

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

PLAINTIFF, Individually and on  
behalf of all others similarly situated,

Plaintiff,

v.

DADA NEXUS LIMITED, JEFF  
HUIJIAN HE, and BECK ZHAOMING  
CHEN,

Defendants.

No.

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

CLASS ACTION

JURY TRIAL DEMANDED

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CLASS ACTION COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL SECURITIES LAWS

Plaintiff, individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and information and belief as to all other matters, based upon, among other things, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants' public documents, public filings, wire and press releases published by and regarding Dada Nexus Limited ("Dada" or the "Company"), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

### **NATURE OF THE ACTION**

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired Dada securities between May 11, 2023 and January 8, 2024, inclusive (the "Class Period"). Plaintiff seeks to recover compensable damages caused by Defendants' violations of the federal securities laws under the Securities Exchange Act of 1934 (the "Exchange Act").

### **JURISDICTION AND VENUE**

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. §78aa).

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged

misstatements entered and the subsequent damages took place in this judicial district. Dada's securities trade on the Nasdaq Global Market ("NASDAQ"). Accordingly, there are investors of Dada's securities located within the U.S., some of whom reside in this Judicial District.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants (defined below), directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

### **PARTIES**

6. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased Dada securities during the Class Period and was economically damaged thereby.

7. Dada is a platform for local on-demand retail and delivery in China. The Company operates JD-Daojia ("JDDJ"), one of China's largest local on-demand retail platforms for retailers and brand owners, and Dada Now, a leading local on-demand delivery platform open to merchants and individual senders across various industries and product categories.

8. The Company is incorporated in the Cayman Islands and its principal place of business is located at 22/F Oriental Fisherman's Wharf, No. 1088 Yangshupu Road, Yangpu District, Shanghai, 200082, People's Republic of China ("PRC"). Dada's securities trade on NASDAQ under the ticker symbol "DADA."

9. Defendant Jeff Huijian He ("He") has served as the Company's President since August 2022.

10. Defendant Beck Zhaoming Chen ("Chen") served as the Company's Chief Financial Officer ("CFO") from 2019 to December 2023.

11. Defendants He and Chen are collectively referred to herein as the “Individual Defendants.”

12. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company’s internal controls;
- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

13. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

14. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to Dada under *respondeat superior* and agency principles.

15. Defendant Dada and the Individual Defendants are collectively referred to herein as “Defendants.”

### **SUBSTANTIVE ALLEGATIONS**

#### **Materially False and Misleading Statements Issued During the Class Period**

16. On May 11, 2023, before market hours, the Company filed with the Securities and Exchange Commission (“SEC”) its unaudited first quarter 2023 financial results on Form 6-K for the quarter ended March 31, 2023 (the “1Q23 Report”). The 1Q23 Report was signed by Defendant Chen attesting to the accuracy of the Company’s revenues from its online advertising and marketing services, as well as operations and support costs. The 1Q23 Report stated the following, in relevant part:

***Operations and support costs were RMB1,437.2 million, compared with RMB1,270.3 million in the same quarter of 2022.*** The increase was primarily due to an increase in rider cost as a result of increasing order volume for intra-city delivery services provided to various chain merchants.

(Emphasis added).

17. The 1Q23 Report calculated the net revenues, noting the online advertising and marketing services of RMB1,139,266, as shown below:

First Quarter 2023 Financial Results

Total net revenues were RMB2,575.5 million, an increase of 27.2% year over year from RMB2,025.3 million in the same period of 2022.

	For the three months ended March 31,	
	2022	2023
	(RMB in thousands)	
<b>Net Revenue</b>		
<b>Dada Now</b>		
Services	606,204	733,775
Sales of goods	16,847	15,070
<b>Subtotal</b>	<b>623,051</b>	<b>748,845</b>
<b>JDDJ</b>		
Services note (1)	1,402,270	1,826,655
<b>Subtotal</b>	<b>1,402,270</b>	<b>1,826,655</b>
<b>Total</b>	<b>2,025,321</b>	<b>2,575,500</b>

Note:

(1) Includes net revenues from (i) commission fee, and online advertising and marketing services of RMB830,560 and RMB1,139,266 for the three months ended March 31, 2022 and 2023, respectively; and (ii) fulfillment services and others of RMB571,710 and RMB687,389 for the three months ended March 31, 2022 and 2023, respectively.

- Net revenues generated from Dada Now increased by 20.2% from RMB623.1 million in the first quarter of 2022 to RMB748.8 million in the first quarter of 2023, mainly driven by the increases in order volume of intra-city delivery service to chain merchants.
- Net revenues generated from JDDJ increased by 30.3% from RMB1,402.3 million in the first quarter of 2022 to RMB1,826.7 million in the first quarter of 2023, mainly due to the increase in GMV. The increase in online marketing services revenue as a result of the increasing promotional activities launched by brand owners and retailers also contributed to the increment of the net revenues generated from JDDJ.

18. On August 16, 2023, before market hours, the Company filed with the SEC its unaudited second quarter 2023 financial results on Form 6-K for the quarter ended June 30, 2023 (the “2Q23 Report”). The 2Q23 Report was signed by Defendant Chen attesting to the accuracy of the Company’s revenues from its

online advertising and marketing services, as well as operations and support costs.

The 2Q23 Report stated the following, in relevant part:

**Operations and support costs were RMB1,716.8 million, compared with RMB1,431.3 million in the same quarter of 2022.** The increase was primarily due to (i) an increase in rider cost as a result of increasing order volume for intra-city delivery services provided to various chain merchants, and (ii) an increase in costs for promotional activities.

(Emphasis added).

19. The 2Q23 Report calculated the net revenues, noting the online advertising and marketing services of RMB1,185,197, as shown below:

Second Quarter 2023 Financial Results

Total net revenues were RMB2,810.6 million, an increase of 23.2% year-over-year from RMB2,281.1 million in the same period of 2022.

	For the three months ended June 30,	
	2023	2022
	(RMB in thousands)	
<b>Net Revenue</b>		
<b>Dada New</b>		
Services	793,874	965,772
Sales of goods	21,720	11,861
<b>Subtotal</b>	<b>815,594</b>	<b>977,633</b>
<b>JDDJ</b>		
Services <sup>(1)</sup>	1,459,012	1,323,165
Sales of goods	1,815	—
<b>Subtotal</b>	<b>1,460,827</b>	<b>1,323,165</b>
<b>Total</b>	<b>2,276,421</b>	<b>2,300,798</b>

Note:  
 (1) Includes net revenues from (i) commission fee, and online advertising and marketing services of RMB497,223 and RMB1,154,197 for the three months ended June 30, 2022 and 2023, respectively; and (ii) fulfillment services and others of RMB463,389 and RMB544,988 for the three months ended June 30, 2022 and 2023, respectively.

- Net revenues generated from Dada New increased by 20.2% from RMB815.6 million in the second quarter of 2022 to RMB960.4 million in the second quarter of 2023, mainly driven by the increases in order volume of intra-city delivery services to chain merchants.
- Net revenues generated from JDDJ increased by 21.9% from RMB1,465.5 million in the second quarter of 2022 to RMB1,810.2 million in the second quarter of 2023, mainly due to the increase in GMV. The increase in online marketing services revenue as a result of the increasing promotional activities launched by brand owners and retailers also contributed to the incremental of the net revenues generated from JDDJ.

20. On November 15, 2023, before market hours, the Company filed with the SEC its unaudited third quarter 2023 financial results on Form 6-K for the quarter ended September 30, 2023 (the “3Q23 Report”). The 3Q23 Report was signed by Defendant Chen attesting to the accuracy of the Company’s revenues from its online advertising and marketing services, as well as operations and support costs. The 3Q23 Report stated the following, in relevant part:

**Operations and support costs were RMB1,956.0 million, compared with RMB1,466.8 million in the same quarter of 2022.** The increase was primarily due to (i) an increase in rider cost as a result of increasing order volume of intra-city delivery services provided to

various chain merchants, and (ii) an increase in costs for promotional activities.

(Emphasis added).

21. The 3Q23 Report calculated the net revenues, noting the online advertising and marketing services of RMB1,122,586, as shown below:

Third Quarter 2023 Financial Results

Total net revenues were RMB2,866.6 million, an increase of 20.4% year over year from RMB2,380.1 million in the same period of 2022.

	For the three months ended September 30,	
	2022	2023
	(RMB in thousands)	
<b>Net Revenue</b>		
<b>Dada Now</b>		
Services	819,764	1,072,165
Sales of goods	16,125	9,394
<b>Subtotal</b>	<b>835,889</b>	<b>1,081,559</b>
<b>JDDJ</b>		
Services note (1)	1,544,257	1,784,188
Sales of goods	—	807
<b>Subtotal</b>	<b>1,544,257</b>	<b>1,784,995</b>
<b>Total</b>	<b>2,380,146</b>	<b>2,866,554</b>

Note:

(1) Includes net revenues from (i) commission fee, and online advertising and marketing services of RMB1,012,998 and RMB1,122,586 for the three months ended September 30, 2022 and 2023, respectively; and (ii) fulfillment services and others of RMB531,259 and RMB661,602 for the three months ended September 30, 2022 and 2023, respectively.

- Net revenues generated from Dada Now increased by 29.4% from RMB835.9 million in the third quarter of 2022 to RMB1,081.6 million in the third quarter of 2023, mainly driven by the increase in order volume of intra-city delivery service to chain merchants.
- Net revenues generated from JDDJ increased by 15.6% from RMB1,544.3 million in the third quarter of 2022 to RMB1,785.0 million in the third quarter of 2023, mainly due to the increase in GMV. The increase in online advertising and marketing services revenue as a result of the increasing promotional activities launched by brand owners and retailers also contributed to the increment of the net revenues generated from JDDJ.

22. The statements contained in ¶¶ 16-21 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Dada revenues from online advertising, marketing services, and operations and support costs were materially overstated; (2) as a result, Dada would need to conduct an independent review to ascertain the financial impact and the scope of suspicious practices that led to overstated revenues and costs; and (3) as a result, Defendants' statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times.

## **THE TRUTH BEGINS TO EMERGE**

23. On December 19, 2023, the Company issued a press release announcing Mr. Lijun Xin would be stepping down immediately as Chairman of the Board due to personal reasons. In addition, Defendant Chen would be resigning as CFO immediately due to personal reasons. Upon information and belief, Xin's and Chen's departure was the result of the restatement below.

24. On January 8, 2024, before market hours, Dada issued a press release on Form 6-K, which stated the following, in relevant part:

Dada Nexus Limited (NASDAQ: DADA, "Dada" or the "Company"), China's leading local on-demand delivery and retail platform, today announced that, in the course of its routine internal audit, *certain suspicious practices were identified that may cast doubt on certain revenues from the Company's online advertising and marketing services in 2023.*

Based on its preliminary assessment, and subject to the findings from the Independent Review as explained below, *the Company currently estimates that approximately RMB500 million of revenues from online advertising and marketing services and RMB500 million of operations and support costs may have been overstated, respectively, for the first three quarters of 2023. In addition, the revenue guidance previously provided by the Company for the fourth quarter and full year of 2023 should no longer be relied upon until further notice.*

The audit committee of the Company's board of directors (the "Audit Committee"), after reviewing the currently available information, has determined that it would be in the best interest of the Company and the shareholders to conduct an independent review to ascertain the financial impact and the scope of suspicious practices, if any, and the root cause (the "Independent Review"). The Audit Committee is in the process of engaging, and will be assisted by, independent professional advisors, including a forensic accounting firm that is not the Company's auditor and an international law firm. The Company will provide timely updates on the Independent Review in due course consistent with the requirements of applicable rules and regulations.

(Emphasis added).

25. On this news, the price of Dada's American Depositary Receipts fell \$1.45 per share, or 45.87%, to close at \$17.12 per share, on January 8, 2024, further damaging investors.

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

### **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

27. 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 other than defendants who acquired the Company's securities publicly traded on NASDAQ during the Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

28. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, the Company's securities were actively traded on NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

29. 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.

30. 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. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

31. 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:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial condition of the Company;
- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused the Company to issue false and misleading filings during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of the Company securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

32. 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.

33. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- the Company's securities met the requirements for listing, and were listed and actively traded on NASDAQ, an efficient market;
- as a public issuer, the Company filed periodic public reports;
- the Company regularly communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- the Company's securities were liquid and traded with moderate to heavy volume during the Class Period; and
- the Company was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

34. Based on the foregoing, the market for the Company's securities promptly digested current information regarding the Company from all publicly available sources and reflected such information in the prices of the shares, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

35. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants

omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

**COUNT I**

**For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder  
Against All Defendants**

36. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

37. This Count is asserted against Defendants is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

38. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

39. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of the Company's securities during the Class Period.

40. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company

were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

41. Individual Defendants, who are the senior officers of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or any other of the Company's personnel to members of the investing public, including Plaintiff and the Class.

42. As a result of the foregoing, the market price of the Company's securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of the Company's securities during the Class Period in purchasing the Company's securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

43. Had Plaintiff and the other members of the Class been aware that the market price of the Company's securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information

which Defendants did not disclose, they would not have purchased the Company's securities at the artificially inflated prices that they did, or at all.

44. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

45. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchase of the Company's securities during the Class Period.

## **COUNT II**

### **Violations of Section 20(a) of the Exchange Act**

#### **Against the Individual Defendants**

46. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

47. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information about the Company's false financial statements.

48. As officers of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the Company's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

49. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the

marketplace during the Class Period concerning the Company's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of the Company's securities.

50. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

- (a) declaring this action to be a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating Plaintiff's counsel as Lead Counsel;
- (b) awarding damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, together with interest thereon;
- (c) awarding Plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) awarding Plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.