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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Individually and on
behalf of all others similarly situated,

Plaintiff,

v.

EHANG HOLDINGS LIMITED,
HUAZHI HU, CONOR CHIA-HUNG
YANG, and RICHARD JIAN LIU,

Defendants.

No.

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

CLASS ACTION

JURY TRIAL DEMANDED

1 Plaintiff (“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, among other things, the investigation
6 conducted by and through his attorneys, which included, among other things, a
7 review of the Defendants’ public documents, public filings, wire and press releases
8 published by and regarding EHang Holdings Limited (“EHang” or the
9 “Company”), and information readily obtainable on the Internet. Plaintiff believes
10 that substantial evidentiary support will exist for the allegations set forth herein
11 after a reasonable opportunity for discovery.

12 **NATURE OF THE ACTION**

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14 1. This is a class action on behalf of persons or entities who purchased
15 or otherwise acquired publicly traded EHang securities between January 20, 2022
16 and November 6, 2023, 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. Venue is proper in this judicial district pursuant to 28 U.S.C. §
27 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged
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1 misstatements entered and the subsequent damages took place in this judicial
2 district.

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

8 **PARTIES**

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

12 7. On its website, EHang describes itself as an “autonomous aerial
13 vehicle technology company.”

14 8. The Company is incorporated in the Cayman Islands and operates
15 through subsidiaries in China. The Company’s principal executive offices are
16 located at 11/F Building One, EHang Technology Park, No. 29 Bishan Blvd.,
17 Huangpu District, Guangzhou, Guangdong Province, 510700, People’s Republic
18 of China.

19 9. EHang’s American Depositary Shares (“ADS” or “ADSs”) trade on
20 the NASDAQ exchange under the ticker symbol "EH".

21 10. Defendant Huazhi Hu (“Hu”) is the founder of the Company. He has
22 served as EHang’s Chief Executive Officer (“CEO”) and as the Chairman of the
23 Board of Directors (the “Board”) Director since the Company’s founding in 2014.

24 11. Defendant Conor Chia-hung Yang (“Yang”) has served as a Company
25 director since December 2019 and as the Company’s Chief Financial Officer
26 (“CFO”) since September 2023.

1 12. Richard Jian Liu (“Liu”) served as the Company’s CFO from May
2 2017 through September 2023.

3 13. Defendants Hu, Yang, and Liu are collectively referred to herein as
4 the “Individual Defendants.”

5 14. Each of the Individual Defendants:

6 (a) directly participated in the management of the Company;

7 (b) was directly involved in the day-to-day operations of the Company at
8 the highest levels;

9 (c) was privy to confidential proprietary information concerning the
10 Company and its business and operations;

11 (d) was directly or indirectly involved in drafting, producing, reviewing
12 and/or disseminating the false and misleading statements and information
13 alleged herein;

14 (e) was directly or indirectly involved in the oversight or implementation
15 of the Company’s internal controls;

16 (f) was aware of or recklessly disregarded the fact that the false and
17 misleading statements were being issued concerning the Company; and/or

18 (g) approved or ratified these statements in violation of the federal
19 securities laws.

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

24 16. The scienter of the Individual Defendants and other employees and
25 agents of the Company is similarly imputed to EHang under *respondeat superior*
26 and agency principles.

27

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1 17. Defendant EHang and the Individual Defendants are collectively
2 referred to herein as “Defendants.”

3 **SUBSTANTIVE ALLEGATIONS**

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

5 18. On January 20, 2022, EHang published a press release on its website
6 which said “EHang Receives Pre-order for 50 Units of EH216 in Japan” (the “AirX
7 Announcement”). The AirX Announcement stated that “[AirX], *a leading*
8 *Japanese air mobility digital platform company*, has placed a pre-order for 50
9 units of the EH216 AAV, marking the biggest pre-order EHang has received in
10 Japan.” (Emphasis added). Further, the AirX announcement stated “[t]he pre-order
11 of the EH216 AAVs are planned to facilitate various Urban Air Mobility (‘UAM’)
12 projects in Japan *and may provide ‘air taxi’ services for the 2025 World Expo* in
13 [Osaka, Japan].” (Emphasis added).

14 19. Given the pricing of the EH216, the deal equated to a value of \$15
15 million.

16 20. The statement in ¶ 18 was materially false and misleading because it
17 omitted that AirX is an early stage startup that has raised less than \$1 million,
18 calling into question whether AirX will be able to afford the EHang aircraft.
19 Further, given Japan’s air safety regulations, it is unlikely that AirX (or any other
20 Japanese entity) will be able to operate the EH216 in 2024, due to Japan’s
21 certification requirements.

22 21. On April 11, 2022, EHang posted a press release on its website
23 entitled “EHang Receives Pre-Order for 100 United of EH216 AAVs from
24 Indonesian Company Prestige Aviation.” (the “Prestige Announcement”). The
25 Prestige Announcement stated, in pertinent part:

26
27 EHang [. . .] has received a pre-order for 100 units of EH216 AAVs from
28 *Prestige Aviation, an Indonesian aviation company* [. . .]. It is the largest

1 pre-order EHang has received so far for its passenger-grade AAVs in Asia.
2 Prestige Aviation previously purchased one unit of EH216 from EHang, and
3 the two parties jointly conducted a debut flight demonstration for aerial
sightseeing in Bali, Indonesia in 2021.

4 * * *

5 Rudy Salim, Executive Chairman of Prestige Aviation, said “EHang has
6 long been a crucial partner to Prestige Aviation. *As a forerunner of*
7 *Indonesia's sustainable transportation, we hope that we can address the*
8 *Indonesian public's need for aerial transportation and therefore, we are*
9 *ready to support the Indonesian new capital Nusantara's Smart City*
10 *initiative with EH216 AAVs. Indonesia is an archipelagic country with*
11 *more than 17,000 islands within its borders. Therefore, a new*
12 *transportation mode that can facilitate inter-island mobility will*
13 *undoubtedly help regional economies to grow exponentially, assisted by its*
14 *low cost when compared to other conventional land routes. We will join*
15 *hands with EHang to bring safe, efficient, economical and eco-friendly*
16 *transport solutions to facilitate inter-island mobility and many other*
17 *scenarios in Indonesia.”*

18 (Emphasis added).

19 22. The Prestige Announcement described Prestige Aviation (“Prestige”)
20 as a *“company that specializes in the aviation industry and operates under the*
21 *supervision of its parent company, Prestige Corp. Prestige Aviation provides*
22 *aviation services that includes the sale and acquisition of aerial vehicles and*
23 *private jet lease.”* (Emphasis added).

24 23. The statements in ¶¶ 21-22 were materially false and misleading
25 because Prestige did not conduct meaningful business in the aviation sector at the
26 time the statement was made, and does not presently conduct meaningful business
27 in the aviation sector.

28 24. Then, on April 27, 2023, the Company filed with the SEC its Annual
Report on Form 20-F for the year ended December 31, 2022 (the “2022 Annual
Report”). Attached to the 2022 Annual Report were signed certifications pursuant
to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants Hu and Liu

1 attesting to the accuracy of financial reporting, the disclosure of any material
2 changes to the Company’s internal controls over financial reporting, and the
3 disclosure of all fraud.

4 25. Regarding AirX, the 2022 Annual Report stated “[i]n Japan, we
5 cooperated with AirX Inc., *a leading air mobility digital platform company* [. . .]
6 and also secured a pre-order for 50 units of the EH216 series from [AirX].”
7 (Emphasis added)

8 26. The statement in ¶ 25 was materially false and misleading because, as
9 an early stage company with less than \$1 million in funding. Accordingly, AirX is
10 unlikely to be able to pay for an order worth \$15 million.

11 27. Regarding Prestige Aviation, the 2022 Annual Report stated “[i]n
12 Indonesia, we partnered with Prestige Aviation, *an Indonesian aviation company*
13 and received a pre-order for 100 units of the EH216-S.” (Emphasis added).

14 28. The statement in ¶ 27 was materially false and misleading because
15 Prestige does not appear to have discernible operations (not counting promotional
16 activities) in the aviation sector, or the means to pay for 100 units of the EH216-S.

17 29. The 2022 Annual Report contained the following statement regarding
18 United Therapeutics:

19 We entered into a 15-year development and conditional purchase agreement
20 in 2016 with Lung Biotechnology PBC, a wholly-owned subsidiary of a U.S.
21 biotechnology company United Therapeutics Corporation (Nasdaq: UTHR),
22 with the aim to enable routine fully-autonomous organ delivery missions
23 from its facilities to hospitals for transplant. The customer intended to
24 purchase 1,000 units of customized AAVs upon achievement of specified
25 performance milestones and that the customer obtains required approvals
26 from the FAA and the FDA for their commercial operation of our AAVs. As
27 of December 31, 2022, we had delivered five units of passenger-carrying
28 AAVs to this customer for their trial operations conducted in Canada.

1 30. The statement in ¶ 29 was materially false and misleading because the
2 Company’s partnership with United Therapeutics is, in the words of a former
3 EHang employee, “dead”. Upon information and belief, the planned partnership
4 with United Therapeutics was “dead” by the time the 2022 Annual Report was
5 filed.

6 31. In the 2022 Annual Report, Defendants stated “[a]s of *December 31,*
7 *2022, we had unfilled pre-orders for more than 1,200 units of the EH216 series*
8 *and the VT-30 AAVs.*” (Emphasis added). Further, Defendants stated “[a]s of
9 March 31, 2023 [. . .] the pre-orders we received for the EH216 series and the VT-
10 30 had more than 1,200 units in overseas markets on a cumulative basis.”

11 32. Regarding customer obligations, Defendants stated that “[p]re-orders
12 do not obligate the customers to purchase our AAVs unless certain conditions are
13 satisfied. *Fulfilment is expected to take several years and is conditional upon,*
14 *among other things, achievement of performance milestones and receipt of*
15 *regulatory approvals.*” (Emphasis added).

16 33. The statements in ¶ 31-32 were materially false and misleading
17 because EHang was unlikely to be able to fill orders for 1,200 units of its aircraft,
18 given that United Therapeutics reportedly abandoned its partnership with EHang,
19 and because other entities that had placed pre-orders, such as Prestige, are not in a
20 financial position to pay in full for their orders.

21 34. Further, in ¶ 32 Defendants materially understated the precarious
22 nature of fulfilling the 1,200 preorders, considering that partners had abandoned
23 business plans with EHang, or otherwise do not appear able to pay for their orders.

24 35. In the 2022 Annual Report, the Company stated the following
25 regarding its customer base:

26 ***Strong customer base and wide partnership network across the value chain***
27 ***to enable UAM ecosystem and commercial operations***

1 With the first type of passenger-carrying AAVs available in the market
2 ahead of other eVTOL aircraft, *we have accumulated a strong customer*
3 *base and wide partnership network with key stakeholders worldwide*
4 *including regulators, public sectors, aviation companies, tourism*
5 *companies, real estate companies, vertiport designers and constructors,*
6 *telecommunication providers, Maintenance, Repair and Overhaul*
7 *(“MRO”) service providers, industry associations, etc.* We have also
8 participated in a number of European Union’s UAM demonstration projects.
9 Our joint efforts and collaborations across the value chain will empower the
10 UAM ecosystem for commercial operations and sustainable development.

11 (Emphasis added).

12 36. The statement in ¶ 35 was materially false and misleading because the
13 Company falsely included in its customer base entities that had abandoned their
14 partnerships or were otherwise unlikely to be able to pay for their ordered EHang
15 aircraft.

16 37. On September 29, 2023, EHang posted an announcement on its
17 website entitled “EHang Delivers 5 Units of EH216-S AAVs to Boling in
18 Shenzhen.” (the “Boling Announcement”).

19 38. In the Boling Announcement, EHang announced that it had delivered
20 five units of EH216-S to a new customer, Shenzhen Boling Holding Group Co.,
21 Ltd. (“Boling”), as part of Boling’s reputed plan to purchase up to 100 units of
22 EH216-S from EHang, conditioned on Boling receiving certain certifications from
23 the Civil Aviation Administration of China (“CAAC”), and other agreements.

24 39. In the Boling Announcement, EHang stated that “*Boling aims to be a*
25 *long-term AAV operator in Shenzhen through collaboration with EHang,* and
26 deploy the EH216-S AAVs purchased for activities such as aerial sightseeing and
27 experience flights, further expanding the UAM strategic layout in Shenzhen.”
28 (Emphasis added).

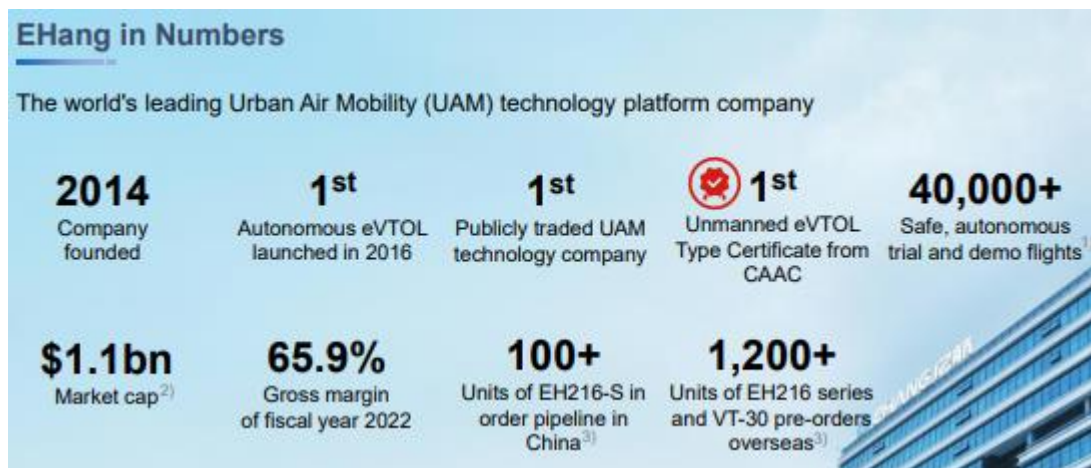
40. The Boling Announcement, posted on EHang’s website, contained a
description of Boling as “a *comprehensive integrated company that combines*

1 *various businesses*, including the cultural and tourism, international education,
2 research and development of smart city technologies, cultural and technology,
3 exhibition services, international trade, hotel management and operation, as well
4 as cross-border e-commerce.” (Emphasis added).

5 41. The statements in ¶¶ 39-40 were materially false and misleading
6 because Boling does not appear to be a going business concern.

7 42. On October 13, 2023, EHang posted online a presentation dated
8 “October 2023” entitled “EHang – Enabling Safe, Autonomous, Eco-friendly air
9 mobility.” (the “October 2023 Presentation”).

10 43. The October 2023 Presentation contained, as seen below, a slide
11 saying that it had 1,200+ units of EH216 and VT-30 pre-orders overseas:



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21 44. This slide was materially false and misleading because the pre-order
22 units included pre-orders that had been abandoned, or where the ordering entity
23 was unlikely to be able to afford the order.

24 45. The October 2023 Presentation also contained the following slide on
25 the Company’s purported partners, which included United Therapeutics, DHL, and
26 Vodafone, among others:

Worldwide Customers and Partners



46. This image was materially false and misleading because it included United Therapeutics, Vodafone, and DHL. These are entities who, upon information and belief, were not conducting business with EHang at the time EHang published the October 2023 Presentation.

47. The statements contained in ¶¶ 18, 21, 22, 24, 25, 27, 29, 31, 32, 35, 37, 38, 39, 40, 42, 43, and 45 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) EHang has continued to state that it was partnering with United Therapeutics, DHL and Vodafone, among others, even though a former EHang employee has noted that United Therapeutics, DHL, and Vodafone have abandoned their respective deals with EHang; (2) EHang omitted that other entities that had placed pre-orders for its aircraft, such as Prestige Aviation and Shenzhen Boling Holding Group, did not engage in regular business

1 in the aviation sector and are otherwise almost certainly not in a financial position
2 to be able to afford their orders; and (3) as a result, Defendants’ statements about
3 its business, operations, and prospects, were materially false and misleading and/or
4 lacked a reasonable basis at all relevant times.

5 THE TRUTH EMERGES

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7 48. On November 7, 2023, before the market opened, *Hindenburg*
8 *Research* (“Hindenburg”) released a report entitled “Ehang: Hollow Order Book
9 And Fake Sales Make This China-Based eVTOL Company Last in Line For
10 Takeoff” (the “Hindenburg Report”).

11 49. The Hindenburg Report made a number of allegations regarding the
12 Company’s business, operations, and prospects. The Hindenburg Report raised
13 issues with EHang’s purported deals with entities called United Therapeutics,
14 Prestige Aviation, AirX, Shenzhen Boling Holdings Group, and DHL Sinotrans
15 (“DHL” or “DHL Sinotrans”).

16 50. The Hindenburg Report preliminarily stated that “EHang’s 1,300+
17 unit preorder book suggests solid demand and serves as the most critical metric for
18 quantifying future revenue potential.” However, “[a]fter examining every preorder
19 and partnership [.] *our research indicates that over 92% of EHang’s preorder*
20 *book is based on deals that were later ‘abandoned’ or came from customers in*
21 *no financial position to purchase EHang’s aircraft in volume, or at all.*”
22 (Emphasis added).

23 51. Regarding United Therapeutics, the Hindenburg Report quoted a
24 former EHang employee as stating that the deal with United Therapeutics was
25 “*dead*”. (Emphasis added).

26 52. The same employee told Hindenburg that EHang’s partnerships with
27 Vodafone and DHL had failed, and that EHang does not remove former partners
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1 from its investor materials after the conclusion of a respective partnership, as to do
2 so would be an admission of failure.

3 53. The Hindenburg Report specifically quoted the former employee as
4 saying “*EHang partnered with Vodafone for communications, [Heli-East for*
5 *helicopter operations], [and DHL] for doing logistical drones, but [. . .] [this is*
6 *the same as the United deal]. It’s dead—it’s a dead end.*” (Emphasis added).

7 54. The Hindenburg Report further quoted the former employee as saying
8 the following:

9 EHang, they enter the Ambular project... for them, it’s a catchy idea, you
10 know, to transport organs and liver, [or] heart, whatever, and say we’re going
11 to save lives. For them it was an ice breaker or promotion, marketing. *Then*
12 *these things failed, they lose their part, and what they don’t do in China is*
13 *take out from the videos or the article[s] in their web[site] because they*
14 *think that taking it out is like admitting it failed.*

15 (Emphasis added).

16 55. Hindenburg directly contacted United Therapeutics to see if it could
17 confirm whether it had an existing partnership with EHang or not. Hindenburg
18 stated that “[t]ypically, companies with active, thriving partnerships are happy to
19 confirm as such. *We put in multiple calls and emails to United’s investor relations*
20 *department and the head of its drone program to inquire about the status of its*
21 *partnership with EHang, but heard nothing.*” (Emphasis added). After a week of
22 attempting to communicate with United Therapeutics regarding its dealings with
23 EHang, Hindenburg stated that it received a response from Elliot Sloane, United
24 Therapeutics’ PR spokesman.

25 56. United Therapeutics did not confirm an existing partnership, and the
26 Hindenburg Report quoted Elliot Sloane, as saying “[y]ou’ve called 20 people, and
27 it’s like, obsessive, and it’s too much... *You know, we have no comment. We’re*
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1 *just not going to comment on this. So, I hope you can take that for an answer.”*
2 (Emphasis added).

3 57. The Hindenburg Report also discussed the purported 100-unit
4 preorder, worth an estimated \$30 million (based on the unit price of the applicable
5 EHang aircraft), from Prestige, which EHang had characterized as an “Indonesian
6 Aviation Company”.

7 58. Hindenburg noted that Prestige is owned by Rudy Salim (“Salim”), a
8 social media influencer, and stated that “[o]ne would expect that a \$30 million
9 preorder might come from an established aviation company with aircraft, pilots,
10 or any observable aviation-related operations. On the contrary, we couldn’t even
11 find a website for Prestige Aviation, much less an active aviation-related
12 business.” (Emphasis added). Further, the Hindenburg Report stated “[t]he
13 company shows just 2 employees on LinkedIn.”

14 59. The Hindenburg Report also noted that “Salim, *who has no*
15 *discernible aviation experience, spends much of his time producing self-*
16 *promotional social media content.”* This includes short films where Salim can be
17 seen “*racing supercars and engaging in gun fights with animated villains.”*
18 (Emphasis added).

19 60. To illustrate, the below image is from one of Salim’s social media
20 posts:



27 (Prestige Aviation CEO Rudy Salim cosplaying an action superhero.
28 Source: Rudy Salim Instagram

1 61. The Hindenburg Report further stated that, outside of promotional
2 events with EHang, the only evidence Hindenburg “could find that Prestige had an
3 aviation business *were several early photos of Prestige Aviation’s planes on social*
4 *media, but they appear to be photoshopped.*” (Emphasis added).

5 62. Hindenburg highlighted that one photo posted on Instagram (by an
6 unknown person who may have been affiliated with Prestige) of a Prestige-branded
7 jet appeared to be identical to a jet (except that it did not have the Prestige logo)
8 featured in another Instagram post by the same user, in the same week as the post
9 with the plane with the Prestige logo, leading Hindenburg to believe the Prestige
10 logo was photoshopped onto the plane. Below is the photo of the aircraft with the
11 logo that Hindenburg claimed was photoshopped onto the plane:



19 (Source: Instagram
20 (<https://www.instagram.com/p/CjtKGWlpQ4I/>))

21 63. Below is a screenshot from the second post by the same user, which
22 appears to have the same jet, but without the Prestige logo:

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(Source: Instagram
(<https://www.instagram.com/stories/highlights/17877085135751953/>))

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7 64. Hindenburg also highlighted that, three months after the photo with
8 the photoshopped logo had been posted on Instagram, Salim incorporated Prestige
9 with just ***\$34,000 in registered capital*** the day before Salim announced a
10 partnership with EHang on his Instagram account. (Emphasis added). Further,
11 Hindenburg noted that Prestige was incorporated with an address that matched a
12 car dealership owned by Salim.

13 65. Regarding AirX, the Hindenburg Report stated that “[w]hile EHang
14 described AirX as a ‘leading Japanese air mobility digital platform company,’ ***we***
15 ***found no indication that AirX has any physical aviation assets of its own.***”
16 (Emphasis added). The Hindenburg Report further stated that “AirX’s website
17 shows that it is a 20-employee company ***based out of a WeWork office. It has***
18 ***raised U.S. ~\$900,000 total since inception, according to Crunchbase.*** AirX’s
19 website advertises “Capital” of 149 million yen, or approximately \$993K USD.”
20 (Emphasis added and internal citations omitted).

21 66. In addition, the Hindenburg Report stated that AirX’s “‘offering’
22 consists of trying to resell EHang’s products, according to its website. The website
23 states that orders will be fulfilled by importing from EHang, indicating that AirX
24 hopes to act as a middleman for 50 EHang units that don’t yet seem to have actual
25 buyers.” (internal citation omitted). In sum, the Hindenburg Report stated that “[a]
26 ***s opposed to an aviation company capable of purchasing \$15 million worth of***
27 ***eVTOL’s, AirX appears to be a startup focused on scaling its digital marketplace***
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1 *for booking helicopter sightseeing tours with third-party operators.*” (Emphasis
2 added).

3 67. The Hindenburg Report also called into question whether AirX will
4 be able to fly the EHang EH216 aircraft by 2024. It stated “AirX claims the EH216
5 will be ready for commercial flight in Japan by 2024, *which we see as impossible*
6 *given that EHang must apply for a Type Certification in Japan.*” (Emphasis
7 added). The certification process, Hindenburg noted, reportedly takes “years”.

8 68. Regarding Boling, the Hindenburg Report called into question
9 whether Boling conducts any business activities at all. The Hindenburg Report first
10 noted that in the Boling Announcement, “EHang announced it had delivered 5 units
11 to a new customer, [Boling], which plans to purchase up to 100 units for aerial
12 sightseeing applications.” Further, “[a]ccording to the [Boling Announcement],
13 Boling is a diverse conglomerate with businesses across 8 different sectors.”

14 69. However, Hindenburg stated that “[d]espite its claimed broad
15 operations, *Boling has no staff or registered insured employees* according to
16 QCC, a Chinese business data aggregator.” (Emphasis added). Hindenburg further
17 noted that “[o]n September 24, 2023, *just five days* before EHang issued its press
18 release announcing that the units would be delivered, *the entity changed the scope*
19 *of its business, adding various aviation segments, as well as tourism*, according
20 to QCC.” (Emphasis added).

21 70. Hindenburg further noted that, in the Boling Announcement, Xu
22 Guanshen (“Xu”) was listed as Boling’s chairman, and “has minimal presence
23 online.” Internet searches for Xu resulted in very few results, “none of which
24 suggested any business operations for the company.”

25 71. Finally, Hindenburg visited Boling’s registered business address in
26 China, and found no evidence of business activity. In sum, Hindenburg stated “[w]e
27 were *unable to confirm any business operations for Boling, much less an active*
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1 *aviation business with the capital and experience to acquire and operate 100+*
2 *autonomous aircraft from EHang.”* (Emphasis added).

3 72. Regarding DHL-Sinotrans (“DHL”), Hindenburg first noted that “in
4 2019, EHang announced a strategic partnership with shipping giant DHL to
5 develop an urban drone delivery business [in] China.” (the “DHL Announcement”)
6 After the DHL Announcement, Hindenburg said that the “only update [it could
7 find] was in an August 2020 earnings call, where [DHL] said that EHang was ‘in
8 good cooperation with them [DHL]’, but that it was still ‘early stage’”.

9 73. Hindenburg quoted a former EHang employee about the status of the
10 deal with DHL, who said “[s]o, you don’t hear any more about the DHL-Sinotrans
11 company in China working with EHang. *Why? Because there were some problems*
12 *in the integration and then they abandoned the project*, but they don’t claim,
13 nobody says ‘we closed the project’...*they never admit any failure or any dead*
14 *ends.”* (Emphasis added).

15 74. On this news, the price of EHang ADSs declined by \$1.90 per ADS,
16 or 12.70%, to close at \$13.06 on November 7, 2023.

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

20 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

21 76. Plaintiff brings this action as a class action pursuant to Federal Rule
22 of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons
23 other than defendants who acquired the Company’s securities publicly traded on
24 NASDAQ during the Class Period, and who were damaged thereby (the “Class”).
25 Excluded from the Class are Defendants, the officers and directors of the Company,
26 members of the Individual Defendants’ immediate families and their legal
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1 representatives, heirs, successors or assigns and any entity in which Defendants
2 have or had a controlling interest.

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

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

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

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

- 19 • whether the Exchange Act was violated by Defendants' acts as alleged
20 herein;
- 21 • whether statements made by Defendants to the investing public during
22 the Class Period misrepresented material facts about the business and
23 financial condition of the Company;
- 24 • whether Defendants' public statements to the investing public during
25 the Class Period omitted material facts necessary to make the statements
26 made, in light of the circumstances under which they were made, not
27 misleading;

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

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

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

- 18 • the Company's shares met the requirements for listing, and were listed
- 19 and actively traded on NASDAQ, an efficient market;
- 20 • as a public issuer, the Company filed periodic public reports;
- 21 • the Company regularly communicated with public investors via
- 22 established market communication mechanisms, including through the
- 23 regular dissemination of press releases via major newswire services and
- 24 through other wide-ranging public disclosures, such as communications with
- 25 the financial press and other similar reporting services;
- 26 • the Company's securities were liquid and traded with moderate to
- 27 heavy volume during the Class Period; and

28

- 1 • the Company was followed by a number of securities analysts
2 employed by major brokerage firms who wrote reports that were widely
3 distributed and publicly available.

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

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

14 **COUNT I**

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

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

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

22 87. During the Class Period, Defendants, individually and in concert,
23 directly or indirectly, disseminated or approved the false statements specified
24 above, which they knew or deliberately disregarded were misleading in that they
25 contained misrepresentations and failed to disclose material facts necessary in
26 order to make the statements made, in light of the circumstances under which they
27 were made, not misleading.
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1 88. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that
2 they:

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

10 89. Defendants acted with scienter in that they knew that the public
11 documents and statements issued or disseminated in the name of the Company
12 were materially false and misleading; knew that such statements or documents
13 would be issued or disseminated to the investing public; and knowingly and
14 substantially participated, or acquiesced in the issuance or dissemination of such
15 statements or documents as primary violations of the securities laws. These
16 defendants by virtue of their receipt of information reflecting the true facts of the
17 Company, their control over, and/or receipt and/or modification of the Company's
18 allegedly materially misleading statements, and/or their associations with the
19 Company which made them privy to confidential proprietary information
20 concerning the Company, participated in the fraudulent scheme alleged herein.

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

28

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

8 92. Had Plaintiff and the other members of the Class been aware that the
9 market price of the Company's securities had been artificially and falsely inflated
10 by Defendants' misleading statements and by the material adverse information
11 which Defendants did not disclose, they would not have purchased the Company's
12 securities at the artificially inflated prices that they did, or at all.

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

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

COUNT II

Violations of Section 20(a) of the Exchange Act

Against the Individual Defendants

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

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

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

8 98. Because of their positions of control and authority as senior officers,
9 the Individual Defendants were able to, and did, control the contents of the various
10 reports, press releases and public filings which the Company disseminated in the
11 marketplace during the Class Period concerning the Company's results of
12 operations. Throughout the Class Period, the Individual Defendants exercised their
13 power and authority to cause the Company to engage in the wrongful acts
14 complained of herein. The Individual Defendants therefore, were "controlling
15 persons" of the Company within the meaning of Section 20(a) of the Exchange
16 Act. In this capacity, they participated in the unlawful conduct alleged which
17 artificially inflated the market price of the Company's securities.

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

21 **PRAYER FOR RELIEF**

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

24 (a) declaring this action to be a proper class action, designating Plaintiff
25 as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of
26 the Federal Rules of Civil Procedure and designating Plaintiff's counsel as Lead
27 Counsel;

1 (b) awarding damages in favor of Plaintiff and the other Class members
2 against all Defendants, jointly and severally, together with interest thereon;

3 (c) awarding Plaintiff and the Class reasonable costs and expenses
4 incurred in this action, including counsel fees and expert fees; and

5 (d) awarding Plaintiff and other members of the Class such other and
6 further relief as the Court may deem just and proper.

7 **JURY TRIAL DEMANDED**

8 Plaintiff hereby demands a trial by jury.

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10 Dated:

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