

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

_____, Individually and On Behalf
of All Others Similarly Situated,

Plaintiff,

v.

UXIN LIMITED, KUN DAI, ZHEN
ZENG, RONG LU, JULIAN CHENG,
DOU SHEN, HAINAN TAN, MORGAN
STANLEY & CO. INTERNATIONAL
PLC, GOLDMAN SACHS (ASIA) L.L.C.,
J.P. MORGAN SECURITIES LLC, CHINA
INTERNATIONAL CAPITAL
CORPORATION HONG KONG
SECURITIES LIMITED, and CHINA
RENAISSANCE SECURITIES (HONG
KONG) 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”), 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 Uxin Limited (“Uxin” or the “Company”) with the United States Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Uxin; and (c) review of other publicly available information concerning Uxin.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired the American depositary shares (“ADSs” or “shares”) of Uxin pursuant and/or traceable to the Company’s false and/or misleading registration statement and prospectus (collectively, the “Registration Statement”) issued in connection with the Company’s June 27, 2018 initial public offering (“IPO” or the “Offering”), seeking to pursue remedies under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 (the “Securities Act”).

2. Uxin purports to be a used car e-commerce platform in China. The Company has two segments: Uxin Auction (or 2B business) sells used cars to dealers, and Uxin Used Car (or 2C business) sells used cars to consumers.

3. On June 28, 2018, the Company filed with the SEC its IPO prospectus, which forms part of the Registration Statement. In the IPO, the Company sold 25,000,000 ADSs at a price of \$9.00 per share. Each ADS represents three shares of Class A common stock. The Company received proceeds of approximately \$205.1 million from the IPO, net of underwriting discounts and

commissions. The proceeds from the IPO were purportedly to be used to improve the Company's transaction service capabilities, research and development, and general corporate purposes.

4. On November 20, 2018, Uxin reported that the transaction volume of its 2B business had declined 8.5% year-over-year and the gross merchandise value (GMV) had declined 14.8% year-over-year due to the Company's decision to stop providing services such as inspections for its customers.

5. On November 20, 2018, Uxin's share price closed at \$4.50 per share, which was a decline of \$4.50, or approximately 50%, from the IPO price of \$9.00 per share.

6. The Registration Statement was materially false and misleading and omitted to state: (1) that the Company was likely to stop providing complementary services such as inspections to its customers; (2) that, instead, the Company would connect consumers to dealers who would provide such complementary services; (3) that, as a result, the Company's 2B business would be materially impacted; and (4) that, as a result of the foregoing, Defendants' statements in the Registration Statement regarding Uxin's business, operations, and prospects, were materially false and/or misleading.

JURISDICTION AND VENUE

7. The claims asserted herein arise under and pursuant to Sections 11, 12 and 15 of the Securities Act (15 U.S.C. §§ 77k and 77o). This Court has jurisdiction over the subject matter of this action pursuant to Section 22 of the Securities Act, 15 U.S.C. § 77v, which explicitly states that "[e]xcept as provided in section 16(c), no case arising under this title and brought in any State court of competent jurisdiction shall be removed to any court in the United States." Section 16(c) of the Securities Act refers to "covered class actions," which are defined as lawsuits brought as class actions or brought on behalf of more than fifty persons asserting claims under state or common law.

This is an action asserting federal law claims. Thus, it does not fall within the definition of a “covered class action” under §16(c) and therefore is not removable to federal court under the Securities Litigation Uniform Standards Act of 1998.

8. Each Defendant has sufficient contacts with New York, or otherwise purposefully avails themselves of benefits of New York or has property in New York so as to render the exercise of jurisdiction over each by the New York courts consistent with traditional notions of fair play and substantial justice.

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

10. Venue is proper in this Court pursuant to Section 22 of the Securities Act, 15 U.S.C. § 77v. Many of the violations of law complained of herein occurred in this State and in large part in this County, including the dissemination of the materially false and misleading statements complained of herein into this State and into this County. In addition, many Defendants are residents of, do business in, or maintain offices in, this County.

PARTIES

11. Plaintiff _____ purchased Uxin securities pursuant and/or traceable to the Registration Statement issued in connection with the Company’s IPO and has been damaged thereby.

12. Defendant Uxin Limited is incorporated under the laws of the Cayman Islands with its principal executive offices located in Beijing, China.

13. Defendant Kun Dai (“Dai”) was, at all relevant times, the Chief Executive Officer and Chairman of the Board of Directors, and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

14. Defendant Zhen Zeng (“Zeng”) was, at all relevant times, the Chief Financial Officer and a Director of the Company, and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

15. Defendant Rong Lu (“Lu”) was a Director of the Company and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

16. Defendant Julian Cheng (“Cheng”) was a Director of the Company and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

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

18. Defendant Hainan Tan (“Tan”) was a Director of the Company and signed or authorized the signing of the Company’s Registration Statement filed with the SEC.

19. Defendants Dai, Zeng, Lu, Cheng, Shen, and Tan are collectively referred to hereinafter as the “Individual Defendants.”

20. Defendant Morgan Stanley & Co. International plc (“Morgan Stanley”) served as an underwriter for the Company’s IPO. In the Offering, Morgan Stanley agreed to purchase 8,125,000 shares of the Company’s ADSs, exclusive of the over-allotment option.

21. Defendant Goldman Sachs (Asia) L.L.C. (“Goldman Sachs”) served as an underwriter for the Company’s IPO. In the Offering, Goldman Sachs agreed to purchase 8,125,000 shares of the Company’s ADSs, exclusive of the over-allotment option.

22. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) served as an underwriter for the Company’s IPO. In the Offering, J.P. Morgan agreed to purchase 5,000,000 shares of the Company’s ADSs, exclusive of the over-allotment option.

23. Defendant China International Capital Corporation Hong Kong Securities Limited (“China International”) served as an underwriter for the Company’s IPO. In the Offering, China

International agreed to purchase 1,875,000 shares of the Company's ADSs, exclusive of the over-allotment option.

24. Defendant China Renaissance Securities (Hong Kong) Limited ("China Renaissance") served as an underwriter for the Company's IPO. In the Offering, China Renaissance agreed to purchase 1,875,000 shares of the Company's ADSs, exclusive of the over-allotment option.

25. Defendants Morgan Stanley, Goldman Sachs, J.P. Morgan, China International, and China Renaissance are collectively referred to hereinafter as the "Underwriter Defendants."

CLASS ACTION ALLEGATIONS

26. Plaintiff brings this action as a class action pursuant to Article 9 of the New York Civil Practice Law and Rules on behalf of a Class, consisting of all persons and entities that purchased or otherwise acquired the ADSs of Uxin pursuant and/or traceable to the Company's false and/or misleading Registration Statement issued in connection with the Company's IPO, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company or its related entities, 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.

27. The members of the Class are so numerous that joinder of all members is impracticable. During the relevant period, Uxin's securities were actively traded on the NASDAQ Stock Market ("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 hundreds or thousands of members in the proposed Class. The Company sold 25,000,000 ADSs in the IPO. Moreover, record owners and other members of the Class may be identified from records

maintained by Uxin 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.

28. 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.

29. 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.

30. 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 Securities Act was violated by Defendants' acts as alleged herein;
- (b) whether statements made by Defendants to the investing public in connection with the Company's IPO omitted and/or misrepresented material facts about the business, operations, and prospects of Uxin; and
- (c) to what extent the members of the Class have sustained damages and the proper measure of damages.

31. 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.

SUBSTANTIVE ALLEGATIONS

Background

32. Uxin purports to be a used car e-commerce platform in China. The Company has two

segments: Uxin Auction (or 2B business) sells used cars to dealers, and Uxin Used Car (or 2C business) sells used cars to consumers.

**The Company's False and/or Misleading
Registration Statement and Prospectus**

33. On May 29, 2018, Uxin registered its Class A common stock on Form F-1 with the SEC, which forms part of the Registration Statement.

34. On June 13, 2018, Uxin registered its ADSs on Form F-6 with the SEC, which forms part of the Registration Statement.

35. On June 22, 2018, Uxin filed its final amendment to the Registration Statement with the SEC on Form F-1/A. The Registration Statement was declared effective on June 26, 2018.

36. On June 28, 2018, the Company filed with the SEC its IPO prospectus, which forms part of the Registration Statement. In the IPO, the Company sold 25,000,000 ADSs at a price of \$9.00 per share. Each ADS represents three shares of Class A common stock. The Company received proceeds of approximately \$205.1 million from the IPO, net of underwriting discounts and commissions. The proceeds from the IPO were purportedly to be used to improve the Company's transaction service capabilities, research and development, and general corporate purposes.

37. 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.

38. 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.

39. With respect to the Company's transaction volume, the Registration Statement stated, in relevant part:

Our ability to continue to increase our transaction volume and GMV affects the growth of our business and our revenues. The total number of used cars sold through our platform increased from 377,777 in 2016 to 634,317 in 2017, representing a 67.9% increase, and from 102,098 in the first three months of 2017 to 165,003 in the first three months of 2018, representing a 61.6% increase. The total GMV of our platform grew from RMB26.0 billion in 2016 to RMB43.4 billion (US\$6.9 billion) in 2017, representing a 67.0% increase, and from RMB7.9 billion in the first three months of 2017 to RMB11.6 billion (US\$1.9 billion) in the first three months of 2018, representing a 46.8% increase. We anticipate that our future revenue growth will continue to depend largely on the increase of transaction volume on our platform. Our ability to increase transaction volume depends on, among other things, our ability to continually improve the service and user experience that we offer, increase brand awareness, expand our service network and enhance our transaction enablement and technology capabilities.

40. The Registration Statement also stated that services such as inspections were important to enabling transactions. Specifically, the Registration Statement stated:

Our offline infrastructure allows us to provide services that are important to enabling transactions, such as the inspection, title transfer and delivery of vehicles, in-person consultation and other after-sale services. In particular, our inspection capabilities allow us to collect proprietary data, images and videos of vehicles and generate accurate car condition reports that allow for standardized comparisons, which are crucial to our users' online purchase decision-making processes.

41. The Registration Statement further stated that inspection and warranty services “are key to earn customer trust” and that “[i]f we fail to maintain a high level of customer satisfaction or fail to properly manage our warranty and car inspection programs or other services, our business, financial condition and results of the operation would be adversely affected.”

42. Moreover, the Registration Statement highlighted the benefits of its proprietary technology:

Our patented industry-leading car inspection system, *Check Auto* . . . , provides a comprehensive overview of a used car's condition, while our AI- and big data-driven *Manhattan* pricing engine evaluates a car's condition and provides buyers and sellers with pricing insights. Our *Manhattan* pricing engine also enables us to bottom

forecast the residual value of vehicles. By leveraging both the *Manhattan* pricing engine and our proprietary *Sunny* risk control system, which makes credit assessments on prospective borrowers, we are able to effectively monitor car collateral and manage our risk exposure. Currently, our AI-enabled credit assessment system could automatically process approximately 80% of auto loan applications. In addition, based on the plethora of data we have on our users' browsing history, behavior and preferences, our *Lingxi* . . . smart selection system provides highly personalized recommendations to consumers, making it more likely for them to find the car of their choice.

43. The Registration Statement was materially false and misleading and omitted to state: (1) that the Company was likely to stop providing complementary services such as inspections to its customers; (2) that, instead, the Company would connect consumers to dealers who would provide such complementary services; (3) that, as a result, the Company's 2B business would be materially impacted; and (4) that, as a result of the foregoing, Defendants' statements in the Registration Statement regarding Uxin's business, operations, and prospects, were materially false and/or misleading.

The Subsequent Disclosure

44. On August 22, 2018, in connection with its second quarter 2018 financial results, Uxin announced a strategic change to its 2B business. The Company stated, in relevant part:

[W]e historically provided inspection and other complementary services that enabled consumers to sell used cars through our 2B business. Starting in the second half of 2018, we will take an alternative approach that connects these consumers with quality dealers on our platform without us providing inspection and other services directly. Due to this change to our service approach, we will no longer record the corresponding GMV, which has historically made an immaterial contribution to our overall business. Our B2B auction business remains unchanged.

45. On November 19, 2018 after the market closed, in a press release announcing third quarter 2018 financial results, Uxin reported that the transaction volume for the 2B business had decreased to 91,844 units, or a year-over-year decline of 8.5%, and GMV had decreased to RMB4,279 million, or a year-over-year decline of 14.8%. In the press release, the Company

attributed these results to its “recent change of approach in serving customers with car-selling needs as disclosed in the prior quarter.” Excluding the impact of this change, “the B2B business experienced 13.3% year-on-year growth in terms of GMV.”

46. On November 20, 2018, Uxin’s share price closed at \$4.50 per share, which was a decline of \$4.50, or approximately 50%, from the IPO price of \$9.00 per share.

FIRST CLAIM
Violation of Section 11 of the Securities Act
(Against All Defendants)

47. Plaintiff repeats and re-alleges each and every allegation contained above.

48. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against all Defendants (the “Section 11 Defendants”).

49. 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.

50. Uxin is the registrant for the IPO. The Section 11 Defendants named herein were responsible for the contents and dissemination of the Registration Statement.

51. As issuer of the shares, Uxin is strictly liable to Plaintiff and the Class for the misstatements and omissions.

52. None of the Section 11 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.

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

54. Plaintiff acquired Uxin shares pursuant and/or traceable to the Registration Statement for the IPO.

55. Plaintiff and the Class have sustained damages. The value of Uxin ADSs has declined substantially subsequent to and due to Section 11 Defendants violations.

SECOND CLAIM
Violation of Section 12(a)(2) of The Securities Act
(Against All Defendants)

56. Plaintiff repeats and re-alleges each and every allegation contained above, except any allegation of fraud, recklessness or intentional misconduct.

57. This Count is brought pursuant to Section 12(a)(2) of the Securities Act, on behalf of the Class, against all Defendants (the “Section 12 Defendants”).

58. The Section 12 Defendants were sellers, offerors, and/or solicitors of purchasers of ADSs offered by Uxin pursuant to the IPO. The Section 12 Defendants issued, caused to be issued, and/or signed the IPO Registration Statement in connection with the Offering. The IPO Registration Statement was used to induce investors, such as Plaintiff and other members of the Class, to purchase Uxin securities.

59. The IPO Registration Statement 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.

60. The Section 12 Defendants’ actions of solicitation included participating in the preparation of the false and/or misleading IPO Registration Statement.

61. None of the Section 12 Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the IPO Registration Statement were true and without omissions of any material facts and were not misleading.

62. Plaintiff and other Class members did not know, nor could they have known, of the untruths and/or omissions contained in the IPO Registration Statement and Secondary Registration Statement.

63. By virtue of the conduct alleged herein, the Section 12 Defendants are liable for the aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.

THIRD CLAIM
Violation of Section 15 of The Securities Act
(Against the Individual Defendants)

64. Plaintiff repeats and re-alleges each and every allegation contained above.

65. This count is asserted against the Individual Defendants (the “Section 15 Defendants”) and is based upon Section 15 of the Securities Act.

66. The Section 15 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 Uxin within the meaning of Section 15 of the Securities Act. The Section 15 Defendants had the power and influence and exercised the same to cause Uxin to engage in the acts described herein.

67. The Section 15 Defendants’ positions made them privy to and provided them with actual knowledge of the material facts concealed from Plaintiff and the Class.

68. By virtue of the conduct alleged herein, the Section 15 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 Article 9 of the New York Civil Practice Law and Rules;

(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) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: _____, 2018

GLANCY PRONGAY & MURRAY LLP

By: s/ _____ Draft _____

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