefore fair and reasonable.

B. The Benefits of the Proposed Settlement Far Outweigh the Delays and Risks of Continued Litigation

In addition to achieving relief that otherwise would not be available at trial, the Settlement avoids the significant collection risks that would accompany any damages award obtained at trial. Most of the Defendants and their assets are located outside the United States, presenting substantial challenges to enforcement. A company-level judgment would thus face considerable practical obstacles, potentially limiting or delaying any meaningful recovery for Fang and Fang's minority shareholders. The immediacy and certainty of the recovery provided by the proposed Settlement is a considerable value in and of itself compared to the uncertainty presented from a trial award. And this weighs in favor of the proposed Settlement. *See Waterman Corp.*, 106 N.Y.S.2d at 819

(certainty and expediency of settlement compared to trial judgment support approval of derivative settlement as fair and reasonable).

C. The Parties Reached the Proposed Settlement Through Hard-Fought, Arm's Length Negotiation

This litigation consisted of nearly three years of intensive litigation with multiple sets of counsel and involved multiple unsuccessful attempts to negotiate a settlement prior to the achieving the proposed Settlement. Reid Aff. ¶10. Throughout the litigation, the Court was actively involved in the Action, making itself available to the parties through numerous scheduled and impromptu status conferences and by closely monitoring the progress of the proceedings. Reid Aff. ¶11. The proposed Settlement is the product of a rigorous, arm's length negotiation process that occurred at a formal mediation conducted by former New York Commercial Division Justice Barry R. Ostrager, followed by close to a month of intensive, post-mediation negotiations. Reid Aff. ¶12-13. In connection with the mediation, the parties submitted substantial briefing that Justice Ostrager used to rigorously pressure test the parties' legal positions. *Id.*

Although the principal terms were reached during the mediation session on September 29, 2025, finalizing the Settlement Stipulation required extensive effort, with Justice Ostrager shepherding the process along the way. Reid Aff. ¶12-13. The intensity and formality of the negotiation process aided by a former commercial division Justice ensure the reasonableness and fairness of the proposed Settlement. *See Gordon v. Verizon Comms., Inc.*, 148 A.D.3d 146, 157 (1st Dep't 2017) (good faith arm's length negotiation between parties supports approval of settlement).

D. The Experience and Opinions of Plaintiff and Plaintiff's Counsel Favor Approving the Proposed Settlement

Plaintiff, a sophisticated hedge fund, played an active and constructive role in advancing this action and fully supports the Settlement. Affirmation of Alexander Shoghi ¶¶1-6. Lead

counsel, Reid Collins & Tsai LLP, is among the nation's premier plaintiffs' firms for complex commercial litigation. The firm is widely recognized for its expertise in prosecuting complex breach of fiduciary duty claims against corporate insiders and litigating valuation disputes. Reid Aff. ¶¶15-16; *see Gordon*, 148 A.D.3d at 157 (judgment of counsel and parties supports settlement); *see also Waterman Corp.*, 106 N.Y.S.2d at 818 (considering counsel's judgment).

Reid Collins' deep experience in cross-border litigation, particularly involving Cayman Islands-incorporated and Chinese-headquartered entities, was instrumental to the success of this case. Reid Aff. ¶15. Notably, the firm's prior representation of plaintiffs in *Renren*, a shareholder derivative action involving a Cayman company litigated in New York, provided critical insight into how to successfully assert and navigate the claims in this matter on behalf of Fang. Drawing on this experience, Reid Collins was well-positioned to evaluate the strengths and risks of the case and to advise its client appropriately on accepting a settlement. Reid Aff. ¶15-16.

In sum, the negotiated resolution should be approved because it represents an outstanding result for Fang's minority shareholders while conserving valuable judicial resources.

II. The Mechanics of the Settlement are Consistent with Settled Law

As stated above, the economic structure of the Settlement is a hybrid structure, consisting of a transitive recovery paid to Fang's minority shareholders based on their ownership interests in Fang, together with a traditional company-level recovery for Fang itself, which indirectly benefits Fang's minority shareholders. While transitive property settlements are not always used in shareholder derivative actions, they are permitted under both New York law and Delaware law, which is substantially similar in derivative actions.

This Court previously approved a transitive property settlement in *In Re Renren*, 2022 WL 18401839. And other New York Courts have acknowledged this use. *See Kahn et al. v. Buttner et al.*, No. 650320/ 2008, [Dkt. No. 64](#) (Sup. Ct., N.Y. Cnty. Dec. 7, 2011) (final judgment approving

transitive property settlement in shareholder derivative action); *see also*, *O'Mahony*, 2023 WL 2020049, at *4 (acknowledging parties are free to settle on a transitive basis but that Court could only award company legal damages).⁹


CONCLUSION

For these reasons, the Court should approve the Settlement and grant such other relief as is proper.

⁹ Delaware courts take the same view. *See, e.g., Baker*, 2016 WL 4375250, at *1–4 (describing “transitive property” settlements and gathering cases); *Eshleman v. Keenan*, 194 A. 40, 43 (Del. Ch. 1937).

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