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9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 CHRISTOPHER SHREVES,  
12 INDIVIDUALLY AND ON BEHALF  
13 OF ALL OTHERS SIMILARLY  
14 SITUATED,

15 Plaintiff,

16 v.

17 XUNLEI LIMITED, SEAN  
18 SHENGLONG ZOU, TAO THOMAS  
19 WU, J.P. MORGAN SECURITIES LLC,  
20 CITIGROUP GLOBAL  
21 MARKETS INC., AND  
22 OPPENHEIMER & CO. INC.,

23 Defendants.

Case No:

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

JURY TRIAL DEMANDED

24 Plaintiff Christopher Shreves, individually and on behalf of all other persons  
25 similarly situated, by his undersigned attorneys, alleges in this Complaint the  
26 following upon knowledge with respect to his own acts, and upon facts obtained  
27 through an investigation conducted by his counsel, which included, inter alia: (a)  
28 review and analysis of relevant filings made by Xunlei Limited (“Xunlei” or the

1 “Company”) with the United States Securities and Exchange Commission (the  
2 “SEC”); (b) review and analysis of Defendants’ public documents and press releases;  
3 and (c) information readily obtainable on the Internet.

4 Plaintiff believes that further substantial evidentiary support will exist for the  
5 allegations set forth herein after a reasonable opportunity for discovery. Most of the  
6 facts supporting the allegations contained herein are known only to Defendants or are  
7 exclusively within their control.

### 8 **NATURE OF THE ACTION**

9 1. This is a federal securities class action on behalf of all persons and  
10 entities, other than Defendants, who purchased Xunlei American Depository Shares  
11 (“ADSs”) (1) pursuant and/or traceable to the Company’s registration statement and  
12 prospectus (defined below) issued in connection with the Company’s initial public  
13 offering on or about June 24, 2014 (the “IPO” or the “Offering”); and/or (2) on the  
14 open market between June 24, 2014 and May 20, 2015, inclusive (the “Class  
15 Period”), seeking to recover compensable damages caused by Defendants’ violations  
16 of the Securities Act of 1933 (the “Securities Act”) and under the Securities  
17 Exchange Act of 1934 (the “Exchange Act”) (the “Class”).

18 2. Xunlei operates an internet platform for digital media content in the  
19 People’s Republic of China (“PRC”). Xunlei’s cloud computing provides users with  
20 access to digital media content. The Company has been focusing its business towards  
21 mobile platforms transferring away from PC based platforms.

22 3. On March 31, 2015, Xunlei announced the strategic divestment of  
23 Xunlei Kankan (“Kankan”) — an online video streaming business, which previously  
24 served as a value-added service to meet a fuller spectrum of its users’ digital media  
25 content access and consumption needs.

### 26 **JURISDICTION AND VENUE**

27 4. The claims asserted herein arise under and pursuant to Sections 11,  
28 12(a)(2), and 15 of the Securities Act (15 U.S.C. §§ 77k, 77l, and 77o), and Sections

1 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5  
2 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

3 5. This Court has jurisdiction over the subject matter of this action pursuant  
4 to 28 U.S.C. § 1331, Section 22 of the Securities Act (15 U.S.C. § 77v), and Section  
5 27 of the Exchange Act (15 U.S.C. §78aa).

6 6. Venue is proper in this Judicial District pursuant to Section 27 of the  
7 Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b) as the alleged misleading  
8 public filings and press releases entered this district.

9 7. In connection with the acts, conduct and other wrongs alleged herein,  
10 Defendants either directly or indirectly used the means and instrumentalities of  
11 interstate commerce, including but not limited to the United States mails, interstate  
12 telephone communications and the facilities of the national securities exchange.

13 **PARTIES**

14 8. Plaintiff Christopher Shreves purchased Xunlei ADSs during the Class  
15 Period and has suffered damages as set forth in the accompanying certification.

16 9. Xunlei is a Cayman Islands corporation headquartered in Shenzhen,  
17 PRC. During the Class Period, the Company's stock was traded on the NASDAQ  
18 Global Select Market ("NASDAQ") under the symbol "XNET."

19 10. Defendant Sean Shenglong Zou ("Zou") served as the Company's Chief  
20 Executive Officer ("CEO") and Chairman during the Class Period.

21 11. Defendant Tao Thomas Wu ("Wu") served as the Company's Chief  
22 Financial Officer ("CFO") during the Class Period.

23 12. Defendants Zou and Wu are collectively referred to hereinafter as the  
24 "Individual Defendants."

25 13. Defendant J.P. Morgan Securities LLC ("J.P. Morgan") was an  
26 underwriter for Xunlei's June 2014 IPO. J.P. Morgan was allotted 3,683,103 ADSs of  
27 Xunlei for the IPO.

28

1 14. Defendant Citigroup Global Markets Inc. (“Citigroup”) was an  
2 underwriter for Xunlei’s June 2014 IPO. Citigroup was allotted 3,266,147 ADSs of  
3 Xunlei for the IPO.

4 15. Defendant Oppenheimer & Co. Inc. (“Oppenheimer”) was an  
5 underwriter for Xunlei’s June 2014 IPO. Oppenheimer was allotted 365,750 ADSs of  
6 Xunlei for the IPO.

7 16. Defendants J.P. Morgan, Citigroup, and Oppenheimer are collectively  
8 referred to hereinafter as “Underwriter Defendants.”

9 17. Defendants Xunlei, Zou, Wu, J.P. Morgan, Citigroup, and Oppenheimer  
10 are collectively referred to hereinafter as “Defendants.”

11 18. Each of the Individual Defendants:

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

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

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

17 (d) was involved in drafting, producing, reviewing and/or  
18 disseminating the false and misleading statements and information alleged  
19 herein;

20 (e) was aware of or recklessly disregarded the fact that the false and  
21 misleading statements were being issued concerning the Company; and

22 (f) approved or ratified these statements in violation of the federal  
23 securities laws.

24 19. As officers, directors, and controlling persons of a publicly-held  
25 company whose ADSs are and were registered with the SEC pursuant to the  
26 Exchange Act, and was traded on NASDAQ and governed by the provisions of the  
27 federal securities laws, the Individual Defendants each had a duty to disseminate  
28 accurate and truthful information promptly with respect to the Company’s business

1 prospects and operations, and to correct any previously-issued statements that had  
2 become materially misleading or untrue to allow the market price of the Company's  
3 publicly-traded stock to reflect truthful and accurate information.

4 20. Xunlei is liable for the acts of the Individual Defendants and its  
5 employees under the doctrine of respondeat superior and common law principles of  
6 agency as all of the wrongful acts complained of herein were carried out within the  
7 scope of their employment with authorization.

8 21. The scienter of the Individual Defendants and other employees and  
9 agents of the Company is similarly imputed to Xunlei under respondeat superior and  
10 agency principles.

## 11 12 **SUBSTANTIVE ALLEGATIONS**

### 13 **Background**

14 22. On May 23, 2014, Xunlei filed a registration statement on Form F-1 with  
15 the SEC in connection with the IPO. The registration statement was amended for the  
16 final time when the Company filed an amended Form F-1/A with the SEC on June  
17 20, 2014 (collectively, the "Registration Statement").

18 23. The Registration Statement contained a preliminary prospectus. The  
19 Final prospectus (the "Prospectus") was filed with the SEC on June 24, 2014.

20 24. On June 23, 2014, the SEC declared the Registration Statement  
21 effective.

22 25. On June 24, 2014, the Company completed its IPO, in which the  
23 Company sold 7,315,000 ADS at \$12 per ADS. The Offering raised almost \$88  
24 million in proceeds for the Company.

25 26. Project Crystal is Xunlei's innovation in crowd sourcing idle bandwidth  
26 and storage from users. It is an ongoing project that was first mentioned by the  
27 Company in August 2014.

28

1                   **Defendants' Materially False and Misleading Statements During the Class**  
2                   **Period**

3           27.    The Class Period begins on June 24, 2014. On or about this day, Xunlei  
4 filed the Prospectus with the SEC, which forms part of the Registration Statement.  
5 Under applicable SEC rules and regulations, the disclosure of known trends, events or  
6 uncertainties that had, and/or was reasonably likely to have, an impact on the  
7 Company's continuing operations in the Registration Statement is required.

8           28.    On August 21, 2014, the Company held a conference call to discuss the  
9 second quarter of 2014 earnings. During the conference call, Defendant Zou stated in  
10 relevant part:

11           Project Crystal is a technology innovation allowing us to transfer  
12 bandwidth and storage from users. This will be an entirely unique  
13 service in China which would provide a significant reduction in  
14 bandwidth and assorted costs with Xunlei and our Crystal paying  
15 customers. ***Project Crystal went on beta test in April.*** We have  
16 already made strong progress and during our beta test period we are  
17 able to process about 9/10ths of bandwidth in August compared to  
18 that same multiple in May. We are very optimistic that our bandwidth  
19 [inaudible] technologies are stable and scalable. We are confident  
20 Project Crystal will reduce bandwidth costs on our VIP member  
21 services and convert VIP member sales once the service is fully  
22 integrated. And we expect Xiaomi to be one of the first paying  
23 customers ever expected to use Project Crystal to reduce their  
24 bandwidth usage for MIUU system upgrades.

25           (emphasis added).

26           29.    On the same conference call, Defendant Wu stated in relevant part:

27           No, Crystal has not contributed to reduction of bandwidth cost of this  
28 quarter yet but you know you are absolutely correct to point out that  
bandwidth cost is a predictor or revenue certainly declined. Without  
giving a lot of details we are still in the early stage of testing the tech  
and what we mentioned is that the bandwidth we can generate is 9 or  
10 times what we could generate a few months ago. So we are hopeful

1 that we can scale number 1 and number 2 stabilize the system in the  
2 next uh near future. Certainly not from a financial standpoint it has  
3 not contributed to our bandwidth costs yet. And the final point is that  
4 you are absolutely correct the implications of Crystal is essentially  
5 two fold. As we reiterated on a call, not only can it potentially help us  
6 reduce bandwidth costs [inaudible] itself but at the end of the day you  
7 know should [inaudible] usage of capacity for bandwidth is limited  
8 should excess bandwidth savings if you will can be passed on to other  
9 users and we believe for example that Xiaomi will be one of the first  
10 users for Crystal but uh again this is still in the very early stage and  
11 we look forward to updating the marketplace in a timely manner  
12 should there be a material information and developments.

13  
14 30. On March 11, 2015, Xunlei issued the press release entitled, “Xunlei  
15 Announces Unaudited Financial Results for the Fourth Quarter and the Fiscal Year  
16 Ended December 31, 2014.” The press release contained guidance for the first quarter  
17 of 2015 stating in relevant part:

18  
19 *For the first quarter 2015, Xunlei estimates total revenues to  
20 be between US\$37 million to US\$41 million, the midpoint of  
21 the range representing a year over year decrease of 5% and a  
22 quarter-over-quarter decline of 16%.*

23 (emphasis added)

24 31. On March 31, 2015, Xunlei issued the press release entitled, “Xunlei  
25 Announces Strategic Divestment of Xunlei Kankan.” The press release discussed  
26 Xunlei’s divestment of its video streaming division, Kankan, stating in relevant part:

27 SHENZHEN, China, March 31, 2015 (GLOBE NEWSWIRE) --  
28 Xunlei Limited (“Xunlei” or the “Company”) (Nasdaq:XNET), China’s leading provider of acceleration products and services, today announced that it has entered into a legally binding framework agreement with Beijing Nesound International Media Corp., Ltd. (“Nesound”), an independent third party, to sell the

1 Company's entire stake in its online video streaming platform, Xunlei  
2 Kankan.

3 The Company intends to sell Xunlei Kankan for a consideration  
4 of RMB130 million. Xunlei's Board approved the transaction after  
5 considering the benefits of the transaction to the Company and its  
6 shareholders. *The Company believes that the divestment of Xunlei*  
7 *Kankan is consistent with Xunlei's new strategic focus on*  
8 *streamlining existing non-core and unprofitable businesses so as to*  
9 *devote sufficient management attention to execute strategies on*  
10 *mobility and Project Crystal.* The completion of the transaction is  
11 subject to the signing of a definitive purchase agreement and fulfilling  
12 closing conditions contained therein, which may include the  
13 completion of a specific research and development project, the  
14 transfer of domain name and other assets and businesses of Xunlei  
15 Kankan, and the application for the transfer of permits and licenses  
16 required for Xunlei Kankan's operations. If the transaction fails to  
17 close due to the fault of either Xunlei or Nesound, including the  
18 failure to meet closing conditions, the responsible party shall be liable  
19 to pay an additional fee of RMB52 million.

20 Mr. Sean Zou, Chairman and Chief Executive Officer of Xunlei,  
21 stated: *"I am pleased that the Board has unanimously approved the*  
22 *sale of Kankan as part of our initiative to streamline existing*  
23 *businesses and to focus on our continued transition to mobile*  
24 *internet,* which we expect will offer our employees and our investors  
25 with exciting future prospects."

26 "As I mentioned in our last earnings call, we are convinced that it is  
27 necessary to respond to changing environment, technical innovation  
28 and more diverse customer expectations with a bold new  
beginning. *Xunlei will tap the growth potential created by its*  
*transformation from a primarily PC-based company to a mobile*  
*internet company, which we believe to be critical to our long term*  
*growth,"* added Mr. Zou.

(emphasis added).



1 32. The statements contained in ¶¶ 27-31 were materially false and/or  
2 misleading when made because Defendants failed to disclose or indicate the material  
3 risk that Xunlei’s strategic focus on Project Crystal and its mobility initiative would  
4 have a detrimental impact on the Company’s financial condition.

5  
6 **THE TRUTH EMERGES**

7 33. After the market closed on May 20, 2015, the Company issued a press  
8 release entitled, “Xunlei Announces Unaudited Financial Results for the First Quarter  
9 Ended March 31, 2015.” The press release stated in relevant part:

10  
11 **Total revenues were US\$30.2 million**, an 8.4% decrease from the  
12 corresponding period of last year and a 14.9% decrease from the  
13 previous quarter.

14 \* \* \*

15 Mr. Sean Zou, Chairman and Chief Executive Officer of Xunlei,  
16 commented on the results. “Our first quarter revenue was within our  
17 guidance range as we continue to focus on our key strategic  
18 imperative. *The ongoing transition to mobile internet is a critical  
19 factor to our planned long-term growth. We remain steadfast in our  
20 focus to deepen our existing business cooperation with Xiaomi,  
21 expand our presence in the mobile space, continue apace with  
22 Project Crystal and create long term value for our shareholders.*”

23 Mr. Tom Wu, Chief Financial Officer of Xunlei, added, “The pending  
24 divestiture of Xunlei Kankan is a key step for us to resharpen our  
25 strategic focus and shift resources to drive future growth, which we  
26 believe will help to improve our cash flow and financial results.”

27 \* \* \*

28 **Total Revenues**

**Total revenues were US\$30.2 million**, down 8.4% year-over-year and  
14.9% sequentially.

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\* \* \*

**Strategic Divestment of Xunlei Kankan**

On March 31, 2015, the Company entered into a legally binding framework agreement with Beijing Nesound International Media Corp., Ltd. (“Nesound”), an independent third party, to sell the Company’s entire stake in its online video streaming platform, Xunlei Kankan, for a total consideration of RMB130 million. The Company received a deposit of RMB26 million in April 2015. In May 2015, the Company signed definitive share and asset transfer agreements with Nesound to effect such sale. The transaction is currently scheduled to be completed by the end of the second quarter of 2015, although the completion remains subject to the fulfilling of certain closing conditions specified in the signed agreements, which include the transfer of domain names and other assets and businesses of Xunlei Kankan and the application for the transfer of permits and licenses required for Xunlei Kankan’s operations.

(emphasis added).

34. On this news, the Company’s stock fell \$1.69 per ADS or almost 15% the next day to close at \$9.71 per share on May 21, 2015, damaging investors.

**PLAINTIFF’S CLASS ACTION ALLEGATIONS**

35. 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 those who purchased or otherwise acquired Xunlei ADSs traded on NASDAQ during the Class Period (the “Class”); and were damaged upon the revelation of the alleged corrective disclosure. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

1           36. The members of the Class are so numerous that joinder of all members is  
2 impracticable. Throughout the Class Period, Xunlei ADSs were actively traded on  
3 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this  
4 time and can be ascertained only through appropriate discovery, Plaintiff believes that  
5 there are hundreds or thousands of members in the proposed Class. Record owners  
6 and other members of the Class may be identified from records maintained by Xunlei  
7 or its transfer agent and may be notified of the pendency of this action by mail, using  
8 the form of notice similar to that customarily used in securities class actions.

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

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

16           39. 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 Class.  
18 Among the questions of law and fact common to the Class are:

- 19
- 20           • whether the federal securities laws were violated by Defendants' acts as  
21           alleged herein;
  - 22           • whether statements made by Defendants to the investing public during the  
23           Class Period misrepresented material facts about the business and  
24           operations of Xunlei;
  - 25           • whether the Individual Defendants caused Xunlei to issue false and  
26           misleading statements during the Class Period;
  - 27           • whether Defendants acted knowingly or recklessly in issuing false and  
28           misleading statements;

- 1 • whether the prices of Xunlei ADSs during the Class Period were artificially  
2 inflated because of the Defendants' conduct complained of herein; and,
- 3 • whether the members of the Class have sustained damages and, if so, what  
4 is the proper measure of damages.

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

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

- 13 • Defendants made public misrepresentations or failed to disclose material  
14 facts during the Class Period;
- 15 • the omissions and misrepresentations were material;
- 16 • Xunlei ADSs are traded in efficient markets;
- 17 • the Company's shares were liquid and traded with moderate to heavy  
18 volume during the Class Period;
- 19 • the Company traded on NASDAQ, and was covered by multiple analysts;
- 20 • the misrepresentations and omissions alleged would tend to induce a  
21 reasonable investor to misjudge the value of the Company's securities; and
- 22 • Plaintiff and members of the Class purchased and/or sold Xunlei ADSs  
23 between the time the Defendants failed to disclose or misrepresented  
24 material facts and the time the true facts were disclosed, without knowledge  
25 of the omitted or misrepresented facts.  
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1 42. Based upon the foregoing, Plaintiff and the members of the Class are  
2 entitled to a presumption of reliance upon the integrity of the market.

3 43. Alternatively, Plaintiffs and the members of the Class are entitled to the  
4 presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of*  
5 *the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants  
6 omitted material information in their Class Period statements in violation of a duty to  
7 disclose such information, as detailed above.

8 44. At all relevant times, the market for Xunlei's ADSs was an efficient  
9 market for the following reasons, among others:

10 45. As a result of the foregoing, the market for Xunlei's ADSs promptly  
11 digested current information regarding Xunlei from all publicly available sources and  
12 reflected such information in Xunlei's stock price. Under these circumstances, all  
13 purchasers of Xunlei's ADSs during the Class Period suffered similar injury through  
14 their purchase of Xunlei's ADSs at artificially inflated prices, and a presumption of  
15 reliance applies.

16 **FIRST CLAIM**  
17 **Violation of Section 10(b) of The Exchange Act**  
18 **and Rule 10b-5 Promulgated Thereunder Against All Defendants**

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

21 47. During the Class Period, Defendants carried out a plan, scheme and  
22 course of conduct which was intended to and, throughout the Class Period, did: (1)  
23 deceive the investing public, including Plaintiff and other Class members, as alleged  
24 herein; and (2) cause Plaintiff and other members of the Class to purchase Xunlei  
25 ADSs at artificially inflated prices. In furtherance of this unlawful scheme, plan and  
26 course of conduct, each of the Defendants took the actions set forth herein.

27 48. Defendants: (a) employed devices, schemes, and artifices to defraud; (b)  
28 made untrue statements of material fact and/or omitted to state material facts

1 necessary to make the statements not misleading; and (c) engaged in acts, practices,  
2 and a course of business that operated as a fraud and deceit upon the purchasers of the  
3 Company's securities in an effort to maintain artificially high market prices for  
4 Xunlei ADSs in violation of Section 10(b) of the Exchange Act and Rule 10b-5  
5 promulgated thereunder. All Defendants are sued either as primary participants in the  
6 wrongful and illegal conduct charged herein or as controlling persons as alleged  
7 below.

8 49. Defendants, individually and in concert, directly and indirectly, by the  
9 use, means or instrumentalities of interstate commerce and/or of the mails, engaged  
10 and participated in a continuous course of conduct to conceal adverse material  
11 information about the business, operations and future prospects of Xunlei as specified  
12 herein.

13 50. These Defendants employed devices, schemes, and artifices to defraud  
14 while in possession of material adverse non-public information, and engaged in acts,  
15 practices, and a course of conduct as alleged herein in an effort to assure investors of  
16 Xunlei's value and performance and continued substantial growth, which included  
17 the making of, or participation in the making of, untrue statements of material facts  
18 and omitting to state material facts necessary in order to make the statements made  
19 about Xunlei and its business operations and future prospects in the light of the  
20 circumstances under which they were made, not misleading, as set forth more  
21 particularly herein, and engaged in transactions, practices and a course of business  
22 that operated as a fraud and deceit upon the purchasers of Xunlei ADSs during the  
23 Class Period.

24 51. Each of the Individual Defendants' primary liability, and controlling  
25 person liability, arises from the following facts: (1) the Individual Defendants were  
26 high-level executives, directors, and/or agents at the Company during the Class  
27 Period and members of the Company's management team or had control thereof; (2)  
28 each of these Defendants, by virtue of his responsibilities and activities as a senior

1 officer and/or director of the Company, was privy to and participated in the creation,  
2 development and reporting of the Company's business prospects and operations; (3)  
3 each of these Defendants enjoyed significant personal contact and familiarity with the  
4 other Defendants and was advised of and had access to other members of the  
5 Company's management team, internal reports and other data and information about  
6 the Company's operations and business projects at all relevant times; and (4) each of  
7 these Defendants was aware of the Company's dissemination of information to the  
8 investing public which they knew or recklessly disregarded was materially false and  
9 misleading.

10 52. Defendants had actual knowledge of the misrepresentations and  
11 omissions of material facts set forth herein, or acted with reckless disregard for the  
12 truth in that they failed to ascertain and to disclose such facts, even though such facts  
13 were available to them. Such Defendants' material misrepresentations and/or  
14 omissions were done knowingly or recklessly and for the purpose and effect of  
15 concealing Xunlei's the financial risk of the shift in strategy from the investing public  
16 and supporting the artificially inflated price of its ADSs. As demonstrated by  
17 Defendants' omissions and misstatements of the Company's business strategy  
18 throughout the Class Period, Defendants, if they did not have actual knowledge of the  
19 misrepresentations and omissions alleged, were reckless in failing to obtain such  
20 knowledge by deliberately refraining from taking those steps necessary to discover  
21 whether those statements were false or misleading.

22 53. As a result of the dissemination of the materially false and misleading  
23 information and failure to disclose material facts, as set forth above, the market price  
24 of Xunlei ADSs was artificially inflated during the Class Period. In ignorance of the  
25 fact that market prices of Xunlei's publicly-traded ADSs were artificially inflated,  
26 and relying directly or indirectly on the false and misleading statements made by  
27 Defendants, or upon the integrity of the market in which the ADSs trades, and/or on  
28 the absence of material adverse information that was known to or recklessly

1 disregarded by Defendants but not disclosed in public statements by Defendants  
2 during the Class Period, Plaintiff and the other members of the Class acquired Xunlei  
3 ADSs during the Class Period at artificially high prices and were or will be damaged  
4 thereby.

5 54. At the time of said misrepresentations and omissions, Plaintiff and other  
6 members of the Class were ignorant of their falsity, and believed them to be true. Had  
7 Plaintiff and the other members of the Class and the marketplace known the truth  
8 regarding the financial risk of Xunlei's shift in strategy, which was not disclosed by  
9 Defendants, Plaintiff and other members of the Class would not have purchased or  
10 otherwise acquired their Xunlei ADSs, or, if they had acquired such securities during  
11 the Class Period, they would not have done so at the artificially inflated prices that  
12 they paid.

13 55. By virtue of the foregoing, Defendants have violated Section 10(b) of  
14 the Exchange Act, and Rule 10b-5 promulgated thereunder.

15 56. As a direct and proximate result of Defendants' wrongful conduct,  
16 Plaintiff and the other members of the Class suffered damages in connection with  
17 their respective purchases and sales of the Company's securities during the Class  
18 Period.

19 57. This action was filed within two years of discovery of the fraud and  
20 within five years of each plaintiff's purchases of securities giving rise to the cause of  
21 action.

22 **SECOND CLAIM**  
23 **Violation of Section 20(a) of**  
24 **The Exchange Act Against the Individual Defendants**

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

27 59. The Individual Defendants acted as controlling persons of Xunlei within  
28 the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their



1 high-level positions, agency, ownership and contractual rights, and participation in  
2 and/or awareness of the Company's operations and/or intimate knowledge of the false  
3 financial statements filed by the Company with the SEC and disseminated to the  
4 investing public, the Individual Defendants had the power to influence and control,  
5 and did influence and control, directly or indirectly, the decision-making of the  
6 Company, including the content and dissemination of the various statements that  
7 Plaintiff contends are false and misleading. The Individual Defendants were provided  
8 with or had unlimited access to copies of the Company's reports, press releases,  
9 public filings and other statements alleged by Plaintiff to have been misleading prior  
10 to and/or shortly after these statements were issued and had the ability to prevent the  
11 issuance of the statements or to cause the statements to be corrected.

12         60. In particular, each of these Defendants had direct and supervisory  
13 involvement in the day-to-day operations of the Company and, therefore, is presumed  
14 to have had the power to control or influence the particular transactions giving rise to  
15 the securities violations as alleged herein, and exercised the same.

16         61. As set forth above, Xunlei and the Individual Defendants each violated  
17 Section 10(b), and Rule 10b-5 promulgated thereunder, by their acts and omissions as  
18 alleged in this Complaint.

19         62. By virtue of their positions as controlling persons, the Individual  
20 Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and  
21 proximate result of Defendants' wrongful conduct, Plaintiff and other members of the  
22 Class suffered damages in connection with their purchases of the Company's  
23 securities during the Class Period.

24         63. This action was filed within two years of discovery of the fraud and  
25 within five years of each Plaintiff's purchases of securities giving rise to the cause of  
26 action.

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**THIRD CLAIM**  
**Violation of Section 11 of**  
**The Securities Act Against All Defendants**

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

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

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

67. Xunlei is the registrant for the IPO. Individual Defendants named herein were responsible for the contents and dissemination of the Registration Statement.

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

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

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

71. Plaintiff acquired Xunlei shares pursuant and/or traceable to the Registration Statement for the IPO.

72. Plaintiff and the Class have sustained damages. The value of Xunlei ADSs has declined substantially subsequent to and due to the Individual Defendants' violations.

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

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4       73. Plaintiffs repeat and incorporate each and every allegation contained  
5 above as if fully set forth herein.

6       74. This Count does not sound in fraud. Any proceeding allegations of fraud,  
7 fraudulent conduct, or improper motive are specifically excluded from this Count.  
8 Plaintiff does not allege that Defendants had scienter or fraudulent intent, which are  
9 not elements of this claim.

10       75. Defendants offered, sold and/or solicited a security, namely shares of  
11 Xunlei's ADSs, by means of the IPO identified above, or were-controlling persons of  
12 Xunlei or of those who offered and sold Xunlei's ADSs. The Registration Statement  
13 contained untrue and/or misleading statements of material fact that the Defendants in  
14 the exercise of reasonable care should have known were false.

15       76. Defendants actively solicited the sale of Xunlei ADSs to serve their own  
16 financial interests.

17       77. At the time of purchase of Xunlei's ADSs, Plaintiff and other members  
18 of the Class did not know that the representations made to them by the Defendants in  
19 connection with the distribution of shares and the matters described above were  
20 untrue, and did not know the above described omitted material facts, were not  
21 disclosed.

22       78. As a result, Plaintiff and Class members are entitled to tender Xunlei  
23 ADSs they purchased and receive from Defendants the consideration paid for those  
24 shares with interest thereon, less the amount of any income received thereon, or  
25 damages resulting from Defendants' conduct.

26       79. Defendants are liable to Plaintiff and Class members pursuant to Section  
27 12 (a)(2) of the Securities Act, as seller of the ADSs in connection with the IPO.  
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1 80. This Action is brought within three years from the time that the  
2 securities upon this Count is brought were sold to the public, and within one year  
3 from the time when Plaintiff discovered or reasonably could have discovered the facts  
4 upon which this Count is based.

5 **FIFTH CLAIM**  
6 **Violation of Section 15 of**  
7 **The Securities Act Against Individual Defendants**

8 81. Plaintiff repeats and incorporates each and every allegation contained  
9 above as if fully set forth herein, except any allegation of fraud, recklessness or  
10 intentional misconduct.

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

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

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

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

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

24 a. Determining that this action is a proper class action, designating Plaintiff  
25 as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the  
26 Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;

27 b. Awarding compensatory damages in favor of Plaintiff and the other  
28 Class members against all Defendants, jointly and severally, for all damages

1 sustained as a result of Defendants’ wrongdoing, in an amount to be proven at trial,  
2 including interest thereon;

3 c. Awarding Plaintiff and the Class their reasonable costs and expenses  
4 incurred in this action, including counsel fees and expert fees; and

5 d. Such other and further relief as the Court may deem just and proper.

6 **JURY TRIAL DEMANDED**

7 Plaintiff hereby demands a trial by jury.

8 Dated: June 8, 2015

Respectfully submitted,

9  
10 **THE ROSEN LAW FIRM, P.A.**

11 /s/ Laurence M. Rosen

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