

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

\_\_\_\_\_, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

9F INC., LEI SUN, YANJUN LIN, YIFAN  
REN, CHANGXING XIAO, FLYNN  
XUXIAN HUANG, IVAN XU,  
JUNSHENG ZHANG, WING HON  
CHEUNG, SIU FUNG MING,  
FANXIONG GONG, DAVID CUI, LEI  
LIU, CREDIT SUISSE SECURITIES  
(USA) LLC, HAITONG  
INTERNATIONAL SECURITIES  
COMPANY LIMITED, CLSA LIMITED,  
CHINA INVESTMENT SECURITIES  
INTERNATIONAL BROKERAGE  
LIMITED, and 9F PRIMASIA  
SECURITIES LIMITED,

Defendants.

Case No. DRAFT

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Law Offices of Howard G. Smith

Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by 9F Inc. (“9F” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by 9F; and (c) review of other publicly available information concerning 9F.

### **NATURE OF THE ACTION AND OVERVIEW**

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired 9F American Depositary Shares (“ADSs” or “shares”) pursuant and/or traceable to the registration statement and prospectus (collectively, the “Registration Statement”) issued in connection with the Company’s August 2019 initial public offering (“IPO” or the “Offering”). Plaintiff pursues claims against the Defendants under the Securities Act of 1933 (the “Securities Act”).

2. 9F is purportedly a leading digital financial account platform that integrates and personalizes financial services in China. Its product, One Card, is a digital alternative to conventional personal finance offerings. The Company also offers revolving loan products purportedly tailored to the specific spending needs and risk profiles of its “millions of One Card users.”

3. On August 15, 2019, the Company filed its prospectus on Form 424B4 with the SEC, which forms part of the Registration Statement. In the IPO, the Company sold more than 8.085 million ADSs at a price of \$9.50 per share. The Company received proceeds of

approximately \$97 million from the Offering. The proceeds from the IPO were purportedly to be used to advance 9F's growth strategies.

4. On June 12, 2020, 9F revealed that it had been in an ongoing dispute with PCC involving RMB 2.2 billion in unpaid service fees, as well as RMB1.4 billion in service fees that had been recorded as accounts receivable were now fully impaired.

5. By the commencement of this action, 9F stock was trading as low as \$0.90 per share, a nearly 91% decline from the \$9.50 per share IPO price.

6. The Registration Statement was materially false and misleading and omitted to state: (1) that the accounts receivable for a single party, PICC, accounted for a significant portion of the Company's allowance for doubtful accounts; (2) that 9F and PICC were engaging in an ongoing dispute regarding the payment of service fees in which PICC challenged, delayed, and/or failed to pay service fees to 9F; (3) that, as a result of the foregoing, there was a significant risk that 9F could not collect service fees owed by PICC; (4) that, as a result of the foregoing, the Company's allowance for doubtful accounts was materially understated; (5) that the purported value and benefits of the Company's financial institution partners and its tri-party cooperation business model were overstated; and (6) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects, were materially misleading and/or lacked a reasonable basis.

7. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

#### **JURISDICTION AND VENUE**

8. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the Securities Act (15 U.S.C. §§ 77k and 77o).

9. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, Section 22 of the Securities Act (15 U.S.C. § 77v).

10. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b).

11. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

### **PARTIES**

12. Plaintiff \_\_\_\_\_, as set forth in the accompanying certification, incorporated by reference herein, purchased or otherwise acquired 9F shares pursuant and/or traceable to the Registration Statement issued in connection with the Company's IPO, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

13. Defendant 9F is incorporated under the laws of the Cayman Islands with its principal executive offices located in Beijing, China. 9F's ADSs trade on the NASDAQ under the symbol "JFU."

14. Defendant Lei Sun ("Sun") was, at all relevant times, the Chief Executive Officer and Chairman of the Board of Directors of the Company, and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

15. Defendant Yanjun Lin ("Lin") was, at all relevant times, the Chief Financial Officer of the Company, and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

16. Defendant Yifan Ren ("Ren") was a director of the Company and signed or authorized the signing of the Company's Registration Statement filed with the SEC.

17. Defendant Changxing Xiao (“Xiao”) was a director of the Company and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

18. Defendant Flynn Xuxian Huang (“Huang”) was a director of the Company and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

19. Defendant Ivan Xu (“Xu”) was a director of the Company and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

20. Defendant Junsheng Zhang (“Zhang”) was a director of the Company and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

21. Defendant Wing Hon Cheung (“Cheung”) was a director of the Company and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

22. Defendant Fangxiong Gong was named in the Registration Statement, with his consent, as having accepted appointment as a Company director effective upon the SEC’s declaration of effectiveness of the Registration Statement.

23. Defendant Lei Liu (“Liu”) was named in the Registration Statement, with his consent, has having accepted appointment as a Company director effective upon the SEC’s declaration of effectiveness of the Registration Statement. At the time of the IPO, he was 9F’s Executive President and Chief Risk Officer.

24. Defendant Siu Fung Ming (“Ming”) was, at the time of the IPO, 9F’s duly authorized representative in the United States, and signed or authorized the signing of the Registration Statement.

25. The defendants referenced above in ¶¶ 14-24 are collectively referred to hereinafter as the “Individual Defendants.”

26. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) served as an underwriter for the Company’s IPO.

27. Defendant Haitong International Securities Company Limited (“Haitong”) served as an underwriter for the Company’s IPO.

28. Defendant CLSA Limited served as an underwriter for the Company’s IPO.

29. Defendant China Investment Securities International Brokerage Limited served as an underwriter for the Company’s IPO.

30. Defendant 9F Primasia Securities Limited served as an underwriter for the Company’s IPO.

31. The defendants referenced above in ¶¶ 26-30 are collectively referred to hereinafter as the “Underwriter Defendants.”

### **CLASS ACTION ALLEGATIONS**

32. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired 9F shares issued in connection with the Company’s IPO. Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, 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.

33. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, 9F’s shares actively traded on the NASDAQ. 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 at least hundreds or thousands of members in the proposed Class. Millions of 9F shares were traded publicly during the Class Period on the NASDAQ. Record owners and other members of the Class may be

identified from records maintained by 9F 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.

34. 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 that is complained of herein.

35. 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.

36. 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 the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of 9F; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

37. 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 makes 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.

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

38. 9F is purportedly a leading digital financial account platform that integrates and personalizes financial services in China. Its product, One Card, is a digital alternative to conventional personal finance offerings. The Company also offers revolving loan products purportedly tailored to the specific spending needs and risk profiles of its “millions of One Card users.”

39. These loan products are funded by investors and institutional funding partners. Investors can select from investment products, including fixed income products, which fund loans on 9F’s platform. Institutional partners provide funds through the Company’s direct lending program.

40. At the time of the IPO, 9F had partnered with Taiping General Insurance Co. Ltd. (“China Taiping”) and PICC Property and Casualty Company Limited (“PICC”) to provide loan performance guarantee insurance policies on loans with terms of 12 months or less. Since March 2018, PICC was the exclusive insurance provider for all new 9F loans with terms of no more than 12 months originated since May 2018. According to the “Cooperation Agreement” between 9F and PICC, in addition to providing insurance protection, PICC was obligated to pay service fees to 9F because it “benefits from [the Company’s] risk management capabilities to provide credit insurance on loans of high quality borrowers.”

41. PICC collected all of the loan facilitation service fees from borrowers and remitted 9F’s portion of the service fees to the Company. If a loan is past due for a certain period, the PICC policies would purportedly protect investors and institutional funding partners

up to the full amount of the principal and accrued interest. 9F recorded an account receivable for the service fees confirmed and to be remitted by PICC.

### **The Company's False and/or Misleading**

#### **Registration Statement and Prospectus**

42. On August 14, 2019, the Company filed its final amendment to the Registration Statement with the SEC on Form F-1/A, which forms part of the Registration Statement. The Registration Statement was declared effective after the close of trading the same day.

43. On August 15, 2019, the Company filed its prospectus on Form 424B4 with the SEC, which forms part of the Registration Statement. In the IPO, the Company sold more than 8.085 million ADSs at a price of \$9.50 per share. The Company received proceeds of approximately \$97 million from the Offering. The proceeds from the IPO were purportedly to be used to advance 9F's growth strategies.

44. The Registration Statement was negligently prepared and, as a result, contained untrue statements of material facts or omitted to state other facts necessary to make the statements made not misleading, and was not prepared in accordance with the rules and regulations governing its preparation.

45. Under applicable SEC rules and regulations, the Registration Statement was required to disclose known trends, events or uncertainties that were having, and were reasonably likely to have, an impact on the Company's continuing operations.

46. For example, the Registration Statement stated that 9F's accounts receivable, net of allowance for doubtful accounts, stood at RMB180.1 million (\$26.8 million) and RMB246.8 million (\$36.78 million) as of December 31, 2018 and March 31, 2019, respectively. In addition, the Registration Statement stated that 9F's allowance for doubtful accounts stood at RMB1.1

million (\$157,000) and RMB919,000 (\$137,000) as of December 31, 2018 and March 31, 2019, respectively.

47. Regarding “Accounts Receivable,” the Registration Statement stated:

Our accounts receivable, net of allowance for doubtful accounts of RMB27.7 million, RMB29.6 million, RMB1.1 million (US\$0.2 million) and RMB0.9 million (US\$0.1 million) as of December 31, 2016, 2017, 2018 and March 31, 2019, respectively, primarily includes the service fees receivable from investors and accounts receivable from customers in connection of our business of online direct sales of upscale products.

\* \* \*

Our accounts receivable decreased by 40.0% from RMB300.1 million as of December 31, 2017 to RMB180.1 million (US\$26.8 million) as of December 31, 2018 primarily due to the change of products mix as we offered more fixed income products with the service fees charged to investors at the inception of the investment commitment period in 2018.

Our accounts receivable increased by 37.0% from RMB180.1 million (US\$26.8 million) as of December 31, 2018 to RMB246.8 million (US\$36.8 million) as of March 31, 2019, primarily because we had RMB46.0 million (US\$6.9 million) in the accounts receivable from our business of online direct sales of upscale products and RMB47.0 million (US\$7.0 million) in accounts receivable from our direct lending program, each as of March 31, 2019.

48. Regarding “Allowance for doubtful accounts,” the Registration Statement stated, in relevant part:

Accounts receivable and other receivables are stated at the historical carrying amount net of write-offs and allowance for uncollectible accounts. The Group establishes an allowance for uncollectible accounts receivable and other receivables based on estimates, historical experience and other factors surrounding the credit risk of specific customers. Uncollectible receivables are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when the Group has determined it is probable that the balance will not be collected. The movement of the allowance for doubtful accounts is as follows:

	Accounts receivable RMB	Other receivables RMB	Total RMB
Balance at December 31, 2015	—	—	—
Provision for doubtful accounts	27,730	5,010	32,740
Balance at December 31, 2016	27,730	5,010	32,740
Provision for doubtful accounts	1,881	—	1,881
Balance at December 31, 2017	29,611	5,010	34,621
Reversal	(2,966)	—	(2,966)
Write off	(25,592)	—	(25,592)
Balance at December 31, 2018	1,053	5,010	6,063

49. The Registration Statement touted 9F's partnership with institutional partners and with PICC, stating in relevant part:

- Financial institution partners.** We work with financial institution partners to provide funding to borrowers as well as insurance and guarantee protection to our investors. Our institutional funding partners, such as small and medium sized financial institutions, provide funds to our One Card users directly through our direct lending program. We enable our institutional funding partners to access our borrower base, through our strong risk management capabilities, and in most cases, in collaboration with an insurance company. We have been developing our direct lending program rapidly since 2018 and intend to cooperate with more institutional funding partners to further diversify our funding sources. As of June 30, 2019, our institutional funding partners had approved the funding limit in the aggregate amount of over RMB70 billion (US\$10.4 billion) under our direct lending program. The percentage of loan origination volume funded by our institutional funding partners to our total loan origination volume has increased significantly from approximately 10.5% for the three months ended March 31, 2019 to 58.0% for the three months ended June 30, 2019. Our cooperation with financial institution partners is not subject to the relevant local regulatory requirements on online lending platforms providing online lending information intermediary services, such as our company, to reduce such platforms' business scale and number of borrowers and lenders during the administrative verification period. Therefore, our strengthened cooperation with financial institution partners may ease the pressure brought about by the continuing challenging regulatory environment that has negatively affected the growth of our business. *We also cooperate with other financial institutions, including insurance companies and a third-party guarantee company to provide insurance and guarantee protection to our investors. An insurance company, when it is engaged under our direct lending program, provides credit insurance protection to institutional funding partners; on the other hand, it also benefits from our risk management capabilities to provide credit insurance on loans of high quality borrowers.*

\* \* \*

We benefit from collaboration with a broad network of strategic partners such as China UnionPay and JD.com to expand our borrower and investor base. We partner with financial institutions such as China Taiping and PICC to provide third-party insurance protection to investors that invest in loans we facilitate, which strengthens the credibility of our platform and further enlarges our investor base. ***PICC, when it is engaged under our direct lending program, also provides credit insurance to institutional funding partners, helping us to expand our institutional funding partner base and promote the rapid development of our direct lending program, which may ease the pressure brought about by the continuing challenging regulatory environment that negatively affect the growth of our business.*** We plan to work with data modeling service partners such as Talking Data and Alibaba Cloud to jointly build credit risk management models. We are selective in working with partners who are additive to our ecosystem and will continue to seek to develop relationships that will enhance the experience of our borrowers, investors, institutional funding partners and merchant partners.

50. 9F also claimed that its partnership with PICC substantially improved its operations and that they had a strong working relationship. Specifically, the Registration Statement stated, in relevant part:

In January 2018, we announced further upgrades to the enhanced investors' protection plan with respect to loans with terms of over 12 months whereby the borrower signs a guarantee contract with Guangdong Success. According to the contract, when a borrower defaults and meanwhile, if the balance of the guarantee fund reserve account is insufficient to cover the unpaid amounts, Guangdong Success will make additional repayment up to a cap equal to five times of the guarantee fee paid by the borrowers. ***For loans with terms of no more than 12 months, the borrower paid insurance premium and signed "Loan Performance Guarantee Insurance Policy" with either China Taiping or PICC with whom we began to collaborate in March 2018.*** China Taiping's insurance protection obligation under our Taiping insurance program with respect to loans with terms of no more than 12 months that we facilitated between September 18, 2017 and May 15, 2018 will be fulfilled on August 15, 2019. ***PICC has provided insurance protection to all the new loans with terms of no more than 12 months that have been originated since May 2018 and covered by the insurance protection plan.***

\* \* \*

***In 2018, we upgraded our direct lending program introducing a tri-party cooperation model where we, PICC, when it is engaged as an insurance company providing credit insurance, and the institutional funding partner leverage each other's respective capabilities and to collectively deliver a***

*competitive credit solution to borrowers. Our value proposition is enablement, where we provide our institutional funding partners access to a high quality borrower base as well as our risk management capabilities, and in most cases, in collaboration with PICC. PICC, when it is engaged, provides credit insurance to the institutional funding partners; meanwhile, PICC benefits from our risk management capabilities to provide credit insurance on loans of high quality borrowers.* The institutional funding partners make the final credit decision based on a credit assessment and also fund and service the loans. We also provide services after loan origination such as repayment facilitation and loan collection. This is particularly valuable for small and medium sized financial institutions that tend to lack the scale and technology to effectively compete with the larger financial institutions. We charge service fees, while PICC, when it is engaged as an insurance company providing credit insurance, charges insurance premiums.

51. The Registration Statement was materially false and misleading and omitted to state: (1) that the accounts receivable for a single party, PICC, accounted for a significant portion of the Company's allowance for doubtful accounts; (2) that 9F and PICC were engaging in an ongoing dispute regarding the payment of service fees in which PICC challenged, delayed, and/or failed to pay service fees to 9F; (3) that, as a result of the foregoing, there was a significant risk that 9F could not collect service fees owed by PICC; (4) that, as a result of the foregoing, the Company's allowance for doubtful accounts was materially understated; (5) that the purported value and benefits of the Company's financial institution partners and its tri-party cooperation business model were overstated; and (6) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects, were materially misleading and/or lacked a reasonable basis.

#### **The Subsequent Disclosures**

52. On September 27, 2019, 9F announced its financial results for second quarter 2019, i.e. the quarter prior to the IPO. Therein, the Company stated that its net accounts receivable had increased 210% sequentially, from RMB277 million as of March 31, 2019 to RMB858 million as of June 30, 2019.

53. On December 5, 2019, 9F announced its financial results for third quarter 2019, i.e. the quarter in which the IPO was conducted. Therein, the Company disclosed that its net accounts receivable had increased more than ten-fold, from RMB180 million as of December 31, 2018 to RMB1.9 billion as of September 30, 2019.

54. On June 12, 2020, 9F revealed that it had been in an ongoing dispute with PCC involving RMB 2.2 billion in unpaid service fees, as well as RMB1.4 billion in service fees that had been recorded as accounts receivable were now fully impaired. Specifically, in a Form 6-K filed with the SEC, the Company stated, in relevant part:

9F Inc. (“9F” or the “Company”) is filing this current report on Form 6-K to disclose legal actions that its PRC affiliates and PICC Property and Casualty Company Limited Guangdong Branch (the “PICC”) are pursuing against each other relating to a contractual dispute. Jiufu Shuke Technology Group Co., Ltd., a variable interest entity of 9F (the “Jiufu Shuke”) recently commenced a legal proceeding against PICC by submitting a complaint with a local court in Beijing (the “Beijing Local Court”) due to PICC’s non-performance of a cooperation agreement, as amended (the “Cooperation Agreement”) to pay the outstanding service fees under 9F’s direct lending program (the “9F Initiated Legal Action”). In 2019, under 9F’s direct lending program, PICC is obligated to pay service fees as agreed in the Cooperation Agreement to Jiufu Shuke for its services. ***PICC paid a portion of service fees, but has failed to fulfil its remaining payment obligations for the rest of the service fees amounting to approximately RMB2.2 billion for a period covered under the Cooperation Agreement (the “Outstanding Service Fees”). With respect to RMB1.4 billion of the Outstanding Service Fees that has been recorded as accounts receivable, the Company has recognized full valuation allowance.*** The Company has not recognized the remaining Outstanding Service Fees in the amount of approximately RMB0.8 billion, as revenue recognition criteria was not met. The dispute with PICC has materially and adversely affected the Company’s results of operations and financial condition in 2019. With respect to the 9F Initiated Legal Action, Jiufu Shuke is seeking damages of approximately RMB2.3 billion from PICC to cover the Outstanding Service Fees and related late payment losses.

After Jiufu Shuke commenced the 9F Initiated Legal Action at the Beijing Local Court, PICC filed a civil lawsuit (the “PICC Initiated Legal Action”) against Jiufu Shuke and Beijing Jiufu Lianyin Technology Co., Ltd., a wholly owned subsidiary of 9F (the “Jiufu Lianyin”), at a local court in Guangzhou (the “Guangzhou Local Court”) claiming that the second amendment under the Cooperation Agreement is invalid. PICC requests that Jiufu Shuke return a portion of the paid service fees under the Cooperation Agreement and the accrued

interest, and claims that PICC is not obligated to pay the Outstanding Service Fees.

55. On June 15, 2020, 9F stated that it could not timely file its annual report due to the dispute with PICC, revealing that the issues impacted results of operations in 2018. The Company stated, in relevant part:

The Company anticipates that there will be significant changes in results of operations between 2018 and 2019 as a result of the dispute and legal proceedings with PICC Property and Casualty Company Limited Guangdong Branch (the “PICC”). In 2019, under the direct lending program of the Company, PICC is obligated to pay service fees as agreed in the cooperation agreement, as amended (the “Cooperation Agreement”) to Jiufu Shuke Technology Group Co., Ltd., a variable interest entity of the Company (the “Jiufu Shuke”) for its services. PICC paid a portion of service fees, but has failed to fulfil its remaining payment obligations for the rest of the service fees amounting to approximately RMB2.2 billion for a period covered under the Cooperation Agreement (the “Outstanding Service Fees”). With respect to RMB1.4 billion of the Outstanding Service Fees that has been recorded as accounts receivable, the Company has recognized full valuation allowance. The Company has not recognized the remaining Outstanding Service Fees in the amount of approximately RMB0.8 billion, as revenue recognition criteria was not met. The dispute with PICC has materially and adversely affected the Company’s results of operations and financial condition in 2019.

56. On June 17, 2020, 9F announced its fourth quarter and full year 2019 financial results in a press release that stated, in relevant part:

Since November 2019, under our online lending information intermediary services, new loans with terms of no more than 12 months are no longer covered by the insurance protection plan of PICC Property and Casualty Company Limited Guangdong Branch, or the PICC. We have also suspended our cooperation with PICC on new loans under our direct lending program since December 2019. We and PICC are pursuing legal actions against each other as PICC is obligated to pay service fees as agreed in the cooperation agreement to us under our direct lending program, and we are seeking damages of approximately RMB2.3 billion from PICC to cover the outstanding service fees amounting to RMB2.2 billion and related late payment losses. With respect to RMB1.4 billion of the outstanding service fees that has been recorded as accounts receivable, we have recognized full valuation allowance. We have not recognized the remaining outstanding service fees in the amount of approximately RMB0.8 billion, as revenue recognition criteria was not met.”

#### **Fourth Quarter 2019 Financial Results**

**Total net revenues** decreased by 54.4% from RMB1,027.8 million in the fourth quarter of 2018 to RMB469.0 million (US\$67.4 million) in the same period of 2019, primarily due to the decrease in loan facilitation services revenue.

\* \* \*

**Provision (reversal) for doubtful contract assets and receivables** increased from reversed RMB2.6 million in the fourth quarter of 2018 to provision RMB2,148.6 million (US\$308.6 million) for the same period of 2019, primarily because we recognized a full valuation allowance for accounts receivable from PICC amounting to RMB1,432.3 million (US\$205.7 million).

57. By the commencement of this action, 9F stock was trading as low as \$0.90 per share, a nearly 91% decline from the \$9.50 per share IPO price.

### **FIRST CLAIM**

#### **Violation of Section 11 of the Securities Act**

##### **(Against All Defendants)**

58. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein, except any allegation of fraud, recklessness or intentional misconduct.

59. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k, on behalf of the Class, against the Defendants.

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

61. 9F is the registrant for the IPO. The Defendants named herein were responsible for the contents and dissemination of the Registration Statement.

62. As issuer of the shares, 9F is strictly liable to Plaintiff and the Class for the misstatements and omissions.

63. 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 was true and without omissions of any material facts and were not misleading.

64. By reasons of the conduct herein alleged, each Defendant violated, and/or controlled a person who violated Section 11 of the Securities Act.

65. Plaintiff acquired 9F shares pursuant and/or traceable to the Registration Statement for the IPO.

66. Plaintiff and the Class have sustained damages. The value of 9F shares has declined substantially subsequent to and due to the Defendants' violations.

## **SECOND CLAIM**

### **Violation of Section 15 of the Securities Act**

#### **(Against the Individual Defendants)**

67. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein, except any allegation of fraud, recklessness or intentional misconduct.

68. This count is asserted against the Individual Defendants and is based upon Section 15 of the Securities Act.

69. The Individual Defendants, by virtue of their offices, directorship, and specific acts were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of 9F within the meaning of Section 15 of the Securities Act. The Individual Defendants had the power and influence and exercised the same to cause 9F to engage in the acts described herein.

70. The Individual Defendants' positions made them privy to and provided them with actual knowledge of the material facts concealed from Plaintiff and the Class.

71. By virtue of the conduct alleged herein, the Individual Defendants are liable for the aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.

**PRAYER FOR RELIEF**

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

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (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; and
- (d) Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: \_\_\_\_\_, 2020

By: \_\_\_\_\_  
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