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8 *Counsel for Plaintiff*

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 ED J. HERSHEWE, Individually and  
12 on behalf of all others similarly  
13 situated,

14 Plaintiff,

15 v.

16 JOYY INC. f/k/a YY, INC., DAVID  
17 XUELING LI, BING JIN, and ERIC  
18 HE,  
19

20 Defendants.  
21

No.

22 **CLASS ACTION COMPLAINT**  
23 **FOR VIOLATIONS OF THE**  
24 **FEDERAL SECURITIES LAWS**

25 CLASS ACTION

26 JURY TRIAL DEMANDED  
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1 Plaintiff Ed J. Hershewe (“Plaintiff”), individually and on behalf of all other  
2 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s  
3 complaint against Defendants (defined below), alleges the following based upon  
4 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and  
5 belief as to all other matters, based upon, *inter alia*, the investigation conducted by  
6 and through his attorneys, which included, among other things, a review of the  
7 Defendants’ public documents, conference calls and announcements made by  
8 Defendants, public filings, wire and press releases published by and regarding  
9 JOYY Inc. f/k/a YY, Inc. (“JOYY” or the “Company”), and information readily  
10 obtainable on the Internet. Plaintiff believes that substantial evidentiary support  
11 will exist for the allegations set forth herein after a reasonable opportunity for  
12 discovery.

13 **NATURE OF THE ACTION**

14 1. This is a class action on behalf of persons or entities who purchased  
15 or otherwise acquired publicly traded JOYY securities between April 28, 2016 and  
16 November 18, 2020, inclusive (the “Class Period”). Plaintiff seeks to recover  
17 compensable damages caused by Defendants’ violations of the federal securities  
18 laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

19 **JURISDICTION AND VENUE**

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

23 3. This Court has jurisdiction over the subject matter of this action  
24 pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C.  
25 §78aa).

26 4. This Court has jurisdiction over each defendant named herein because  
27 each defendant has sufficient minimum contacts with this judicial district so as to  
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1 render the exercise of jurisdiction by this Court permissible under traditional  
2 notions of fair play and substantial justice.

3 5. Venue is proper in this judicial district pursuant to 28 U.S.C. §  
4 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged  
5 misstatements entered, the subsequent damages took place in this judicial district.

6 6. In connection with the acts, conduct and other wrongs alleged in this  
7 complaint, defendants, directly or indirectly, used the means and instrumentalities  
8 of interstate commerce, including but not limited to, the United States mails,  
9 interstate telephone communications and the facilities of the national securities  
10 exchange.

11 **PARTIES**

12 7. Plaintiff, as set forth in the accompanying Certification, purchased the  
13 Company's securities at artificially inflated prices during the Class Period and was  
14 damaged upon the revelation of the alleged corrective disclosure.

15 8. Defendant JOYY, through its subsidiaries, purports to operate a social  
16 media platform in the People's Republic of China and internationally. The  
17 Company describes itself as operating live streaming platforms, including YY  
18 Live, an interactive and comprehensive live streaming social media platform  
19 offering music and dance shows, talk shows, outdoor activities, and sports and  
20 anime; Bigo Live, which enables users to live stream their specific moments and  
21 talk live with each other; and Huya, a game live streaming platform. It also operates  
22 short-form video platform, such as Likee, a short-form video social platform that  
23 produces, uploads, views, shares, and comments on short-form videos on a daily  
24 basis. The Company was originally known as YY, Inc., and changed its name to  
25 JOYY, Inc. on December 20, 2019.

26 9. The Company is incorporated in the Cayman Islands and its head  
27 office is located at Building B-1, North Block of Wanda Plaza No. 79 Wanbo Er  
28

1 Road, Nancun Town, Panyu District, Guangzhou 511442, China. JOYY’s  
2 American Depository Receipts (“ADRs”) trade on the NASDAQ exchange under  
3 the ticker symbol “YY.”

4 10. Defendant David Xueling Li (“Li”) co-founded the Company and has  
5 served as the Company’s Chief Executive Officer (“CEO”) and Chairman during  
6 the Class Period.

7 11. Defendant Bing Jin (“Jin”) has served as the Company’s Chief  
8 Financial Officer (“CFO”) since May 2017.

9 12. Defendant Eric He (“He”) served as the Company’s CFO from August  
10 2011 until May 2017.

11 13. Defendants Li, Jin, and He are collectively referred to herein as the  
12 “Individual Defendants.”

13 14. Each of the Individual Defendants:

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

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

7 16. The scienter of the Individual Defendants and other employees and  
8 agents of the Company is similarly imputed to the Company under *respondeat*  
9 *superior* and agency principles.

10 17. The Company and the Individual Defendants are referred to herein,  
11 collectively, as the “Defendants.”

12 **SUBSTANTIVE ALLEGATIONS**

13 **Materially False and Misleading**  
14 **Statements Issued During the Class Period**

15 18. On April 28, 2016, the Company, then called YY, Inc., filed with the  
16 SEC its Annual Report on Form 20-F for the year ended December 31, 2015 (the  
17 “2015 20-F”). The 2015 20-F was signed by Defendant Li. Attached to the 2015  
18 20-F were certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”)  
19 signed by Defendants Li and He attesting to the accuracy of financial reporting, the  
20 disclosure of any material changes to the Company’s internal control over financial  
21 reporting and the disclosure of all fraud.

22 19. The 2015 20-F stated the Company’s revenues and internet value-  
23 added service (“IVAS”) revenues as follows, in pertinent part:

24 **Net Revenues.** Our net revenues increased by 60.3% from  
25 RMB3,678.4 million in 2014 to RMB5,897.2 million  
26 (US\$910.4 million) in 2015. This increase was primarily due to the  
27 increased contribution of revenues from online music and  
28 entertainment and our online dating revenues as well as other sources  
including Huya broadcasting and membership program, partially

1 offset by a decrease in our online game revenues.

2 **IVAS revenues.** Our IVAS revenues, which consisted of revenues  
3 from online music and entertainment, online games, online dating as  
4 well as other sources, increased by 60.3% from RMB3,531.0 million  
5 in 2014 to RMB5,661.0 million (US\$873.9 million) in 2015. The  
6 overall increase primarily reflected an increase in the number of  
7 paying users and, to a lesser extent, an increase in ARPU. Our number  
8 of paying users increased from approximately 4.9 million in 2014 to  
9 7.2 million in 2015. Our ARPU for IVAS increased from RMB726.0  
10 in 2014 to RMB783.3 (US\$120.9) in 2015. The increase in paying  
11 users and ARPU were primarily due to (a) our ability to offer new and  
12 attractive products and services that allow us to monetize our platform;  
13 (b) our ability to attract and retain a large and engaged user base  
14 through hosting an increasing number of events and activities; and  
15 (c) our ability to attract third party game developers, third party  
16 licensee operators, service providers and certain popular performers  
17 and channel owners.

18 Revenues from online music and entertainment increased by 57.4%  
19 from RMB2,109.5 million for 2014 to RMB3,320.1 million  
20 (US\$512.5 million) for 2015. In addition to the increase in the number  
21 of paying users and ARPU, the increase in revenues from online music  
22 and entertainment was also due to the increasing popularity of online  
23 music and entertainment. Our paying users for online music and  
24 entertainment increased from approximately 2,964,000 for 2014 to  
25 4,761,000 for 2015. The increasing popularity of online music and  
26 entertainment is primarily due to the increased number of activities we  
27 hosted.

28 20. The 2015 20-F described the factors affecting revenues from IVAS as  
follows:

*IVAS revenues.* We generate IVAS revenues from (i) the sales of in-  
channel virtual items used on our online music and entertainment  
channels, (ii) the sales of in-game virtual items used for games  
developed by us or by third parties under revenue-sharing arrangements  
on our platform and (iii) other revenues, including in-channel virtual  
items used for online dating and live game broadcasting and

1 membership subscription fees. Users access channels and play online  
2 games free of charge, but are charged for purchases of virtual items.

3 The most significant factors that directly affect our IVAS revenues  
4 include the increase in the number of our paying users and ARPU:

- 5 • *The number of paying users.* We had approximately  
6 3.2 million, 4.9 million and 7.2 million paying users in  
7 2013, 2014 and 2015, respectively. We calculate the  
8 number of paying users during a given period as the  
9 cumulative number of registered user accounts that  
10 have purchased virtual items or other products and  
11 services on our platform at least once during the  
12 relevant period. We were able to achieve an increase  
13 in the number of paying users primarily due to a larger  
14 active user base and a higher conversion ratio of active  
15 users to paying users, and we expect that the number  
16 of our paying users will continue to grow in the future  
17 as we expand our services and products offerings and  
18 further monetize our existing platform.
- 19 • *ARPU.* Our ARPU for IVAS was approximately  
20 RMB525.2, RMB726.0 and RMB783.3 (US\$120.9) in  
21 2013, 2014 and 2015, respectively. ARPU is  
22 calculated by dividing our total revenues from IVAS  
23 during a given period by the number of paying users  
24 for that period. As we begin to generate revenues from  
25 an increasing variety of IVAS, our ARPU may  
26 fluctuate from period to period due to the mix of IVAS  
27 purchased by our paying users.

28 Other significant factors that directly or indirectly affect our IVAS  
revenues include:

- our ability to increase our popularity by offering new and attractive products and services that allow us to monetize our platform;
- our ability to attract and retain a large and engaged user base; and

- our ability to attract and retain third party game developers, third party licensee operators, service providers and certain popular performers and channel owners.

We expect that the portion of our revenues from IVAS derived from the sales of non-game virtual items and services will continue to increase as we capitalize on monetization opportunities. We create and offer to users virtual items that can be used on various channels. Users can purchase consumable virtual items from us to show support for their favorite performers or time-based virtual items that provide users with recognized status, such as priority speaking rights or special symbols on the music and entertainment channels. The percentage of our total net revenues attributable to virtual items sold on our online music and entertainment channels was 46.8%, 57.3%, and 56.3% in 2013, 2014 and 2015.

21. The 2015 20-F stated the following concerning the Company's stake in Bigo:

In October 2014, we entered into an agreement to inject our free voice-over IP service, Weihui, into Bigo Inc. or Bigo, a company set up and which was then controlled by our chief executive officer, Mr. David Xueling Li. Following two independent third-party valuation assessments and a capital injection from other investors of Bigo, including Mr. Li, we retained a 27.8% ownership stake in Bigo. We had paid daily operating expenses of RMB61.0 million and 95.3 million (US\$14.7 million) on behalf of Bigo in 2014 and 2015, respectively.

22. According to the 2015 20-F, "[a]s of December 31, 2015, [the Company's] subsidiaries, VIEs, and VIE's subsidiaries located in the PRC held cash and cash equivalents in the amount of RMB403.7 million (US\$62.3 million).."

23. On April 20, 2017, the Company filed with the SEC its Annual Report on Form 20-F for the year ended December 31, 2016 (the "2016 20-F"). The 2016



1 20-F was signed by Defendant Li. Attached to the 2016 20-F were SOX  
2 certifications signed by Defendants Li and He attesting to the accuracy of financial  
3 reporting, the disclosure of any material changes to the Company's internal control  
4 over financial reporting and the disclosure of all fraud.

5 24. The 2016 20-F stated the Company's revenues and live streaming  
6 revenues as follows:

7 **Net Revenues.** Our net revenues increased by 39.1% from  
8 RMB5,897.2 million in 2015 to RMB8,204.1 million (US\$1,181.6  
9 million) in 2016. This increase was primarily driven by the increase in  
10 live streaming revenues.

11 **Live streaming revenues.** Our live streaming revenues, which  
12 consisted of revenues from YY Live platform and Huya broadcasting  
13 platform, increased by 54.8% from RMB4,539.9 million in 2015 to  
14 RMB7,027.2 million (US\$1,012.1 million) in 2016. The overall  
15 increase was primarily caused by an increase in the number of paying  
16 users from approximately 5.8 million in 2015 to 11.0 million in 2016,  
17 but was partially offset by ARPU decreased from RMB780.5 in 2015  
18 to RMB637.8 (US\$91.9) in 2016. The increase in paying users were  
19 primarily due to (a) our ability to offer new and attractive products and  
20 services that allow us to monetize our platforms; (b) our ability to  
21 attract and retain a large and engaged user base through hosting an  
22 increasing number of events and activities; and (c) our ability to attract  
23 certain popular performers and channel owners.

24 25. The 2016 20-F described the factors affecting revenues from live  
25 streaming as follows:

26 *Live streaming revenues.* We generate live streaming revenues from the  
27 sales of in-channel virtual items used on our live streaming platforms,  
28 including YY Live platform and Huya broadcasting platform. Users  
access content on our platforms free of charge, but are charged for  
purchases of virtual items.

The most significant factors that directly affect our live streaming  
revenues include the increase in the number of our paying users and  
ARPU:

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- *The number of paying users.* We had approximately 3.4 million, 5.8 million and 11.0 million paying users in 2014, 2015 and 2016, respectively for our live streaming services. We calculate the number of paying users during a given period as the cumulative number of registered user accounts that have purchased virtual items or other products and services on our live streaming platform at least once during the relevant period. We were able to achieve an increase in the number of paying users primarily due to a larger active user base and a higher conversion ratio of active users to paying users, and we expect that the number of our paying users will continue to grow in the future as we expand our services and products offerings and further monetize our existing platform.
- *ARPU.* Our ARPU for live streaming was approximately RMB726.7, RMB780.5 and RMB637.8 (US\$91.9) in 2014, 2015 and 2016, respectively. ARPU is calculated by dividing our total revenues from live streaming during a given period by the number of paying users for our live streaming services for that period. As we begin to generate revenues from an increasing variety of live streaming services, our ARPU may fluctuate from period to period due to the mix of live streaming services purchased by our paying users.

Other significant factors that directly or indirectly affect our live streaming revenues include:

- our ability to increase our popularity by offering new and attractive contents, products and services that allow us to monetize our live streaming platform;
- our ability to attract and retain a large and engaged user base; and

- our ability to attract and retain certain popular performers, channel owners, professional game playing team and commentators.

We expect that the portion of our revenues from live streaming derived from the sales of virtual items and services will continue to increase as we capitalize on monetization opportunities. We create and offer to users virtual items that can be used on various channels. Users can purchase consumable virtual items from us to show support for their favorite performers or time-based virtual items that provide users with recognized status, such as priority speaking rights or special symbols on the music and entertainment channels.

26. The 2016 20-F stated the following concerning the Company's stake in Bigo:

In October 2014, we entered into an agreement to inject our free voice-over IP service, Weihui, into Bigo Inc. or Bigo, a company set up and which was then controlled by Mr. David Xueling Li. Following two independent third-party valuation assessments and a capital injection from other investors of Bigo, including Mr. Li, we retained a 27.8% ownership stake in Bigo. We had paid daily operating expenses of RMB61.0 million, RMB95.3 million and 53.6 million (US\$7.7 million) on behalf of Bigo in 2014, 2015 and 2016, respectively.

27. According to the 2016 20-F, "[a]s of December 31, 2016, [JOYY's] subsidiaries, VIEs, and VIE's subsidiaries located in the PRC held cash and cash equivalents in the amount of RMB1,531.1 million (US\$220.5 million)."

28. On April 26, 2018, the Company filed with the SEC its Annual Report on Form 20-F for the year ended December 31, 2017 (the "2017 20-F"). The 2017 20-F was signed by Defendant Li. Attached to the 2017 20-F were SOX certifications signed by Defendants Li and Jin attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting and the disclosure of all fraud.

29. The 2017 20-F stated the Company's revenues and live streaming

1 revenues as follows:

2 **Net Revenues.** Our net revenues increased by 41.3% from  
3 RMB8,204.1 million in 2016 to RMB11,594.8 million (US\$1,782.1  
4 million) in 2017. This increase was primarily driven by the increase in  
live streaming revenues.

5 **Live streaming revenues.** Our live streaming revenues, which  
6 consisted of revenues from YY Live platform and Huya platform,  
7 increased by 51.9% from RMB7,027.2 million in 2016 to  
8 RMB10,671.0 million (US\$1,640.1 million) in 2017. The overall  
9 increase was primarily caused by increases in the number of paying  
10 users from approximately 11.0 million in 2016 to 16.6 million in 2017  
11 and ARPU from RMB637.8 to RMB643.2 (US\$98.9) in 2017. The  
12 increase in paying users were primarily due to (a) our ability to offer  
13 new and attractive products and services that allow us to monetize our  
14 platforms; (b) our ability to attract and retain a large and engaged user  
base through hosting an increasing number of events and activities;  
and (c) our ability to attract certain popular performers and channel  
owners.

15 30. The 2017 20-F described the factors affecting revenues from live  
16 streaming as follows:

17 *Live streaming revenues.* We generate live streaming revenues from  
18 the sales of in-channel virtual items used on our live streaming  
19 platforms, including YY Live platform and Huya platform. Users  
20 access content on our platforms free of charge, but are charged for  
purchases of virtual items.

21 The most significant factors that directly affect our live streaming  
22 revenues include the increase in the number of our paying users and  
23 ARPU:

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- 25 • *The number of paying users.* We had approximately 5.8 million,  
26 11.0 million and 16.6 million paying users in 2015, 2016 and  
27 2017, respectively for our live streaming services. We calculate  
28 the number of paying users during a given period as the  
cumulative number of registered user accounts that have  
purchased virtual items or other products and services on our live

1 streaming platform at least once during the relevant period. We  
2 were able to achieve an increase in the number of paying users  
3 primarily due to a larger active user base and a higher conversion  
4 ratio of active users to paying users, and we expect that the  
5 number of our paying users will continue to grow in the future  
as we expand our services and products offerings and further  
monetize our existing platform.

- 6
- 7 • *ARPU*. Our ARPU for live streaming was approximately  
8 RMB780.5, RMB637.8 and RMB643.2 (US\$98.9) in 2015,  
9 2016 and 2017, respectively. ARPU is calculated by dividing our  
10 total revenues from live streaming during a given period by the  
11 number of paying users for our live streaming services for that  
12 period. As we begin to generate revenues from an increasing  
variety of live streaming services, our ARPU may fluctuate from  
period to period due to the mix of live streaming services  
purchased by our paying users.

13 Other significant factors that directly or indirectly affect our live  
14 streaming revenues include:

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- 16 • our ability to increase our popularity by offering new and  
17 attractive contents, products and services that allow us to  
monetize our live streaming platform;
  - 18 • our ability to attract and retain a large and engaged user base;  
19 and
  - 20 • our ability to attract and retain certain popular performers,  
21 channel owners, professional game playing team and  
22 commentators.

23 We expect that the portion of our revenues from live streaming derived  
24 from the sales of virtual items and services will continue to increase as  
25 we capitalize on monetization opportunities. We create and offer to  
26 users virtual items that can be used on various channels. Users can  
27 purchase consumable virtual items from us to show support for their  
28 favorite performers or time-based virtual items that provide users with  
recognized status, such as priority speaking rights or special symbols  
on the music and entertainment channels.

1           31. The 2017 20-F stated the following concerning the Company’s stake  
2 in Bigo:

3           In October 2014, we entered into an agreement to inject our free voice-  
4 over IP service, Weihui, into Bigo Inc. or Bigo, a company set up and  
5 which was then controlled by Mr. David Xueling Li. Following two  
6 series of capital injection from other investors of Bigo in 2015 and  
7 2017, including Mr. Li, we retained a 21.6% ownership stake in Bigo.  
8 We had paid daily operating expenses of RMB95.3 million, RMB53.6  
9 million and 28.4 million (US\$4.4 million) on behalf of Bigo in 2015,  
10 2016 and 2017, respectively.

11           32. According to the 2017 20-F, “[a]s of December 31, 2017, [the  
12 Company’s] subsidiaries, VIEs, and VIE’s subsidiaries located in the PRC held  
13 cash and cash equivalents in the amount of RMB1,622.9 million (US\$249.4  
14 million).”

15           33. On March 5, 2019, the Company announced in a press release that it  
16 had completed its acquisition of Bigo. The release stated, in pertinent part:

17           GUANGZHOU, China, March 05, 2019 (GLOBE NEWSWIRE) --  
18 YY Inc. (NASDAQ: YY) (“YY” or the “Company”), a leading live  
19 streaming social media platform in China, today announced its recent  
20 acquisition of the remaining approximately 68.3% of all the issued and  
21 outstanding shares of Bigo Inc (“Bigo”) from the other shareholders of  
22 Bigo, including Mr. David Xueling Li, Chairman and acting CEO of  
23 YY, for an aggregate purchase price of US\$1,452,778,383, comprising  
24 of US\$343,061,583 in cash, 38,326,579 Class B common shares of YY  
25 issued to Mr. Li and 313,888,496 Class A common shares of YY  
26 issued to Mr. Li and other selling shareholders of Bigo. Prior to the  
27 transaction, the Company owned approximately 31.7% of all the  
28 issued and outstanding shares of Bigo on a fully diluted and as-  
converted basis. Mr. Li's total voting power in YY remains largely the  
same before and after the transaction. The amount and form of the  
purchase price was discussed and agreed upon between YY and all the  
selling shareholders of Bigo in the recent months. YY negotiated other  
terms of the transaction with the shareholders of Bigo unrelated to YY.  
The transaction was approved by the independent audit committee of

1 YY's board of directors, which considered the arms length negotiation  
2 background as well as the fairness analysis conducted by its advisor  
3 China Renaissance Securities (Hong Kong) Limited, and was  
4 approved by YY's board of directors. The transaction was completed  
5 today after satisfaction of all the closing conditions. Lazard is acting  
6 as financial advisor to the Company.

7 Bigo is a fast-growing global tech company. Headquartered in  
8 Singapore, Bigo owns BIGO LIVE, a leading global live streaming  
9 platform excluding China, LIKE, a leading short form video social  
10 platform worldwide, and other social apps. Bigo has created a video-  
11 based online community for global young generation users. It has  
12 established footprints with a strong presence in South-Eastern Asia,  
13 Southern Asia, the Middle East and America, paving the way for  
14 further global expansion.

15 Mr. David Xueling Li, Chairman and acting Chief Executive Officer  
16 of YY, stated, "We are very excited to announce the completion of the  
17 acquisition of Bigo. It is an important milestone for YY group which  
18 demonstrated our confidence and commitment to the globalization  
19 strategy. Bigo has delivered both rapid user growth and significant  
20 monetization progress in 2018, making it one of the fastest growing  
21 internet companies worldwide. While BIGO LIVE is consolidating its  
22 leadership in entertainment live streaming market outside China, LIKE  
23 also experiences tremendous user growth and user time spent increase  
24 in short form video market. The combination of YY's and Bigo's  
25 unparalleled businesses and services in both China and overseas will  
26 enable us to create enhanced live streaming content, expand our global  
27 footprint, and offer world-class user experiences for our global user  
28 community. As a result, we will be well positioned to become a world  
leading video-based social media platform."

34. On April 26, 2019, the Company filed with the SEC its Annual Report  
on Form 20-F for the year ended December 31, 2018 (the "2018 20-F"). The 2018  
20-F was signed by Defendant Li. Attached to the 2018 20-F were SOX  
certifications signed by Defendants Li and Jin attesting to the accuracy of financial

1 reporting, the disclosure of any material changes to the Company's internal control  
2 over financial reporting and the disclosure of all fraud.

3 35. The 2018 20-F stated the Company's revenues and live streaming  
4 revenues as follows:

5 **Net revenues.** Our net revenues increased by 36.0% from  
6 RMB11,594.8 million in 2017 to RMB15,763.6 million (US\$2,292.7  
7 million) in 2018. This increase was primarily driven by the increase in  
8 live streaming revenues.

9 **Live streaming revenues.** Our live streaming revenues, which  
10 consisted of revenues from YY Live platform and Huya platform,  
11 increased by 39.4% from RMB10,671.0 million in 2017 to  
12 RMB14,877.7 million (US\$2,163.9 million) in 2018. The overall  
13 increase was primarily caused by increases in the number of paying  
14 users from 16.6 million in 2017 to 19.8 million in 2018 and ARPU  
15 from RMB643.2 in 2017 to RMB751.2 in 2018. The increase in paying  
16 users were primarily due to (a) our ability to offer new and attractive  
17 products and services that allow us to monetize our platforms; (b) our  
18 ability to attract and retain a large and engaged user base through  
19 hosting an increasing number of events and activities; and (c) our  
20 ability to attract certain popular performers and channel owners.

21 36. The 2018 20-F described the factors affecting revenues from live  
22 streaming as follows:

23 Live streaming revenues. We generate live streaming revenues from  
24 the sales of in-channel virtual items used on our live streaming  
25 platforms, including YY Live platform and Huya platform. Users  
26 access content on our platforms free of charge, but are charged for  
27 purchases of virtual items.

28 The most significant factors that directly affect our live streaming  
revenues include the increase in the number of our paying users and  
ARPU:

- The number of paying users. We had 11.0 million, 16.6 million and 19.8 million paying users in 2016, 2017 and 2018, respectively for our live streaming services. We calculate the



1 number of paying users during a given period as the cumulative  
2 number of registered user accounts that have purchased virtual  
3 items or other products and services on our live streaming  
platform at least once during the relevant period.

- 4 • We were able to achieve an increase in the number of paying  
5 users primarily due to a larger active user base and a higher  
6 conversion ratio of active users to paying users, and we expect  
7 that the number of our paying users will continue to grow in the  
8 future as we expand our services and products offerings and  
9 further monetize our existing platform.
- 10 • ARPU. Our ARPU for live streaming was RMB637.8,  
11 RMB643.2 and RMB751.2 in 2016, 2017 and 2018,  
12 respectively. ARPU is calculated by dividing our total revenues  
13 from live streaming during a given period by the number of  
14 paying users for our live streaming services for that period. As  
15 we begin to generate revenues from an increasing variety of live  
16 streaming services, our ARPU may fluctuate from period to  
17 period due to the mix of live streaming services purchased by  
18 our paying users.

19 Other significant factors that directly or indirectly affect our live  
20 streaming revenues include:

- 21 • our ability to increase our popularity by offering new and  
22 attractive contents, products and services that allow us to  
23 monetize our live streaming platform;
- 24 • our ability to attract and retain a large and engaged user  
25 base; and
- 26 • our ability to attract and retain certain popular  
27 performers, channel owners, professional game playing  
28 team and commentators.

We expect that the portion of our revenues from live streaming derived  
from the sales of virtual items and services will continue to increase as  
we capitalize on monetization opportunities. We create and offer to  
users virtual items that can be used on various channels. Users can  
purchase consumable virtual items from us to show support for their

1 favorite performers or time-based virtual items that provide users with  
2 recognized status, such as priority speaking rights or special symbols  
on the music and entertainment channels.

3 37. According to the 2018 20-F, “[a]s of December 31, 2018, [the  
4 Company’s] subsidiaries, VIEs, and VIE’s subsidiaries located in the PRC held  
5 cash and cash equivalents in the amount of RMB4,724.4 million (US\$678.1  
6 million).”

7 38. The 2018 20-F stated the following concerning Bigo, in pertinent part:

8 In June 2018, we invested US\$272 million in the Series D round of  
9 financing of Bigo as the lead investor. We were then an existing  
10 shareholder of Bigo and had become its largest shareholder after the  
11 Series D financing. In March 2019, we completed the acquisition of  
12 the remaining 68.3% of equity interest in Bigo from the other  
13 shareholders of Bigo, including Mr. David Xueling Li, our chairman  
14 of the board of directors and chief executive officer. Pursuant to the  
15 agreement, we paid US\$343.1 million in cash and issued 38,326,579  
16 Class B common shares to Mr. David Xueling Li and 313,888,496  
17 Class A common shares to Mr. David Xueling Li and other selling  
shareholders of Bigo. As of the date of this annual report, we hold  
100% shares of Bigo and started to consolidate Bigo from the date of  
the completion of the acquisition.

\* \* \*

18 Bigo Live is a leading global live streaming platform focusing on  
19 markets outside of China. Bigo Live allows the users to live stream  
20 their specific moments, live talk with other users, make video calls and  
21 watch trend video. It also has features like music live house and cross-  
22 room PK. Bigo Live has presence in more than 150 countries as of  
December 31, 2018.

23 39. The 2019 20-F stated the following concerning the number of monthly  
24 active users:

25 We currently offer live streaming services primarily through our YY  
26 Live platform and Huya platform in China. We also offer global  
27 services through Bigo and other products incubated by YY Live and  
28 Huya outside of China. YY Live and Huya together attracted 90.4

1 million mobile average monthly active users in the fourth quarter of  
2 2018, a 18.1% increase from the same period of 2017. Bigo attracted  
3 59.4 million mobile average monthly active users for live streaming  
and short-form video services in the fourth quarter of 2018.

4 40. On April 27, 2020, the Company filed with the SEC its Annual Report  
5 on Form 20-F for the year ended December 31, 2019 (the “2019 20-F”). The 2019  
6 20-F was signed by Defendant Li. Attached to the 2019 20-F were SOX  
7 certifications signed by Defendants Li and Jin attesting to the accuracy of financial  
8 reporting, the disclosure of any material changes to the Company’s internal control  
9 over financial reporting and the disclosure of all fraud.

10  
11 41. The 2019 20-F stated the Company’s revenues and live streaming  
12 revenues as follows:

13 **Net revenues.** Our net revenues increased by 62.2% from  
14 RMB15,763.6 million in 2018 to RMB25,576.2 million (US\$3,673.8  
15 million) in 2019. This increase was primarily driven by the increase in  
16 live streaming revenues and the contribution from Bigo’s  
consolidation.

17 **Live streaming revenues.** Our live streaming revenues increased by  
18 61.5% from RMB14,877.7 million in 2018 to RMB24,028.3 million  
19 (US\$3,451.4 million) in 2019. The overall increase was primarily  
20 caused by (i) the continued live streaming revenues growth in YY and  
21 Huya segments, amounting to RMB4,588.9 million (US\$659.2  
22 million), driven by user growth; and (ii) the contribution from the  
consolidation of Bigo segment, amounting to RMB4,561.8 million  
(US\$655.3 million).

23 42. The 2019 20-F described the factors affecting revenues from live  
24 streaming as follows:

25 Live streaming revenues. We generate live streaming revenues from  
26 the sales of in-channel virtual items used on our live streaming  
27 platforms. Users access content on our platforms free of charge, but  
are charged for purchases of virtual items.

1 The most significant factors that directly affect our live streaming  
2 revenues include the increase in the number of our paying users and  
3 ARPU. Our management regularly monitor these operating metrics,  
4 which are important and direct performance indicators, in managing  
5 our live streaming business and in making relevant operational and  
6 production decisions.

7 ● The number of paying users. Excluding Bigo's effects, we  
8 had 16.6 million, 19.8 million and 23.8 million paying users in  
9 2017, 2018 and 2019, respectively for our live streaming  
10 services. We calculate the number of paying users during a  
11 given period as the cumulative number of registered user  
12 accounts that have purchased virtual items or other products and  
13 services on our live streaming platforms at least once during the  
14 relevant period. We were able to achieve an increase in the  
15 number of paying users primarily due to a larger active user base  
16 and a higher conversion ratio of active users to paying users.

17 ● ARPU. Excluding Bigo's effects, our ARPU for live  
18 streaming was RMB643.2, RMB751.2 and RMB818.9 in 2017,  
19 2018 and 2019, respectively. ARPU is calculated by dividing  
20 our total revenues from live streaming during a given period by  
21 the number of paying users for our live streaming services for  
22 that period. As we begin to generate revenues from an  
23 increasing variety of live streaming services, our ARPU may  
24 fluctuate from period to period due to the mix of live streaming  
25 services purchased by our paying users.

26 Other significant factors that directly or indirectly affect our live  
27 streaming revenues include:

- 28
- our ability to increase our popularity by offering new and attractive contents, products and services that allow us to monetize our live streaming platform;
  - our ability to attract and retain a large and engaged user base; and
  - our ability to attract and retain certain popular performers, channel owners, professional game playing team and commentators.

1 We create and offer to users virtual items that can be used on various  
2 channels. Users can purchase consumable virtual items from us to  
3 show support for their favorite performers or time-based virtual items  
4 that provide users with recognized status, such as priority speaking  
rights or special symbols on the music and entertainment channels.

5 43. According to the 2019 20-F, “[a]s of December 31, 2019, [JOYY’s]  
6 subsidiaries, VIEs, and VIE's subsidiaries located in the PRC held cash and cash  
7 equivalents in the amount of RMB2,156.5 million (US\$309.8 million).”

8 44. The 2019 20-F stated the following concerning the number of monthly  
9 active users:

10 We are a leading global social media platform, offering users around  
11 the world a uniquely engaging and immersive experience across  
12 various video-based content categories, such as live streaming, short-  
13 form videos and video communication. Our global average mobile  
14 monthly active users reached 485.2 million in the fourth quarter of  
15 2019, of which over 78.8% came from overseas markets. In the fourth  
16 quarter of 2019, we had 158.9 million of average mobile monthly  
17 active users of global live streaming services and 115.3 million of  
average mobile monthly active users of global short-form video  
services.

18 45. The statements referenced in ¶¶ 18-44 above were materially false  
19 and/or misleading because they misrepresented and failed to disclose the following  
20 adverse facts pertaining to the Company’s business, operational and financial  
21 results, which were known to Defendants or recklessly disregarded by them.  
22 Specifically, Defendants made false and/or misleading statements and/or failed to  
23 disclose that: (1) JOYY dramatically overstated its revenues from live streaming  
24 sources; (2) the majority of users at any given time were bots; (2) the Company  
25 utilized these bots to effect a roundtripping scheme that manufactured the false  
26 appearance of revenues; (3) the Company overstated its cash reserves; (4) the  
27 Company’s acquisition of Bigo was largely contrived to benefit corporate insiders;  
28

1 and (5) as a result, Defendants’ public statements were materially false and/or  
2 misleading at all relevant times.

3 **THE TRUTH EMERGES**

4 46. On November 18, 2020, while the market was open, Muddy Waters  
5 Research published a report alleging that JOYY, among other things, had: (i)  
6 reported fraudulent revenue; (ii) component businesses that were a fraction of the  
7 size that it reports; and (iii) acquired BIGO as part of a scam that benefitted  
8 corporate insiders.

9 47. The report alleged that up to 90% of JOYY’s live revenue was fake,  
10 stating, in pertinent part:

11 We analyzed and sampled YY user data and gift revenue in three ways  
12 to estimate the percentage of FUs [Fake Users or bots] on YY Live and  
13 their associated revenue. We concluded that YY Live’s gift revenue is  
14 approximately 90% fake using these three methods.

15 The first method was analyzing almost 100,000 Paying Users (“PUs”)  
16 that XHL tracks. We found that we could cleanly class almost half of  
17 YY gifts by value as coming from YY-associated Fake Users (“FUs”).  
18 We did this by taking a core group of FUs in the data set bearing YY  
19 IP addresses and tracking the IMEI [mobile device ID] sharing that  
20 radiated out from that group.

21 However, we also found the remaining half of YY gift revenue to be  
22 largely fraudulent by performing granular investigative work to  
23 identify FUs. Our second FU identification method, which ran in this  
24 vein, consisted of randomly sampling 96 Wuhan-based PUs during the  
25 Chinese COVID-19 lockdown. We found that ~87.5% of these Wuhan  
26 PUs were apparent FUs. The third method, again granular, consisted  
27 of sampling 96 Modern Brothers PUs. As discussed above, the Modern  
28 Brothers sample indicated that ~97.9% were actually FUs.

We further verified our 90% fake revenue estimate by checking the  
revenue that leading channel owners reported to the SAIC against  
YY’s claims. We found an 85.9% discrepancy between the revenue

1 YY asserted for the top five channel owners and the revenue in their  
2 China credit reports.

3 48. Muddy Waters discovered that the financial statements for the top 5  
4 JOYY live channel owners showed an 85.9% revenue discrepancy when compared  
5 with that of JOYY, stating in pertinent part:

6 YY claims its top channel owners earned RMB 1.1 billion in revenues  
7 in 2018. We obtained these top channel owners' local credit reports,  
8 which showed that their combined revenues were only RMB 156.3  
9 million, which indicates an 85.9% revenue overstatement.

10 According to YY, Yujia, Huashe, Wudi, Chinablue, and IR were the  
11 top five channel owners by revenue in 2018. YY purports that they  
12 generated over RMB 1.1 billion in 2018 revenue. Below is a screen  
13 shot of a video on YY's website that makes this claim and states  
14 "2018! YY's 5 biggest channels draw more than RMB 1.1 billion in  
15 revenue".

16 [image omitted]

17 However, we obtained China credit reports for these channel owners  
18 revealing that their combined 2018 gross revenues were just RMB  
19 156.3 million. This constitutes a shortfall of 85.9% compared to YY's  
20 claim. We are confident that the credit report revenue number is gross  
21 of payouts to performers based on reviews of PRC legal disputes in  
22 which performers were shown to be paid by channel owners, as well  
23 as our interviews with major channel owners.

24 49. According to the report, JOYY engaged in a roundtripping scheme  
25 where the majority of the live performers' gift revenue came from themselves and  
26 JOYY-controlled bots:

27 As we detail infra, we also discovered that the majority of three top  
28 YY Live performers' gift revenue comes from themselves and from  
YY-controlled bots. Another top performer receives a constant stream  
of gifts outside of her infrequent performances, mirroring the bot  
activity we saw on Modern Brothers' channel (discussed next). And  
four Top PUs that we examine below exhibited multiple indicia of FU

1 bot behavior such as YY-associated IP addresses and geographic IP  
2 switching. These findings bolster our ~90% fake revenue estimate for  
3 YY Live.

4 50. Muddy Waters also examined JOYY's Chinese financial statements,  
5 and discovered numerous cash discrepancies compared to those filed with the SEC,  
6 stating in pertinent part:

7 We obtained China credit reports for YY's onshore VIEs and  
8 compared them to YY's SEC filings, only to find numerous  
9 discrepancies. These differences amounted to hundreds of millions of  
10 RMB, including significant cash shortages in local financials as  
11 compared to what YY reported to the SEC. Such discrepancies,  
12 particularly in cash balances, are indicators of manipulation or fraud.

13 For example, YY's 2018 SEC filings showed RMB 1.0 billion in long-  
14 term deposits, as shown infra. We believe this total is likely invented  
15 or greatly inflated, as the major YY onshore VIEs do not contain these  
16 same long-term deposits. A cursory comparison of the two sets of  
17 financial statements reveals this discrepancy.

18 \* \* \*

19 Furthermore, we believe YY either transferred roughly RMB 1.326  
20 billion to its WFOEs—the majority of which would have been  
21 transferred to its offshore WFOEs illegally—, or the cash simply does  
22 not exist.

23 We calculate that out of YY's apparent WFOE cash balance of RMB  
24 1.298 billion as of year-end 2018, the vast majority, approximately  
25 RMB 1.160 billion, would be offshore. However, given YY's SEC  
26 filings do not show material dividends or loans going offshore, we  
27 believe YY either violated Chinese capital controls in transferring the  
28 vast majority of the RMB 1.326 billion, or the RMB 1.160 billion in  
offshore WFOE cash balance is fake.

51. Muddy Waters examined the Company's acquisition of Bigo, and  
determined that the majority of Bigo's revenue was fraudulent and the acquisition  
was designed to enrich Defendant Li:



1 We believe YY’s 2010 buyout of Bigo for \$1.45 billion in cash and  
2 stock was a scheme to bilk investors by buying another fraudulent  
3 company from the chairman.<sup>71</sup> We obtained local Singapore filings  
4 for Bigo, which showed that YY, and not David Li, founded Bigo in  
5 the first place: Bigo was only transferred later to Chairman Li later.  
6 We also found that Bigo retroactively added mainland China revenues  
7 that we believe to be largely fraudulent to make Bigo seem like a larger  
8 acquisition for YY—and justify a larger payday for Chairman Li.

7 We believe that Bigo was set up to scam investors from inception.  
8 Since 2015, management has been misleading investors, telling the  
9 public that David Li set up and controls Bigo. However, this is a lie:  
10 Singapore filings show that Bigo Technology Pte. Ltd. was  
11 incorporated on September 11, 2014 with only one shareholder, YY’s  
12 BVI entity, Duowan Entertainment Corp.

\* \* \*

12 YY’s Bigo acquisition was the culmination of a scam that unfolded  
13 over several financing rounds while ultimately being funded with a  
14 substantial portion of YY’s 2017 secondary offering.<sup>75</sup> Much of the  
15 acquisition consideration was paid directly to the Chairman in the form  
16 of both cash and stock. 38,326,579 Class B common shares of YY  
17 worth approximately \$156.1 million were issued to David Li.

17 Additionally, he likely received a portion of the \$343.1 million cash  
18 consideration as well as some of the 313.9 million class A common  
19 shares in YY. <sup>76</sup> YY also used this giant payout to insiders to book  
20 fair massive value gains in 2018 and 2019, generating sizable paper  
21 profits.

\* \* \*

21 As a crowning revenue inflation achievement for David Li’s  
22 checkbook, Bigo continually hid the fact that one-third of its business  
23 at the time of acquisition came not from overseas, but from mainland  
24 China. We believe this mainland revenue to be almost entirely fake, as  
25 detailed below. Further, we believe these PRC revenues fattened up  
26 Bigo with fictitious sales so that the business could fetch a higher  
27 acquisition price for the benefit of Chairman Li’s (improperly  
28 reported) equity interest.

\* \* \*

27 Three country executives at Bigo matter-of-factly confirmed to us that  
28 the majority of Bigo users are fake, with the allocation of bots being

1 directed by AI run from Bigo’s headquarters in Singapore or YY’s  
2 headquarters in Guangzhou.

3 \* \* \*

4 Bigo also has a mainland Chinese business that it does not discuss in  
5 its earnings calls and attempts to bury inside its annual filings. We  
6 believe it avoids mentioning the PRC business because it is essentially  
7 an empty box, as its apps show little to no real activity.

8 \* \* \*

9 Bigo’s onshore revenue appears to be limited to the apps and  
10 investments held by the VIE Baiguoyuan, which should be  
11 substantially all derived from Hello and its sister apps. However, when  
12 our investigators spoke to YY’s channel owners and virtual currency  
13 merchants, they encountered little knowledge of or familiarity with the  
14 PRC app Hello 语音. To date, we have found few signs that Hello has  
15 significant substance in terms of brand name, online presence,  
16 downloads, MAUs or revenues in China. As we lay out below, we  
17 doubt that Hello and its sister apps generate much, if indeed any, real  
18 revenue.

19 Our investigators performed primary diligence on Hello and found  
20 little current activity, cementing our belief that the app generates little  
21 revenue. Furthermore, Hello appears to have been set up by YY, not  
22 Bigo, as we found by analyzing disclosures by the app.

23 52. On this news, JOYY’s ADRs fell \$26.53 per share, or 26.4%, to close  
24 at \$73.66 per share on November 18, 2020, damaging investors.

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

28 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

54. 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 JOYY 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 JOYY and its

1 subsidiaries, members of the Individual Defendants' immediate families and their  
2 legal representatives, heirs, successors or assigns and any entity in which  
3 Defendants have or had a controlling interest.

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

10 56. Plaintiff's claims are typical of the claims of the members of the Class  
11 as all members of the Class are similarly affected by defendants' wrongful conduct  
12 in violation of federal law that is complained of herein.

13 57. Plaintiff will fairly and adequately protect the interests of the members  
14 of the Class and has retained counsel competent and experienced in class and  
15 securities litigation. Plaintiff has no interests antagonistic to or in conflict with  
16 those of the Class.

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

- 20 • whether the Exchange Act was violated by Defendants' acts as alleged  
21 herein;
- 22 • whether statements made by Defendants to the investing public during  
23 the Class Period misrepresented material facts about the financial  
24 condition and business of JOYY;
- 25 • whether Defendants' public statements to the investing public during  
26 the Class Period omitted material facts necessary to make the  
27

1 statements made, in light of the circumstances under which they were  
2 made, not misleading;

- 3 • whether the Defendants caused JOYY to issue false and misleading  
4 filings during the Class Period;
- 5 • whether Defendants acted knowingly or recklessly in issuing false  
6 filings;
- 7 • whether the prices of JOYY securities during the Class Period were  
8 artificially inflated because of the Defendants' conduct complained of  
9 herein; and
- 10 • whether the members of the Class have sustained damages and, if so,  
11 what is the proper measure of damages.

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

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

- 20
- 21 • JOYY shares met the requirements for listing, and were listed and  
22 actively traded on NASDAQ, an efficient market;
- 23 • As a public issuer, JOYY filed periodic public reports;
- 24 • JOYY regularly communicated with public investors via established  
25 market communication mechanisms, including through the regular  
26 dissemination of press releases via major newswire services and  
27 through other wide-ranging public disclosures, such as  
28

1 communications with the financial press and other similar reporting  
2 services;

- 3 • JOYY's securities were liquid and traded with sufficient volume  
4 during the Class Period; and  
5 • JOYY was followed by a number of securities analysts employed by  
6 major brokerage firms who wrote reports that were widely distributed  
7 and publicly available.

8 61. Based on the foregoing, the market for JOYY securities promptly  
9 digested current information regarding JOYY from all publicly available sources  
10 and reflected such information in the prices of the securities, and Plaintiff and the  
11 members of the Class are entitled to a presumption of reliance upon the integrity  
12 of the market.

13 62. Alternatively, Plaintiff and the members of the Class are entitled to  
14 the presumption of reliance established by the Supreme Court in *Affiliated Ute*  
15 *Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants  
16 omitted material information in their Class Period statements in violation of a duty  
17 to disclose such information as detailed above.

18  
19  
20 **COUNT I**

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

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

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

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

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

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

18           67. Defendants acted with scienter in that they knew that the public  
19 documents and statements issued or disseminated in the name of JOYY were  
20 materially false and misleading; knew that such statements or documents would be  
21 issued or disseminated to the investing public; and knowingly and substantially  
22 participated, or acquiesced in the issuance or dissemination of such statements or  
23 documents as primary violations of the securities laws. These Defendants by virtue  
24 of their receipt of information reflecting the true facts of JOYY, their control over,  
25 and/or receipt and/or modification of JOYY's allegedly materially misleading  
26 statements, and/or their associations with the Company which made them privy to  
27

28

1 confidential proprietary information concerning JOYY, participated in the  
2 fraudulent scheme alleged herein.

3 68. Individual Defendants, who are the senior officers and/or directors of  
4 the Company, had actual knowledge of the material omissions and/or the falsity of  
5 the material statements set forth above, and intended to deceive Plaintiff and the  
6 other members of the Class, or, in the alternative, acted with reckless disregard for  
7 the truth when they failed to ascertain and disclose the true facts in the statements  
8 made by them or other JOYY personnel to members of the investing public,  
9 including Plaintiff and the Class.

10 69. As a result of the foregoing, the market price of JOYY securities was  
11 artificially inflated during the Class Period. In ignorance of the falsity of  
12 Defendants' statements, Plaintiff and the other members of the Class relied on the  
13 statements described above and/or the integrity of the market price of JOYY  
14 securities during the Class Period in purchasing JOYY securities at prices that were  
15 artificially inflated as a result of Defendants' false and misleading statements.

16 70. Had Plaintiff and the other members of the Class been aware that the  
17 market price of JOYY securities had been artificially and falsely inflated by  
18 Defendants' misleading statements and by the material adverse information which  
19 Defendants did not disclose, they would not have purchased JOYY securities at the  
20 artificially inflated prices that they did, or at all.

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

23 72. By reason of the foregoing, Defendants have violated Section 10(b)  
24 of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the  
25 plaintiff and the other members of the Class for substantial damages which they  
26 suffered in connection with their purchase of JOYY securities during the Class  
27 Period.  
28

**COUNT II**

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

**Against the Individual Defendants**

1  
2  
3  
4 73. Plaintiff repeats and realleges each and every allegation contained in  
5 the foregoing paragraphs as if fully set forth herein.

6 74. During the Class Period, the Individual Defendants participated in the  
7 operation and management of JOYY, and conducted and participated, directly and  
8 indirectly, in the conduct of JOYY's business affairs. Because of their senior  
9 positions, they knew the adverse non-public information about JOYY's  
10 misstatement of revenue and profit and false financial statements.

11 75. As officers and/or directors of a publicly owned company, the  
12 Individual Defendants had a duty to disseminate accurate and truthful information  
13 with respect to JOYY's financial condition and results of operations, and to correct  
14 promptly any public statements issued by JOYY which had become materially  
15 false or misleading.

16 76. Because of their positions of control and authority as senior officers,  
17 the Individual Defendants were able to, and did, control the contents of the various  
18 reports, press releases and public filings which JOYY disseminated in the  
19 marketplace during the Class Period concerning JOYY's results of operations.  
20 Throughout the Class Period, the Individual Defendants exercised their power and  
21 authority to cause JOYY to engage in the wrongful acts complained of herein. The  
22 Individual Defendants therefore, were "controlling persons" of JOYY within the  
23 meaning of Section 20(a) of the Exchange Act. In this capacity, they participated  
24 in the unlawful conduct alleged which artificially inflated the market price of  
25 JOYY securities.  
26  
27  
28



1 77. By reason of the above conduct, the Individual Defendants are liable  
2 pursuant to Section 20(a) of the Exchange Act for the violations committed by  
3 JOYY.

4 **PRAYER FOR RELIEF**

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

7 (a) declaring this action to be a proper class action, designating plaintiff  
8 as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of  
9 the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead  
10 Counsel;

11 (b) awarding damages in favor of plaintiff and the other Class members  
12 against all defendants, jointly and severally, together with interest thereon;

13 awarding plaintiff and the Class reasonable costs and expenses incurred in  
14 this action, including counsel fees and expert fees; and

15 (d) awarding plaintiff and other members of the Class such other and  
16 further relief as the Court may deem just and proper.

17  
18 **JURY TRIAL DEMANDED**

19 Plaintiff hereby demands a trial by jury.

20  
21 Dated: November 20, 2020

**THE ROSEN LAW FIRM, P.A.**

22 By: /s/Laurence M. Rosen  
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