

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

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	:	
JIANMING LYU, Individually and on Behalf	:	Index No.
of All Others Similarly Situated,	:	
	:	<u>CLASS ACTION</u>
Plaintiff,	:	
	:	SUMMONS
vs.	:	
	:	
RUHNN HOLDING LIMITED, MIN FENG,	:	
LEI SUN, CHAO SHEN, ZHENBO CHI, KE	:	
CHENG, SHEK YUEN TING, FENGCHUN	:	
JIN, SHANGZHEN LI, ZHENXING SHAO,	:	
PEN HUNG TUNG, JUNHONG QI,	:	
XIAOCAO XU, CITIGROUP GLOBAL	:	
MARKETS INC., UBS SECURITIES LLC	:	
and TOP CAPITAL PARTNERS LIMITED,	:	
	:	
Defendants.	:	
_____	X	

To the above named Defendants:

RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

MIN FENG
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

LEI SUN
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

CHAO SHEN
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

ZHENBO CHI
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

KE CHENG
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

XIAOCAO XU
c/o Ideanomics, Inc.
55 Broadway, 19th Floor
New York, NY 10006

UBS SECURITIES LLC
Registered Agent:
Corporation Service Company
251 Little Falls Drive
Wilmington, DE 19808

FENGCHUN JIN
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

SHANGZHEN LI
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

SHEK YUEN TING
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

JUNHONG QI
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

ZHENXING SHAO
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

PEN HUNG TUNG
c/o RUHNN HOLDING LIMITED
Agent for Service:
Cogency Global, Inc.
10 East 40th Street, 10th Floor
New York, NY 10016

CITIGROUP GLOBAL MARKETS INC.
Registered Agent:
The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801

TOP CAPITAL PARTNERS LIMITED
Level 4, 142 Broadway
Newmarket, Auckland, 1023
New Zealand

You are hereby summoned to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the plaintiff's attorney within 20 days after the service of this summons, exclusive of the day of service (or within 30 days after the service is complete if this summons is not personally delivered to you within the State of New York); and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

The basis for venue is that certain of the parties reside in this County, the parties transact business in this County, certain of the defendants have submitted to venue in this County by written agreement, the transactions underlying the Complaint took place in substantial part in this County, and the causes of action arose in this County.

DATED: Melville, New York
September 18, 2019

ROBBINS GELLER RUDMAN
& DOWD LLP
SAMUEL H. RUDMAN

s/ Samuel H. Rudman

SAMUEL H. RUDMAN

58 South Service Road, Suite 200
Melville, NY 11747
Telephone: 631/367-7100
631/367-1173 (fax)
srudman@rgrdlaw.com

ROBBINS GELLER RUDMAN
& DOWD LLP
BRIAN E. COCHRAN
200 South Wacker Drive, 31st Floor
Chicago, IL 60606
Telephone: 312/674-4674
312/674-4676 (fax)
bcochran@rgrdlaw.com

ROBBINS GELLER RUDMAN
& DOWD LLP
KENNETH J. BLACK
Post Montgomery Center
One Montgomery Street, Suite 1800
San Francisco, CA 94104
Telephone: 415/288-4545
415/288-4534 (fax)
kblack@rgrdlaw.com

JOHNSON FISTEL, LLP
MICHAEL I. FISTEL, JR.
40 Powder Springs Street
Marietta, GA 30064
Telephone: 470/632-6000
770/200-3101 (fax)
michaelf@johnsonfistel.com

Attorneys for Plaintiff

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

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JIANMING LYU, Individually and on Behalf	:	Index No.
of All Others Similarly Situated,	:	
	:	<u>CLASS ACTION</u>
Plaintiff,	:	
	:	COMPLAINT FOR VIOLATIONS OF THE
vs.	:	SECURITIES ACT OF 1933
	:	
RUHNN HOLDING LIMITED, MIN FENG,	:	
LEI SUN, CHAO SHEN, ZHENBO CHI, KE	:	
CHENG, SHEK YUEN TING, FENGCHUN	:	
JIN, SHANGZHEN LI, ZHENXING SHAO,	:	
PEN HUNG TUNG, JUNHONG QI,	:	
XIAOCAO XU, CITIGROUP GLOBAL	:	
MARKETS INC., UBS SECURITIES LLC	:	
and TOP CAPITAL PARTNERS LIMITED,	:	
	:	
Defendants.	:	
_____	X	<u>DEMAND FOR JURY TRIAL</u>

Plaintiff Jianming Lyu (“plaintiff”), individually and on behalf of all others similarly situated, by plaintiff’s undersigned attorneys, for plaintiff’s complaint against defendants, alleges the following based upon personal knowledge as to plaintiff and plaintiff’s own acts and upon information and belief as to all other matters based on the investigation conducted by and through plaintiff’s attorneys, which included, among other things, a review of U.S. Securities and Exchange Commission (“SEC”) filings of Ruhnn Holding Limited (“Ruhnn” or the “Company”), the Company’s press releases and analyst reports, media reports, and other publicly disclosed reports and information about the Company. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a securities class action on behalf of all persons or entities who purchased Ruhnn American Depositary Shares (“ADSs”) in or traceable to the Company’s April 3, 2019 initial public offering (the “IPO”), seeking to pursue remedies under the Securities Act of 1933 (the “1933 Act”).

JURISDICTION AND VENUE

2. The claims alleged herein arise under §§11, 12(a)(2) and 15 of the 1933 Act, 15 U.S.C. §§77k, 77l(a)(2) and 77o.

3. This Court has jurisdiction over the subject matter of this action pursuant to §22 of the 1933 Act. Section 22 of the 1933 Act expressly prohibits removal of this action to federal court.

4. The Court has personal jurisdiction over each of the defendants under N.Y. C.P.L.R. §§301 and 302, and venue is proper in this County pursuant to §22 of the 1933 Act. Defendants conducted the IPO in this County, drafted the Registration Statement (defined below) in part in this County, disseminated the statements alleged to be false and misleading herein into this County, and solicited purchasers of Ruhnn ADSs in this County. The Underwriter Defendants (defined below)

each have substantial operations in this County and carried out the IPO in this County. The Underwriter Defendants delivered the Ruhnn ADSs against payment in this County, the principal executive office for the depositary of the ADSs is in this County, the ADSs are administered out of this County, and the ADSs trade in this County on the Nasdaq Global Select Market (“Nasdaq”). In addition, in the underwriting agreement for the IPO, Ruhnn and the selling shareholders in the IPO agreed to submit to “the exclusive jurisdiction of any New York State or United States Federal court sitting in Borough of Manhattan in The City of New York (the ‘Specified Courts’) over any suit, action or proceeding arising out of or relating to this Agreement, the Prospectus, the Registration Statement or the offering of the ADSs (each, a ‘Related Proceeding’).” These parties also “irrevocably waive[d], to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any Related Proceeding brought in such a court and any claim that any such Related Proceeding brought in such a court has been brought in an inconvenient forum.” Similarly, according to the Registration Statement, any action in connection with the IPO arising under the 1933 Act “may only be instituted in a state or federal court in New York, New York.” In sum, the situs of this action lies within this County, defendants’ tortious acts occurred in this County and caused injury to the purchasers of the Ruhnn ADSs deposited with a depositary in this County, and each of the defendants and members of the Class (defined below) would foreseeably expect any case or controversy stemming from the IPO to be adjudicated in this County.

PARTIES

5. Plaintiff Jianming Lyu purchased Ruhnn ADSs directly in the IPO and has been damaged thereby.

6. Defendant Ruhnn describes itself as an e-commerce retailer and so-called “key opinion leader” facilitator based in Hangzhou, China. Ruhnn conducted the IPO in New York and the ADSs sold in the IPO trade in New York on the Nasdaq under the ticker symbol “RUHN.” The

Company maintains a dual voting class structure designed to concentrate control of the Company in the hands of Company insiders out of proportion to their economic stake in Ruhnn. Class B shares, which were exclusively held by Company insiders, each have ten votes per share, as compared to Class A shares, which entitle their holders to only one vote per share. Each Ruhnn ADS sold in the IPO represents five Class A ordinary shares of the Company. After the IPO, Class B shareholders were estimated to control 88.2% of the Company's voting control, and thus to dominate Ruhnn's activities and affairs.

7. Defendant Min Feng ("Feng") was the Chairman of the Board of Directors of Ruhnn (the "Board") at the time of the IPO. He is also a founder of the Company. Prior to the IPO, defendant Feng owned over 29% of the voting power of the Company. Through his ownership of Class A and Class B shares, defendant Feng maintained 50.1% voting control of the Company following the IPO. His ownership of Class B shares provided defendant Feng with disproportionate voting control over Ruhnn as compared to his economic stake in the Company.

8. Defendant Lei (a/k/a Ray) Sun ("Sun") was Ruhnn's Chief Executive Officer ("CEO") and a director at the time of the IPO. He is also a founder of the Company. Prior to the IPO, defendant Sun owned over 14% of the voting power of the Company. Through his ownership of Class A and Class B shares, defendant Sun maintained 26.4% voting control of the Company following the IPO. His ownership of Class B shares provided defendant Sun with disproportionate voting control over Ruhnn as compared to his economic stake in the Company. In addition, defendant Sun offered to sell an additional 875,000 shares of his own personal Ruhnn holdings in the IPO through his private investment vehicle, LEIYU Investment Limited, pursuant to the underwriters' overallotment option.

9. Defendant Chao (a/k/a Eric) Shen ("Shen") was a Ruhnn director at the time of the IPO. He is also a founder of the Company. Prior to the IPO, defendant Shen owned over 6% of the

voting power of the Company. Through his ownership of Class A and Class B shares, defendant Shen maintained 12.1% voting control of the Company following the IPO. His ownership of Class B shares provided defendant Shen with disproportionate voting control over Ruhnn as compared to his economic stake in the Company. In addition, defendant Shen offered to sell an additional 175,000 shares of his own personal Ruhnn holdings in the IPO through his private investment vehicle, YangMing Investment Limited, pursuant to the underwriters' overallotment option.

10. Defendant Zhenbo (a/k/a Nick) Chi ("Chi") was Ruhnn's Chief Financial Officer ("CFO") at the time of the IPO.

11. Defendant Ke Cheng ("Cheng") was a director and the Chief Operating Officer ("COO") of Ruhnn at the time of the IPO.

12. Defendant Shek Yuen Ting ("Ting") was the Assistant Secretary for Ruhnn at the time of the IPO.

13. Defendant Fengchun Jin ("Jin") was a Ruhnn director at the time of the IPO.

14. Defendant Shangzhen Li ("Li") was a director and Vice President of Ruhnn at the time of the IPO.

15. Defendant Zhenxing Shao ("Shao") was a Ruhnn director at the time of the IPO.

16. Defendant Pen Hung Tung ("Tung") was a Ruhnn director at the time of the IPO.

17. Defendant Junhong Qi ("Qi") was a Ruhnn director at the time of the IPO.

18. Defendant Xiaocao (a/k/a Cecilia) Xu ("Xu") was a Ruhnn director at the time of the IPO.

19. The defendants identified in ¶¶7-18 are referred to herein as the "Individual Defendants." Each of the Individual Defendants except Qi and Xu signed the Registration Statement. In addition, the Individual Defendants participated in the solicitation and sale of Ruhnn

ADSs to investors in the IPO for their own benefit and the benefit of Ruhnn as directors, executive officers and/or controlling and selling shareholders of the Company.

20. Defendants Citigroup Global Markets Inc., UBS Securities LLC, and Top Capital Partners Limited are referred to herein as the “Underwriter Defendants.” Pursuant to the 1933 Act, the Underwriter Defendants are liable for the materially false and misleading statements in the Registration Statement as follows:

(a) The Underwriter Defendants are investment banking houses that specialize in, *inter alia*, underwriting public offerings of securities. They served as the underwriters of the IPO and shared roughly \$8.75 million in fees collectively for their services. The Underwriter Defendants determined that in return for their share of the IPO proceeds, they were willing to solicit purchases of Ruhnn ADSs in the IPO. In the Company review that determined the composition of the underwriting syndicate, the Underwriter Defendants extolled their ability to market Ruhnn’s ADSs. Each of the Underwriter Defendants designated personnel to the IPO working group, including investment bankers, analysts, associates, and counsel, to market Ruhnn’s ADSs, and those personnel worked on and approved the content of Ruhnn’s Registration Statement and the road show presentation. The Underwriter Defendants arranged a road show prior to the IPO during which they, and the Individual Defendants, met with potential investors and presented highly favorable information about the Company, its operations, and its financial prospects. The Underwriter Defendants also promoted Ruhnn’s IPO to their banking clientele and sold shares to online brokerage account holders.

(b) The Underwriter Defendants also demanded and obtained an agreement from Ruhnn that it would indemnify and hold the Underwriter Defendants harmless from any liability under the federal securities laws. They also made certain that Ruhnn had purchased millions of dollars in directors’ and officers’ liability insurance.

(c) Representatives of the Underwriter Defendants also assisted Ruhnn and the Individual Defendants in planning the IPO, and purportedly conducted an adequate and reasonable investigation into the business and operations of Ruhnn, an undertaking known as a “due diligence” investigation. The due diligence investigation was required of the Underwriter Defendants in order to engage in the IPO. During the course of their “due diligence,” the Underwriter Defendants had continual access to confidential corporate information concerning Ruhnn’s operations and financial prospects.

(d) In addition to availing themselves of virtually unbridled access to internal corporate documents, agents of the Underwriter Defendants met with Ruhnn’s management, top executives, and outside counsel and engaged in “drafting sessions” in advance of the IPO. During these sessions, understandings were reached as to: (i) the strategy to best accomplish the IPO; (ii) the terms of the IPO, including the price range at which Ruhnn ADSs would be sold; (iii) the language to be used in the Registration Statement; (iv) what disclosures about Ruhnn would be made in the Registration Statement; and (v) what responses would be made to the SEC in connection with its review of the Registration Statement. As a result of those constant contacts and communications between the Underwriter Defendants’ representatives and Ruhnn’s management and top executives, such as the Individual Defendants, the Underwriter Defendants knew, or should have known, of Ruhnn’s existing problems as detailed herein.

(e) The Underwriter Defendants solicited and sold in the IPO Ruhnn ADSs to plaintiff and other members of the Class. The Underwriter Defendants’ failure to conduct an adequate due diligence investigation was a substantial factor leading to the harm complained of herein.

SUBSTANTIVE ALLEGATIONS

21. Defendant Ruhnn describes itself as China's largest key opinion leader ("KOL") facilitator and largest KOL facilitator in China's e-commerce market. So-called KOLs are essentially social media influencers, *i.e.*, individuals who create content on social media platforms such as Facebook, YouTube, Tik Tok, and Instagram with the hope of garnering a large public following. As a purported KOL facilitator, Ruhnn contracts with social media influencers who are paid to promote, market, and advertise products and services to their fans and followers. Ruhnn claims to recruit, train, and manage KOLs and provide them with analytical support. The Company describes such activities as "incubating" KOLs. Ruhnn's KOLs primarily market women's apparel, cosmetics, shoes, handbags, and other fashion products on social media platforms popular in China, such as Miaopai, Tik Tok, and Kuaishou.

22. Ruhnn's KOLs provide marketing services both to Ruhnn-owned and -operated brands and stores and to Ruhnn's third-party customers. The Company describes sales of products through Ruhnn's own stores as the Company's product sales business, which Ruhnn also refers to as its "full-service model." The majority of these online stores are located or hosted on third-party e-commerce platforms and are operated and marketed in the name of Ruhnn's KOLs. As of December 31, 2018, Ruhnn purportedly owned and operated 91 online stores. Ruhnn earns revenue from these product sales by taking a percentage of the sales price at the time the product is sold. The Company's full-service model is its largest and most important operating segment, accounting for over 88% of Ruhnn's total net revenues for the nine months ended December 31, 2018.¹

23. The Company also derives revenue from its service business, which Ruhnn refers to as its "platform model." Ruhnn launched its platform model in 2017 to market its KOLs and KOL services to third parties, such as brands, retailers, designers, and manufacturers. As of December 31,

¹ Ruhnn's fiscal year ends on March 31 of the calendar year.

2018, Ruhnn claimed to have over 500 customers using its platform services. Ruhnn earns fees for these services under a variety of arrangements.

24. On March 6, 2019, the Company filed with the SEC a registration statement on Form F-1 for the IPO, which, after several amendments, was declared effective on April 2, 2019 (the Form F-1, together with all amendments, is referred to herein as the “Registration Statement”). One day later, on April 3, 2019, the Company filed a prospectus for the IPO on Form 424B4 (the “Prospectus”), which incorporated and formed part of the Registration Statement. The Registration Statement was used to sell to the investing public approximately 10 million Ruhnn ADSs, representing 50 million Ruhnn Class A ordinary shares, at \$12.50 per share. Defendants generated \$125 million in gross offering proceeds from their sale of Ruhnn ADSs in the IPO.

25. The Registration Statement was negligently prepared and, as a result, contained untrue statements of material fact, omitted material facts necessary to make the statements contained therein not misleading, and failed to make adequate disclosures required under the rules and regulations governing the preparation of such documents.

26. For example, the Registration Statement highlighted the dramatic growth in Ruhnn’s net revenues derived from its full-service model, but failed to disclose that it had already shuttered almost **40%** of its online stores in the fourth quarter of 2019, which ended March 31, 2019 and ***preceded the IPO***. The Registration Statement provided the following table, which claimed that Ruhnn was operating 91 online stores in its full-service model, serviced by 25 KOLs as of December 31, 2018:

	As of and for the fiscal year ended March 31,		As of and for the nine months ended December 31,	
	2017	2018	2017	2018
<i>Full-Service Model</i>				
Number of our KOLs serving such business model ⁽¹⁾	37	33	33	25
Number of our online stores	57	86	81	91
Number of orders placed through our online stores	5.1 million	7.5 million	6.2 million	5.7 million
GMV of our online stores	RMB1,236.3 million	RMB1,944.4 million	RMB1,614.9 million	RMB1,776.6 million

(Footnote omitted.)

27. However, these statements were materially false and misleading, because the Registration Statement failed to disclose that by the time of the IPO, the number of Ruhnn's full-service online stores had plummeted to just 56, a sequential decline of nearly **40%**. Similarly, the number of KOLs servicing the Company's online stores had fallen **44%** to just 14 KOLs.

28. The Registration Statement also highlighted Ruhnn's full-service model as providing "the vast majority of [Ruhnn's] total revenue generated from fiscal years 2017 and 2018 and the first three quarters of fiscal year 2019, accounting for 99.1%, 96.3% and 88.3% of [its] total revenues, respectively." It also emphasized the Company's growth in revenues derived from the Company's full-service model, stating in pertinent part:

We have established multiple monetization channels to capture the commercial opportunities created by the emergence of KOLs in China and ***we have proven their monetization potential with the rapid expansion of our business.*** We started with a full-service model whereby we operate online stores and integrate all major steps of the e-commerce value chain, from product design and sourcing, online store operation to logistics and after sales services. We generated product sales revenue of RMB572.4 million through the full-service model in fiscal year 2017, which increased by 59.4% to RMB912.5 million (US\$132.7 million) in fiscal year 2018, and increased by 3.8% from RMB728.1 million for the first three quarters of fiscal year 2018 to RMB755.9 million (US\$109.9 million) for the first three quarters of fiscal year 2019.

* * *

Revenues from our full-service model increased by 59.4% from RMB572.4 million for fiscal year 2017 to RMB912.5 million (US\$132.7 million) for fiscal year 2018, and increased by 3.8% from RMB728.1 million for the first three quarters of fiscal year 2018 to RMB755.9 million (US\$109.9 million) for the first three quarters of fiscal year 2019. While we expect to continue increasing revenue from our full-service model, sales volume as a percentage of our total revenues will likely decrease in the future as we strive to achieve dynamic balance between our business models according to industry trends and our working capital levels.

29. These statements were materially false and misleading, because the Registration Statement failed to disclose that by the time of the IPO the Company's net revenues from its full-service model had already ***declined 46%*** on a sequential basis to RMB186.9 million in the fourth quarter of 2019, which also represented an anemic 1.4% quarterly growth rate on a year-over-year

basis. In addition, the Company's full-service operating segment was not rapidly expanding but, in fact, was *rapidly contracting* as of the date of the IPO.

30. The Registration Statement also claimed that Ruhnn's business strategies involved the continued "rapid" expansion of the Company's KOL ecosystem. The Registration Statement stated in pertinent part:

We plan to continue rapidly expanding our KOL ecosystem and create greater network effect for all participants. In addition to recruiting more KOLs and enlarging their fan base, we plan to leverage our strong online store operation and value chain management capabilities to attract more brands, merchants, manufacturers and suppliers to join our KOL ecosystem. *We also expect to expand our KOL online stores into additional e-commerce platforms to take advantage of new and emerging popular e-commerce platforms in China, increase the exposure of our KOLs and online stores, and provide more choices and better experience to our customers.* Utilizing the flexibility of our platform model, we intend to explore opportunities to cooperate with more types of merchants and businesses so that they can benefit from, and provide more products and services to, our KOL ecosystem.

31. These statements were materially false and misleading, because at the time of the IPO, Ruhnn had slashed its online stores by nearly 40% and its full-service KOLs by 44%, and its net revenues derived from its full-service segment – the Company's largest and most important operating segment – had declined by **46%** on a sequential basis.

32. The Registration Statement also purported to warn of risks that had passed, and were already coming to pass, or omitted to disclose known risks and adverse developments. For example, the Registration Statement stated that "[w]e *may* experience a decrease in purchases on our online stores," when in fact the Company had *already* closed dozens of stores, had lost 44% of its full-service KOLs, and was in the midst of a rapid contraction of its full-service operating segment that predated the IPO. Thus, the purported "risk" warnings in the Registration Statement were themselves materially misleading.

33. Moreover, Item 303 of SEC Regulation S-K, 17 C.F.R. §229.303(a)(3)(ii), requires defendants to "[d]escribe any known trends or uncertainties that have had or that the registrant

reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.” Similarly, Item 105 of SEC Regulation S-K, 17 C.F.R. §229.105, requires, in the “Risk Factors” section of registration statements and prospectuses, “a discussion of the most significant factors that make an investment in the registrant or offering speculative or risky” and requires each risk factor to “adequately describe[] the risk.” The failure of the Registration Statement to disclose the adverse trends in its full-service operating segment described above violated 17 C.F.R. §229.303(a)(3)(ii), because these undisclosed facts that were known to defendants would (and did) have an unfavorable impact on the Company’s sales, revenues, and income from continuing operations. This failure also violated 17 C.F.R. §229.105, because these adverse trends created significant risks that were not adequately disclosed, or disclosed at all, even though they were some of the most significant factors that made an investment in Ruhnn ADSs speculative or risky.

EVENTS FOLLOWING THE IPO

34. On June 14, 2019, the Company reported its fiscal year and fourth quarter 2019 financial results. These results were for the *quarter prior to* the quarter in which defendants had conducted the IPO. In the fiscal 2019 press release, Ruhnn reported that, as of March 31, 2019, the Company only had 56 stores in operation, which indicates the Company has closed *nearly 40%* of the 91 stores defendants reported operating in the Registration Statement. In related news, the press release also disclosed that Ruhnn’s product sales had *fallen* 46% sequentially and grown by a meager 1.4% year over year. At the same time, the results the Company reported in its service platform business were entirely eclipsed by the meager growth in the full-service product sales business. Revenue from platform services was \$7.5 million and \$22 million for the quarter and fiscal year, respectively, versus \$28 million and \$140 million in product sales for the quarter and year. Gross margin across the Company’s revenue streams had also *declined* 80 basis points year

over year, reflecting the Company's failure to approach profitability, as its most important operating segment, its full-service segment, had suffered a significant contraction prior to the IPO.

35. On August 8, 2019, Ruhnn ADSs closed at \$3.42 per ADS. This price represented a **73% decline** from the price at which Ruhnn ADSs had been sold to the investing public only four months earlier in the IPO.

CLASS ACTION ALLEGATIONS

36. Plaintiff brings this action as a class action on behalf of a class consisting of all persons or entities who purchased Ruhnn ADSs in or traceable to the IPO (the "Class"). Excluded from the Class are defendants and their families, the officers, directors and affiliates of Ruhnn, at all relevant times, and members of their immediate families, and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

37. The members of the Class are so numerous that joinder of all members is impracticable. Ruhnn ADSs are actively traded on the Nasdaq and millions of shares were sold in the IPO. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Ruhnn or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions, including being given an opportunity to exclude themselves from the Class.

38. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law as complained of herein.

39. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

40. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether defendants violated the 1933 Act;
- (b) whether statements made by defendants to the investing public in the Registration Statement and Prospectus misrepresented material facts about the business, operations, and risks of investing in Ruhnn; and
- (c) to what extent the members of the Class have sustained damages and the proper measure of damages.

41. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

FIRST CAUSE OF ACTION

For Violation of §11 of the 1933 Act Against All Defendants

42. Plaintiff repeats and realleges ¶¶1-41 by reference.
43. This Cause of Action is brought pursuant to §11 of the 1933 Act, 15 U.S.C. §77k, on behalf of the Class, against all defendants
44. This Cause of Action does not sound in fraud. Plaintiff does not allege that the Individual Defendants or the Underwriter Defendants had scienter or fraudulent intent, which are not elements of a §11 claim.

45. The Registration Statement for the IPO was inaccurate and misleading, contained untrue statements of material fact, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

46. The defendants named herein were responsible for the contents and dissemination of the Registration Statement.

47. Ruhnn is the registrant for the IPO. As the issuer of the shares, Ruhnn is strictly liable to plaintiff and the Class for the misstatements and omissions.

48. None of the defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and without omissions of any material facts and were not misleading.

49. By reason of the conduct alleged herein, each defendant violated, and/or controlled a person who violated, §11 of the 1933 Act.

50. Plaintiff purchased Ruhnn ADSs traceable to the Registration Statement for the IPO. Plaintiff and the Class have sustained damages. The value of Ruhnn ADSs has declined substantially subsequent to and due to defendants' violations.

51. At the time of their purchases of Ruhnn ADSs, plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein. Less than one year has elapsed from the time that plaintiff discovered or reasonably could have discovered the facts upon which this complaint is based to the time that plaintiff filed this complaint. Less than three years has elapsed between the time that the securities upon which this Cause of Action is brought were offered to the public and the time plaintiff filed this complaint.

SECOND CAUSE OF ACTION

For Violation of §12(a)(2) of the 1933 Act Against All Defendants

52. Plaintiff repeats and realleges ¶¶1-51 by reference.

53. This Cause of Action is brought pursuant to §12(a)(2) of the 1933 Act, 15 U.S.C. §771(a)(2), on behalf of the Class, against all defendants.

54. This Cause of Action does not sound in fraud. Plaintiff does not allege that the Individual Defendants or the Underwriter Defendants had scienter or fraudulent intent, which are not elements of a §12(a)(2) claim.

55. By means of the defective Prospectus, the defendants named herein promoted and sold Ruhnn ADSs to plaintiff and other members of the Class for the benefit of themselves and their associates.

56. The Prospectus contained untrue statements of material fact and concealed and failed to disclose material facts, as detailed above. Defendants owed plaintiff and other members of the Class who purchased Ruhnn ADSs pursuant to the Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the Prospectus to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. Defendants, in the exercise of reasonable care, should have known of the misstatements and omissions contained in the Prospectus as set forth above.

57. Plaintiff did not know, nor in the exercise of reasonable diligence could plaintiff have known, of the untruths and omissions contained in the Prospectus at the time plaintiff purchased Ruhnn ADSs.

58. By reason of the conduct alleged herein, defendants violated §12(a)(2) of the 1933 Act. As a direct and proximate result of such violations, plaintiff and the other members of the Class who purchased Ruhnn ADSs pursuant to the Prospectus sustained substantial damages in connection with their share purchases. Accordingly, plaintiff and the other members of the Class who hold the ADSs issued pursuant to the Prospectus have the right to rescind and recover the consideration paid

for their shares, and hereby tender their ADS to the defendants sued herein. Class members who have sold their ADSs seek damages to the extent permitted by law.

THIRD CAUSE OF ACTION

For Violation of §15 of the 1933 Act Against the Individual Defendants

59. Plaintiff repeats and realleges ¶¶1-58 by reference.

60. This Cause of Action is brought pursuant to §15 of the 1933 Act against the Individual Defendants.

61. The Individual Defendants each were control persons of Ruhnn by virtue of their positions as directors and/or senior officers of Ruhnn and their ownership of Ruhnn shares. Collectively, the Individual Defendants held majority voting control before, during, and after the IPO. The Individual Defendants each had a series of direct and/or indirect business and/or personal relationships with other directors and/or officers and/or major shareholders of Ruhnn.

62. The defendants named herein each were culpable participants in the violations of §11 and §12(a)(2) of the 1933 Act alleged in the Causes of Action above, based on their having signed or authorized the signing of the Registration Statement, selling Ruhnn ADSs in the IPO, and/or having otherwise participated in the process that allowed the IPO to be successfully completed.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, designating plaintiff as a Class representative under N.Y. C.P.L.R. art. 9, *et seq.*, and plaintiff's counsel as Class counsel;

B. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

- C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;
- D. Awarding rescission or a rescissory measure of damages; and
- E. Awarding such equitable/injunctive or other relief as the Court may deem just and proper, including permitting any putative Class members to exclude themselves by requesting exclusion through noticed procedures.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED: Melville, New York
September 18, 2019

ROBBINS GELLER RUDMAN
& DOWD LLP
SAMUEL H. RUDMAN

s/ Samuel H. Rudman

SAMUEL H. RUDMAN

58 South Service Road, Suite 200
Melville, NY 11747
Telephone: 631/367-7100
631/367-1173 (fax)
srudman@rgrdlaw.com

ROBBINS GELLER RUDMAN
& DOWD LLP
BRIAN E. COCHRAN
200 South Wacker Drive, 31st Floor
Chicago, IL 60606
Telephone: 312/674-4674
312/674-4676 (fax)
bcochran@rgrdlaw.com

ROBBINS GELLER RUDMAN
& DOWD LLP
KENNETH J. BLACK
Post Montgomery Center
One Montgomery Street, Suite 1800
San Francisco, CA 94104
Telephone: 415/288-4545
415/288-4534 (fax)
kblack@rgrdlaw.com

- 17 -

JOHNSON FISTEL, LLP
MICHAEL I. FISTEL, JR.
40 Powder Springs Street
Marietta, GA 30064
Telephone: 470/632-6000
770/200-3101 (fax)
michaelf@johnsonfistel.com

Attorneys for Plaintiff