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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

\_\_\_\_\_, Individually and on Behalf of  
All Others Similarly Situated,  
  
Plaintiff,  
  
v.  
  
GIGACLOUD TECHNOLOGY INC,  
LARRY LEI WU, KWOK HEI DAVID  
LAU, XIN WAN, FRANK LIN, XING  
HUANG, and AEGIS CAPITAL  
CORP.,  
  
Defendants.

Case No.  
  
**CLASS ACTION COMPLAINT  
FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS**  
  
**DEMAND FOR JURY TRIAL**

1 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all others  
2 similarly situated, by and through his attorneys, alleges the following upon  
3 information and belief, except as to those allegations concerning Plaintiff, which are  
4 alleged upon personal knowledge. Plaintiff’s information and belief is based upon,  
5 among other things, his counsel’s investigation, which includes without limitation:  
6 (a) review and analysis of regulatory filings made by GigaCloud Technology Inc  
7 (“GigaCloud” or the “Company”) with the United States (“U.S.”) Securities and  
8 Exchange Commission (“SEC”); (b) review and analysis of press releases and media  
9 reports issued by and disseminated by GigaCloud; and (c) review of other publicly  
10 available information concerning GigaCloud.

11 **NATURE OF THE ACTION AND OVERVIEW**

12 1. This is a class action on behalf of persons and entities that purchased or  
13 otherwise acquired GigaCloud: (a) Class A ordinary shares pursuant and/or  
14 traceable to the registration statement and prospectus (collectively, the “Registration  
15 Statement”) issued in connection with the Company’s August 2022 initial public  
16 offering (“IPO” or the “Offering”); and/or (b) securities between August 18, 2022  
17 and September 27, 2023, inclusive (the “Class Period”). Plaintiff pursues claims  
18 under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange  
19 Act of 1934 (the “Exchange Act”).

20 2. GigaCloud is a holding company which, through its subsidiaries, offers  
21 an end-to-end ecommerce platform for global trade services of heavy and large  
22 products, primarily furniture. The Company’s ecommerce platform, which it refers  
23 to as the “GigaCloud Marketplace,” integrates discovery, payments and logistics  
24 tools to connect manufacturers, primarily in Asia, with resellers, primarily in the  
25 U.S., Asia and Europe, to execute cross-border transactions, then executes delivery  
26 and sale through a network of warehouses up to and including last-mile delivery to  
27 the customer.

28

1           3.       On August 19, 2022, the Company filed its prospectus on Form 424B4  
2 with the SEC, which forms part of the Registration Statement. In the IPO, the  
3 Company sold 3,381,000 Class A ordinary shares at \$12.25 per share. The Company  
4 received net proceeds of approximately \$34.2 million from the IPO. The proceeds  
5 from the IPO were purportedly to be used for general corporate purposes, including  
6 working capital, operating expenses, and capital expenditures.

7           4.       On September 28, 2023, before the market opened, Culper Research  
8 published a report titled “GigaCloud Technology Inc (NASDAQ:GCT): If It’s Too  
9 Good To Be True...” (the “Report”), alleging “numerous glaring flaws” in  
10 GigaCloud’s public reporting. For example, the Report stated that while GigaCloud  
11 “claims to run 14 U.S. warehouses,” the Company “discloses just 73 employees in  
12 the entire U.S., implying just 5 employees per warehouse.” The Report also alleged  
13 that “GigaCloud’s marketing materials utilize photoshopped stock photos to portray  
14 itself as a highly efficient, growing operation,” but that Culper Research’s  
15 investigators visited some of the Company’s warehouses and discovered little  
16 activity. Further, the Report alleges that Culper Research uncovered “numerous  
17 entities which are neither named subsidiaries nor disclosed as GCT related parties”  
18 whose conduct at the very least “suggests undisclosed related party issues.”

19           5.       On this news, the Company’s share price fell \$1.78, or 18%, to close at  
20 \$7.69 per share on September 28, 2023, on unusually heavy trading volume.

21           6.       By the commencement of this action, GigaCloud’s shares have closed  
22 as low as \$4.27 per share, a 65% decline from the \$12.25 per share IPO price.

23           7.       In the Registration Statement and throughout the Class Period,  
24 Defendants made materially false and/or misleading statements, as well as failed to  
25 disclose material adverse facts about the Company’s business, operations, and  
26 prospects. Specifically, Defendants failed to disclose to investors: (1) that the  
27 Company’s business is a fraction of what it publicly claims, as evidenced by staffing  
28 and activity levels at its warehouses; (2) that the Company overstated its last-mile

1 operations; (3) that the Company engaged in undisclosed related party transactions;  
2 (4) that, as a result, the Company's financial results were overstated; (5) that, as a  
3 result of the foregoing, Defendants' positive statements about the Company's  
4 business, operations, and prospects were materially misleading and/or lacked a  
5 reasonable basis.

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

### 9 JURISDICTION AND VENUE

10 9. The claims asserted herein arise under and pursuant to Sections 11 and  
11 15 of the Securities Act (15 U.S.C. §§ 77k and 77o), Sections 10(b) and 20(a) of the  
12 Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated  
13 thereunder by the SEC (17 C.F.R. § 240.10b-5).

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

17 11. Venue is proper in this Judicial District pursuant to 28 U.S.C. §  
18 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts  
19 in furtherance of the alleged fraud or the effects of the fraud have occurred in this  
20 Judicial District. Many of the acts charged herein, including the dissemination of  
21 materially false and/or misleading information, occurred in substantial part in this  
22 Judicial District. In addition, the Company's principal executive offices are in this  
23 District.

24 12. In connection with the acts, transactions, and conduct alleged herein,  
25 Defendants directly and indirectly used the means and instrumentalities of interstate  
26 commerce, including the United States mail, interstate telephone communications,  
27 and the facilities of a national securities exchange.

1 **PARTIES**

2 13. Plaintiff \_\_\_\_\_, as set forth in the accompanying certification,  
3 incorporated by reference herein, purchased or otherwise acquired GigaCloud  
4 Class A ordinary shares pursuant and/or traceable to the Registration Statement  
5 issued in connection with the Company’s IPO and/or GigaCloud securities  
6 during the Class Period, and suffered damages as a result of the federal securities  
7 law violations and false and/or misleading statements and/or material omissions  
8 alleged herein.

9 14. Defendant GigaCloud is a Hong Kong based company, incorporated  
10 under the laws of the Cayman Islands, with its principal executive offices located in  
11 Walnut, California. GigaCloud’s Class A ordinary shares trade on the NASDAQ  
12 (“NASDAQ”) under the symbol “GCT.”

13 15. Defendant Larry Lei Wu (“Wu”) was, at all relevant times, the Chief  
14 Executive Officer (“CEO”) and Chairman of the Board of Directors of the  
15 Company, and signed or authorized the signing of the Company’s Registration  
16 Statement filed with the SEC.

17 16. Defendant Kwok Hei David Lau (“Lau”) was, at all relevant times, the  
18 Chief Financial Officer (“CFO”) of the Company and signed or authorized the  
19 signing of the Company’s Registration Statement filed with the SEC.

20 17. Defendants Wu and Lau (collectively, the “Individual Defendants”),  
21 because of their positions with the Company, possessed the power and authority to  
22 control the contents of the Company’s reports to the SEC, press releases and  
23 presentations to securities analysts, money and portfolio managers and institutional  
24 investors, i.e., the market. The Individual Defendants were provided with copies of  
25 the Company’s reports and press releases alleged herein to be misleading prior to, or  
26 shortly after, their issuance and had the ability and opportunity to prevent their  
27 issuance or cause them to be corrected. Because of their positions and access to  
28 material non-public information available to them, the Individual Defendants knew

1 that the adverse facts specified herein had not been disclosed to, and were being  
2 concealed from, the public, and that the positive representations which were being  
3 made were then materially false and/or misleading. The Individual Defendants are  
4 liable for the false statements pleaded herein.

5 18. Defendant Xin Wan (“Wan”) was, at all relevant times, Chief  
6 Technology Officer (“CTO”) of the Company and signed or authorized the signing  
7 of the Company’s Registration Statement filed with the SEC. Defendant Wan also  
8 served as the Company’s Executive Director from November 2020 until August 16,  
9 2023.

10 19. Defendant Frank Lin (“Lin”) was the Director of the Company and  
11 signed or authorized the signing of the Company’s Registration Statement filed with  
12 the SEC.

13 20. Defendant Xing Huang (“Huang”) was the Director of the Company  
14 and signed or authorized the signing of the Company’s Registration Statement filed  
15 with the SEC.

16 21. Defendants Wu, Lau, Wan, Lin, and Huang are collectively referred to  
17 hereinafter as the “Securities Act Individual Defendants.”

18 22. Defendant Aegis Capital Corp. (“Aegis Capital” or “Underwriter  
19 Defendant”) served as an underwriter for the Company’s IPO. In the IPO,  
20 Aegis Capital Corp agreed to purchase 2,940,000 shares of the Company’s ordinary  
21 shares, exclusive of the over-allotment option.

## 22 **SUBSTANTIVE ALLEGATIONS**

### 23 **Background**

24 23. GigaCloud is a holding company which, through its subsidiaries, offers  
25 an end-to-end ecommerce platform for global trade services of heavy and large  
26 products, primarily furniture. The Company’s ecommerce platform, which it refers  
27 to as the “GigaCloud Marketplace,” integrates discovery, payments and logistics  
28 tools to connect manufacturers, primarily in Asia, with resellers, primarily in the

1 U.S., Asia and Europe, to execute cross-border transactions, then executes delivery  
2 and sale through a network of warehouses up to and including last-mile delivery to  
3 the customer.

4 **The Company’s False and/or Misleading**  
5 **Registration Statement and Prospectus**

6 24. On July 8, 2022, the Company filed a Form F-1 with the SEC which  
7 forms part of the Registration Statement. On August 1, 2022, the Company filed a  
8 F-1/A, its final amendment to its F-1 Registration Statement. The Company’s  
9 Registration Statement was declared effective on August 17, 2022.

10 25. On August 19, 2022, the Company filed its prospectus on Form 424B  
11 with the SEC, which forms part of the Registration Statement. In the IPO, the  
12 Company sold 3,381,000 Class A ordinary shares at a price of \$12.25 per share. The  
13 Company received net proceeds of approximately \$34.2 million from their IPO. The  
14 proceeds from the IPO were purportedly to be used for general corporate purposes,  
15 including working capital, operating expenses, and capital expenditures.

16 26. The Registration Statement was negligently prepared and, as a result,  
17 contained untrue statements of material facts or omitted to state other facts  
18 necessary to make the statements made not misleading, and was not prepared in  
19 accordance with the rules and regulations governing its preparation.

20 27. Under applicable SEC rules and regulations, the Registration Statement  
21 was required to disclose known trends, events or uncertainties that were having, and  
22 were reasonably likely to have, an impact on the Company’s continuing operations.

23 28. Specifically, the Registration Statement stated that the Company had  
24 “21 warehouses in the U.S., Japan, the U.K. and Germany, totaling over four million  
25 square feet” including “three key operating centers in California, Georgia and New  
26 Jersey.” The Registration Statement asserts the Company has “*the capability to*  
27  
28

1 *reach over 90% of customers in the lower 48 states in the U.S. within an average*  
2 *of three days of delivery time.”*<sup>1</sup>

3 29. The Registration Statement describes these facilities as well staffed:

4 We believe that *our facilities are sufficient to meet our current needs.*  
5 *We intend to add new facilities or to expand our existing facilities as*  
6 *we add employees and expand our operations.* We believe that  
additional space that is suitable for our needs will be available as  
needed to accommodate any such expansion of our operations.

7 30. The Registration Statement asserts that, despite the Covid-19  
8 pandemic, they have seen increased revenue and order activities such that “*to serve*  
9 *the increased orders, we have hired and are continuing to hire additional*  
10 *warehouse staff and sales and marketing staff.”*

11 31. The Registration Statement sets out that “[w]e expect to continue to  
12 procure inventories *and invest in additional warehouses and logistics*  
13 *infrastructure* to further expand our business” and describes how their business  
14 model is “*[u]nderpinned by a network of strategically-placed warehouses and*  
15 *supply chain capabilities[.]”*

16 32. The Registration Statement describes how the close connection  
17 between their warehousing and revenue:

18 We operate warehouses in four countries across North America, Europe  
19 and Asia, with the U.S. being our largest market. *Our international*  
20 *activities are significant to our revenues and profits*, and we plan to  
further expand internationally.

21 33. The Registration Statement further states that GigaCloud revenue is  
22 primarily derived from “product sales and services.”

23 Our revenues, which consisted of service revenue generated from  
24 GigaCloud 3P and *product revenue generated from GigaCloud 1P* and  
25 off-platform ecommerce sales, increased by 19.0% from \$94.5 million  
26 in the three months ended March 31, 2021 to \$112.4 million in the  
three months ended March 31, 2022. This increase was primarily due to  
continued increase in market demand for large parcel merchandise,  
leading to increased number of sellers who listed merchandise and

27 <sup>1</sup> All bold and italicized emphasis herein is added unless otherwise noted.  
28



1 numbers of buyers who procured large parcel merchandise in our  
2 GigaCloud Marketplace.

3 34. Specifically, GigaCloud’s “1P” revenue is derived from direct product  
4 sales when “we [the Company] sell our merchandise to our customers, who are the  
5 buyers of the GigaCloud Marketplace.”

6 35. The Registration Statement sets this out more fully, asserting that the  
7 Company from 2019-2021 and the three months ended March 31, 2021 and 2022:

8 • We generated total revenues of \$122.3 million, \$275.5 million,  
9 \$414.2 million, \$94.5 million and \$112.4 million, respectively,  
10 representing 125.3% and 50.4% year-over-year growth in 2020 and  
11 2021, respectively, and 19.0% period-over-period growth in the three  
12 months ended March 31, 2022;

13 • We generated gross profit of \$22.2 million, \$75.1 million, \$89.6  
14 million, \$20.9 million and \$16.9 million, respectively, representing  
15 18.1%, 27.3%, 21.6%, 22.1% and 15.0% of total revenues,  
16 respectively;

17 • Our net income was \$2.9 million, \$37.5 million (restated), \$29.3  
18 million, \$8.0 million (restated) and \$4.7 million, respectively; and

19 • Our Adjusted EBITDA was \$4.9 million, \$45.5 million, \$48.0  
20 million, \$10.0 million and \$6.9 million, respectively.

21 36. The Registration Statement asserts the Company maintains a  
22 competitive advantage because:

23 ***We have artificial intelligence software, or AI, that generates seller***  
24 ***ratings and credit profiles through volume data.*** Additionally, ***our AI***  
25 ***optimizes routing*** by organizing incoming orders and rebalancing  
26 inventory levels within our warehousing network. Our software  
27 platform includes flexible trading tools with which sellers can set prices  
28 based on quantities, delivery dates and fulfillment methods, and buyers  
have the option to purchase merchandise individually or in bulk.

37. Finally, the Registration Statement sets out the Company’s “Code of  
Ethics and Corporate Governance” which states, “our board of directors has adopted  
a set of corporate governance guidelines covering a variety of matters, including  
approval of related party transactions.” The Registration Statement goes on to detail  
the “Corporate Structure” thusly:

As of the date of this prospectus, we conduct our business operations  
across 13 subsidiaries and seven consolidated VIEs, among those, eight  
of which are our principal subsidiaries and four of which are our

1 principal consolidated VIEs. We also have two equity incentive trusts  
2 which are treated as consolidated VIEs under U.S. GAAP.

3 38. The Registration Statement was materially false and misleading and  
4 omitted to state: (1) that the Company’s business is a fraction of what it publicly  
5 claims, as evidenced by staffing and activity levels at its warehouses; (2) that the  
6 Company overstated its last-mile operations; (3) that the Company engaged in  
7 undisclosed related party transactions; (4) that, as a result, the Company’s financial  
8 results were overstated; (5) that, as a result of the foregoing, Defendants’ positive  
9 statements about the Company’s business, operations, and prospects were materially  
10 misleading and/or lacked a reasonable basis.

11 **Materially False and Misleading**  
12 **Statements Issued During the Class Period**

13 39. The Class Period begins on August 18, 2022. On that day, GigaCloud’s  
14 ordinary shares began publicly trading pursuant to the Registration Statement,  
15 including the statements identified in ¶¶ 28-37.

16 40. On September 30, 2022, GigaCloud announced its unaudited financial  
17 results for the quarter and six months ended June 30, 2022 in a press release  
18 submitted to the SEC as part of a Form 6-K, Report of Foreign Issuer (“2Q22  
19 Financial Results”). The 2Q22 Financial Results stated in relevant part:

20 Second Quarter 2022 Financial Highlights

21 • ***Total revenues were \$124.0 million in the second quarter of 2022,***  
22 ***an increase of 11.0% from \$111.8 million in the second quarter of***  
23 ***2021.***

24 • Net income was \$6.1 million in the second quarter of 2022, compared  
25 to \$13.6 million in the second quarter of 2021.

26 • Adjusted EBITDA<sup>1</sup> was \$7.8 million in the second quarter of 2022,  
27 compared to \$16.6 million in the second quarter of 2021

28 \* \* \*

Operational Highlights

1 • ***GigaCloud Marketplace GMV was \$458.8 million in the 12 months***  
2 ***ended June 30, 2022, an increase of 43.8% from \$319.2 million in the***  
3 ***12 months ended June 30, 2021.***

4 • Active 3P sellers were 452 in the 12 months ended June 30, 2022, an  
5 increase of 67.4% from 270 in the 12 months ended June 30, 2021.

6 • ***Active buyers were 4,061 in the 12 months ended June 30, 2022, an***  
7 ***increase of 58.9% from 2,555 in the 12 months ended June 30, 2021.***

8 • Spend per active buyer was \$112,987 in the 12 months ended June 30,  
9 2022, a decrease of 9.5% from \$124,915 in the 12 months ended June  
10 30, 2021.

11 • ***3P seller GigaCloud Marketplace GMV was \$196.7 million in the 12***  
12 ***months ended June 30, 2022, an increase of 71.1% from***  
13 ***\$114.9 million in the 12 months ended June 30, 2021***

14 Second Quarter 2022 Financial Results

#### 15 ***Revenues***

16 ***Total revenues were \$124.0 million in the second quarter of 2022,***  
17 ***increased by 11.0% from \$111.8 million in the second quarter of***  
18 ***2021.*** The increase was primarily due to an increase in service revenue  
19 from GigaCloud 3P and product revenue from GigaCloud 1P, partially  
20 offset by the decrease in product revenue from off-platform  
21 ecommerce.

22 • Service revenue from GigaCloud 3P was \$32.8 million in the second  
23 quarter of 2022, increased by 39.4% from \$23.6 million in the second  
24 quarter of 2021. The increase was primarily due to an increase in  
25 revenues from last-mile delivery fees and fulfillment fees for other  
26 freight services such as delivery of products via ocean transportation.

27 • ***Product revenue from GigaCloud 1P was \$60.7 million in the***  
28 ***second quarter of 2022, increased by 15.4% from \$52.6 million in the***  
***second quarter of 2021. The increase was primarily due to an***  
***increase in number of active buyers and better selection of products***  
***catering to buyers' preference.***

• Product revenue from off-platform ecommerce was \$30.5 million in  
the second quarter of 2022, decreased by 14.4% from \$35.6 million in  
the second quarter of 2021. The decrease was primarily due to an  
overall decrease in sales on certain third-party off-platform ecommerce  
as consumer demand slowed down on such third-party off-platform  
ecommerce.

41. On November 30, 2022, GigaCloud announced its unaudited financial  
results for the quarter and nine months ended September 30, 2022 in a press release  
submitted to the SEC as part of a Form 6-K, Report of Foreign Issuer (“3Q22  
Financial Results”). The 3Q22 Financial Results stated in relevant part:

1 *We leverage our technology and ecommerce platform to reach*  
2 *continuing growth in our revenue, GMV and positive operating cash*  
3 *flows. Our revenue grew by approximately 23% in the third quarter of*  
4 *2022, compared to the third quarter of 2021. During the third quarter of*  
5 *2022, our GigaCloud 3P GMV continued to increase as a percentage of*  
6 *total GigaCloud Marketplace GMV, demonstrating an increased*  
7 *economies of scale and user base achieved through our current*  
8 *marketplace model.* Coupled with our successful IPO and  
improvement in operating cash flows in the third quarter, our liquidity  
and capital resources also saw an increase, providing sufficient capital  
for us to pursue our business objectives. Going forward, we will  
continue to leverage our data driven solutions, technological capability  
and resources to expand and optimize our marketplace, gain market  
share and better serve our global customers with a stable and efficient  
B2B ecommerce platform.

9 42. The 3Q22 Financial Results continued:

10 *Active buyers were 4,198 in the 12 months ended September 30, 2022,*  
11 *an increase of 36.2% from 3,082 in the 12 months ended September 30,*  
12 *2021.*

12 \* \* \*

13 *Total revenues were \$128.0 million in the third quarter of 2022, an*  
14 *increase of 23.4% from \$103.7 million in the third quarter of 2021.*  
15 *The increase was primarily due to an increase in service revenue*  
16 *from GigaCloud 3P and product revenue from GigaCloud 1P,*  
17 *partially offset by the decrease in product revenue from off-platform*  
18 *ecommerce.*

17 \* \* \*

18 *Product revenue from GigaCloud 1P was \$58.2 million in the third*  
19 *quarter of 2022, increased by 30.5% from \$44.6 million in the third*  
20 *quarter of 2021. The increase was primarily due to an increase in*  
21 *number of active buyers and better selection of products catering to*  
22 *buyers' preference.*

23 43. On March 17, 2023, GigaCloud announced its unaudited financial  
24 results for the quarter and fiscal year ended December 31, 2022 in a press release  
25 submitted to the SEC as part of a Form 6-K, Report of Foreign Issuer (“4Q22  
26 Financial Results”). The 4Q22 Financial Results stated in relevant part:

27 **Total revenues** were \$125.6 million in the fourth quarter of 2022, an  
28 increase of 20.5% from \$104.2 million in the fourth quarter of 2021.  
**Total revenues** were \$490.1 million for the full year of 2022, an  
increase of 18.3% from \$414.2 million for the full year of 2021.

27 \* \* \*

1 **Net income** was \$12.5 million in the fourth quarter of 2022, an  
2 increase of 34.2% from \$9.3 million in the fourth quarter of 2021. **Net**  
3 **income** was \$24.0 million for the full year of 2022, a decrease of  
4 18.1% from \$29.3 million for the full year of 2021.

5 \* \* \*

6 **Active buyers** were 4,156 in the 12 months ended December 31, 2022,  
7 an increase of 16.5% from 3,566 in the 12 months ended December 31,  
8 2021.

9 44. The 4Q22 Financial Results continued:

10 Total revenues were \$125.6 million in the fourth quarter of 2022,  
11 increased by 20.5% from \$104.2 million in the fourth quarter of 2021.  
12 The increase was primarily due to an increase in service revenue from  
13 GigaCloud 3P and product revenue from both GigaCloud 1P and off-  
14 platform ecommerce.

15 • *Service revenue from GigaCloud 3P was \$36.1 million in the fourth*  
16 *quarter of 2022, increased by 35.7% from \$26.6 million in the fourth*  
17 *quarter of 2021. The increase was primarily due to provision of third-*  
18 *party logistics services to certain existing and new customers.*

19 45. On April 24, 2023, GigaCloud submitted its Annual report on Form 20-  
20 F (“2023 20-F”). The 2023 20-F stated in relevant part:

21 In 2020, 2021 and 2022, *we continued to increase the use of self-*  
22 *owned and operated, cost-efficient high capacity trucks* to replace  
23 some, but not all, of our third-party outsourced trucks to further  
24 enhance transportation efficiency.

25 46. The 2023 20-F continued to describe the Company’s revenue:

26 To enhance our marketplace experience, we sell our own inventory, or  
27 1P, through the GigaCloud Marketplace and to and through third-party  
28 ecommerce websites, such as Rakuten in Japan, Amazon and Walmart  
in the U.S. and Wayfair in the U.K. *These 1P revenues expand our*  
*market presence, reduce inventory and logistics risk for sellers, create*  
*more products for buyers, drive volume-based cost efficiencies for*  
*sourcing products, provide us with proprietary data and increase the*  
*velocity of sales on our marketplace. 1P revenues through the*  
*GigaCloud Marketplace and to and through third-party ecommerce*  
*websites represented 78.2%, 76.3% and 71.3% of total revenues in*  
*2020, 2021 and 2022, respectively.* As our GigaCloud Marketplace  
continues to grow, we expect 1P revenues as a percentage of total  
revenues to decline over time.

\* \* \*

We leverage *our proprietary data and AI to accelerate the network*  
*effects in our marketplace.* As our marketplace grows, we accumulate  
user and product data to develop analytical and predictive tools such

1 as product sales forecasts. This information is valuable to our sellers as  
2 it allows them to efficiently manage inventory and pricing.

3 47. The 2023 20-F also sets out “Major Shareholders and Related Party  
4 Transactions” as well as “Board Practices” on the issue of related party transactions,  
5 which include that “if such contract or arrangement is a transaction with a related  
6 party, such transaction has been approved by the audit committee.” The 2023 20-F  
7 goes on to describe the Company’s Corporate Structure thusly:

8 GigaCloud Technology Inc is a holding company incorporated in the  
9 Cayman Islands that does not have substantive operations and is not a  
10 direct Chinese or Hong Kong operating company. As of the date of this  
11 annual report, we conduct our business operations across 14  
12 subsidiaries and four consolidated VIEs, among those, nine of which  
13 are our principal subsidiaries and three of which are our principal  
14 consolidated VIEs. We also have two equity incentive trusts which are  
15 treated as consolidated VIEs under U.S. GAAP.

16 48. On May 24, 2023, GigaCloud announced its unaudited financial results  
17 for the quarter ended March 31, 2023 in a press release submitted to the SEC as part  
18 of a Form 6-K, Report of Foreign Issuer (“1Q23 Financial Results”). The 1Q23  
19 Financial Results described the quarter as providing “record breaking financial and  
20 operation results through our relentless focus on execution.” The 1Q23 Financial  
21 Results reported:

22 • Total revenues were \$127.8 million in the first quarter of 2023, an  
23 increase of 13.7% from \$112.4 million in the first quarter of 2022.

24 • Gross profit was \$29.6 million in the first quarter of 2023, an increase  
25 of 75.3% from \$16.9 million in the first quarter of 2022. Gross margin  
26 increased to 23.1% in the first quarter of 2023, compared to 15.0% in  
27 the first quarter of 2022.

28 • Net income was \$15.9 million in the first quarter of 2023, an increase  
of 236.4% from \$4.7 million in the first quarter of 2022.

49. The 1Q23 Financial Results represents that the Company had **4,255**  
“*Active buyers*” in the 12 months ended March 31, 2023, “an increase of 12.5%  
from 3,782 in the 12 months ended March 31, 2022”. The 1Q23 Financial Results  
represents

Product revenue from GigaCloud 1P was \$61.4 million in the first  
quarter of 2023, increased by 13.2% from \$54.3 million in the first

1 quarter of 2022. The increase was primarily due to an increase in spend  
2 per active buyer.

3 50. On August 15, 2023, GigaCloud announced its unaudited financial  
4 results for the quarter and six months ended June 30, 2023 in a press release  
5 submitted to the SEC as part of a Form 6-K, Report of Foreign Issuer (“2Q23  
6 Financial Results”). The 2Q23 states

7 • Total revenues were \$153.1 million in the second quarter of 2023, an  
8 increase of 23.5% from \$124.0 million in the second quarter of 2022.

9 • Gross profit was \$40.4 million in the second quarter of 2023, an  
10 increase of 137.1% from \$17.0 million in the second quarter of 2022.  
11 Gross margin increased to 26.4% in the second quarter of 2023 from  
12 13.7% in the second quarter of 2022.

13 • Net income was \$18.4 million in the second quarter of 2023, an  
14 increase of 201.5% from \$6.1 million in the second quarter of 2022.

15 ***Active buyers were 4,351 in the 12 months ended June 30, 2023, an***  
16 ***increase of 7.1% from 4,061 in the 12 months ended June 30, 2022.***

17 51. The 2Q23 Financial Results quotes Larry Wu, Founder, Chairman of  
18 the Board of Director, and Chief Executive Officer of GigaCloud, who commented,  
19 “We are thrilled with our results for the first half of 2023, especially our tremendous  
20 period-over-period net income growth of over 200% and another consecutive  
21 quarter of generating record profitability.”

22 52. The 2Q23 Financial Results goes on to state:

23 Total revenues were \$153.1 million in the second quarter of 2023,  
24 increased by 23.5% from \$124.0 million in the second quarter of 2022.  
25 The increase was primarily due to an increase in market demand for  
26 large parcel merchandise, leading to increases in our GigaCloud  
27 Marketplace GMV, sales volume and number of sellers and buyers.

28 Service revenue from GigaCloud 3P was \$43.3 million in the second  
quarter of 2023, increased by 31.9% from \$32.8 million in the second  
quarter of 2022. ***The increase was primarily due to an increase in***  
***revenue from last-mile delivery services by 69.2% from \$13.5 million***  
***in the second quarter of 2022 to \$22.9 million in the second quarter***  
***of 2023 and an increase in revenue from warehouse services by***  
***62.1% from \$3.3 million in the second quarter of 2022 to \$5.3 million***  
***in the second quarter of 2023.*** These increases were partially offset by  
a decrease in revenue from ocean transportation services by 61.8%  
from \$10.2 million in the second quarter of 2022 to \$3.9 million in the  
second quarter of 2023, primarily due to the decrease in ocean freight  
costs which drove down our prices.





1 **and west coast (California) regions and saw laughably sparse activity.**  
2 For example, at one warehouse in New Jersey, our investigator sat for 3  
3 hours – during weekday business hours – and saw only a single  
4 GigaCloud delivery truck. At another location in California, our  
investigators did see a handful of overseas shipping containers being  
unloaded, but the unloaded cardboard boxes then sat strewn in the  
loading bay for hours without being sorted.

5 56. The Report compares GigaCloud’s warehouse employment numbers to  
6 other companies. “[I]ndustry sources suggest that a typical warehouse or fulfillment  
7 center **employs one employee for every 1,000-1,500 square feet of warehouse**  
8 **space**, or 1,000 employees for every million square feet of warehouse space”  
9 Meanwhile, “[t]he **Company’s Form 20-F discloses just 88 employees in**  
10 **operations worldwide, and just 73 in the U.S. across all departments.**” The Report  
11 states:

12 GigaCloud baldly claims to operate 14 distribution centers in the U.S.  
13 totaling over **3.7M million square feet using a maximum of just 73**  
14 **employees**. Similarly, we believe the Company’s global operational  
staff of just 88 is wholly insufficient to operate 21 total warehouses  
globally.

15 57. The Report describes investigating these warehouses and finding a  
16 paucity of activity. As the Report describes:

17 As such, in September 2023, we sent investigators to each of  
18 GigaCloud’s 9 warehouses concentrated in New Jersey (4 sites) and  
California (5 sites). **Our investigators sat at each location for 3 hours**  
19 **during normal business hours over the course of several business**  
20 **days, and found that in contrast to GigaCloud’s portrayal of its**  
**operations as large and growing, the locations held sparse activity.**

21 58. The Report describes in detail each warehouse which was surveilled for  
22 a number of hours over a period of days and weeks, such that “the activity levels we  
23 witnessed were **nowhere near commensurate** with the Company’s reported  
24 financials.”

25 59. Further, the Report alleged that GigaCloud’s last-mile delivery  
26 business, which GigaCloud reported to have grown to over \$80 million in LTM  
27 revenue, is in fact a “meager operation” which “has just 5 vehicles registered with  
28 the Department of Transportation (“DOT”)”.

1 GigaCloud’s Department of Transportation registration information  
 2 discloses that the Company’s GigaCloud’s logistics subsidiary (a VIE  
 3 owned by Kunming Xu) *held just 7 trucks (“power units”) and 5  
 4 drivers which travelled a collective 30,000 miles in 2021.*

\* \* \*

5 While the Company *has at times claimed that it also partners with  
 6 third-party last-mile delivery operators, a former GCT executive told  
 7 us that as of Q2 2022 (the last quarter they were at the Company),  
 8 GCT used only its own trucks and drivers, stating, “Everything was  
 9 their [GCT’s] own employees on their own trucks.”*

10 60. The Report goes on to describe how, even assuming GCT’s Last-mile  
 11 claims are accurate, they  
 12 fall short of the reported  
 13 \$80 million in revenue.

Assuming GCT's Last-mile Claims are Accurate...	
Annual last-mile revenues (2022)	\$62,745,000
Monthly last-mile revenues	\$5,228,750
Estimated fees earned per delivery	\$150
<b>Implied deliveries per month</b>	<b>34,858</b>
<b>Implied deliveries per day</b>	<b>1,162</b>

\* \* \*

Last Mile Delivery (est. as of Q2 2022)	California	New Jersey	Total
Average fees per delivery	\$150	\$150	\$150
Deliveries per month	600	300	900
Monthly revenues	\$90,000	\$45,000	\$135,000
<b>Annual revenues</b>	<b>\$1,080,000</b>	<b>\$540,000</b>	<b>\$1,620,000</b>

14 his  
 15 reporting is further bolstered GigaCloud’s own employees, including a former  
 16 executive, who were interviewed for the Report.

17 One former executive estimated that as of mid-2022, GCT’s last mile  
 18 business was completing *just 900 deliveries per month using 9 trucks.*  
 19 Using GCT’s own pricing sheets at an estimated \$150 per delivery, *this  
 20 implies annualized revenues of just \$1.6 million.* A second former  
 21 employee told us that by year-end 2022, *GCT was completing just 100  
 22 to 150 deliveries per day from its California base, which we estimate  
 23 implies just \$20 to \$30 million in annualized U.S. last-mile revenues,  
 24 again a fraction of GCT’s reported numbers.*

25 62. The Report goes on to describe interviews with GigaCloud former  
 26 employees who claimed “GigaCloud lost money in last-mile, given the relative lack  
 27  
 28

1 of scale of its distribution network and the Company’s promises to deliver anywhere  
2 for a flat rate.” As described in the Report:

3 Former employees we spoke with also portrayed GCT’s last-mile  
4 operation as *incredibly inefficient*, despite the Company’s claims to the  
5 contrary. For example, a shipment might arrive from China at a  
6 GigaCloud warehouse in California, but this order requires final  
7 delivery in Michigan, requiring a cross-country trip at GigaCloud’s  
8 promised flat rate. *One former employee opined, “they had to be  
9 losing money... on average, they’re losing to \$50 to \$100 per  
10 delivery.”*

11 63. The Report further alleges that GigaCloud’s “supposed artificial  
12 intelligence technology” which President Iman Schrock stated managed to  
13 “transform the entire supply chain” by “continuously optimiz[ing] economies of  
14 scale” is likely highly exaggerated, if it exists at all. As the Report states:

15 GCT itself *doesn’t even disclose software development expenses or  
16 capitalized software costs* in its financial statements, and *we couldn’t  
17 find a single GCT employee on LinkedIn or otherwise who claimed to  
18 have developed any AI for the Company.*

19 64. The Report also alleges that investigations into GigaCloud uncovered a  
20 pattern of potential “undisclosed related party issues.”

21 We’ve also uncovered numerous entities which are *neither named  
22 subsidiaries nor disclosed as GCT related parties, yet which name  
23 GCT insiders including CEO Lei (Larry) Wu, GCT’s former CFO  
24 Joseph Huang, and GCT employee Kunming Xu on corporate  
25 documents.* These entities appear to be engaged in the furniture trading  
26 business by way of their own separate Amazon and Walmart  
27 storefronts, their own furniture imports, and even their own  
28 warehouses. At the very least, we think the very existence of these  
entities suggests undisclosed related party issues, and in the worst case,  
might suggest more nefarious schemes.

65. The Report goes on to detail numerous entities which “appear to be tied  
to GCT insiders” who engaged in a “variety of apparent related-party businesses”  
never disclosed. These entities include Nixxon Digital Marketing, formed prior to  
GigaCloud’s entry into the United States, which lists “several GigaCloud insiders,  
including long-time employee Kunming Xu and former CFO Joseph Huang.”  
Kunming in particular is shown to have held the position of president, secretary,  
treasurer and director, simultaneously, from July 2013 until October 2018. During

1 that same period, Defendant Huang acted as agent before being replaced with a  
2 generic “Registered Agents Inc.”

3 66. The Report next describes how a similar company, Nisson Trading also  
4 “previously listed GigaCloud employee Kunming Xu as agent” before replacing him  
5 with the “generic officer, Registered Agents Inc,” “adding an additional layer of  
6 opacity to the entity.”

7 67. The Report sets out how “Nixxon and Nisson have taken *hundreds of*  
8 *imports* from many of the very same Chinese suppliers that GCT’s *disclosed*  
9 subsidiaries – Tmall and Comptree – have imported from” as shown in here:

	Tmall (subsidiary)	Comptree (subsidiary)	Nisson (undisclosed)	Nixxon (undisclosed)
<a href="#">Jiaxing Hifine International Enterprise</a>	363			454
<a href="#">Chuangyuan Smart Home Dongguan</a>	118			115
<a href="#">Leatly Industrial Development</a>	25			675
<a href="#">Yangzhou Kangle Machinery</a>	61	156		309
<a href="#">Shandong Joysource Wood</a>	119			177
<a href="#">Yichun Huaxiang Furniture</a>	2			157
<a href="#">Idea Industrial International</a>		149	67	
<a href="#">Shine Wood International</a>		150	40	15
<a href="#">Ningbo Zhenhai Liduoyi Trade</a>	17		28	85
<a href="#">Linyi Tongkaiju Import &amp; Export</a>	52		18	

18 68. The Report goes further, stating:

19  
20 *Our related party concerns span not only the import of furniture, but*  
21 *how furniture also appears to be being sold.* To that end, Orien Life  
22 Corp was incorporated in Nevada in December 2016. The entity is not  
named anywhere in GCT filings, yet once again listed GigaCloud CEO  
Lei Wu as President and former GCT CFO Huang as Treasurer.

23 69. As shown in the Report, Orien Life Corp “does appear to run several  
24 furniture-oriented ecommerce storefronts, including on Amazon and Walmart”  
25 which presents additional issues as detailed in the Report.

26 We originally suspected that Orien might simply represent GigaCloud's  
27 own IP storefronts, but see that GigaCloud's actual named subsidiaries  
28 do instead hold their own storefronts. For example: Tmall is a disclosed  
GCT subsidiary and sells Merax luggage through an Amazon  
storefront, while Oriental Standard is also a disclosed GCT subsidiary  
which sells through a separate Amazon storefront. *It's unclear to us*

1 *why GigaCloud might require multiple Amazon storefronts of its own,*  
2 *or even if such an arrangement might flaunt Amazon's selling*  
3 *policies[.]*

4 \* \* \*

4 Orien also lists an address at 2657 Windmill Parkway, Suite 393,  
5 Henderson, Nevada, which directs to a *UPS dropbox / virtual address*.  
6 It's unclear to us why GigaCloud would need to operate through this  
7 address, were Orien to be a GCT subsidiary. Instead, this again  
8 suggests to us that it's an *undisclosed related party*.

9 70. The Report goes on to discuss even more suspected related parties,  
10 including Orien Home Corp, which also directs to a virtual address at a UPS store,  
11 and which listed GigaCloud's former CFO, Defendant Huang as president, treasurer,  
12 and director before later replacing him with Shoujian Wang in November 2020. The  
13 Report continues to list these suspected parties:

14 Finally, both "Suki L INC" and "Kim Z INC" were incorporated in  
15 Colorado on the same day: March 26, 2021, and *each list Shoujian*  
16 *Wang - who was also listed on Orien Home Corp's documents as of*  
17 *January 2021 - as representative*. Suki LINC discloses an address in  
18 Denver, which directs to a small 10,000 sqft warehouse. Similarly, Kim  
19 Z INC lists a separate address in Commerce City, CO, which similarly  
20 leads back to a small industrial park. To our knowledge, GigaCloud has  
21 not disclosed any warehouse presence in Colorado, ruling out the  
22 possibility that these two entities are in fact GCT's own undisclosed  
23 subsidiaries.

24 \* \* \*

25 Just as we saw for Nixxon and Nisson, beginning in April 2021, Kim Z  
26 began receiving shipments from China, and has since received 79  
27 shipments, consisting of furniture, kitchen wares, and similar products.

28 \* \* \*

29 Similarly, beginning in May 2021 through the present, Suki L has  
30 received 188 shipments from China, consisting largely of furniture such  
31 as tables, lampshades, and drawers:

32 71. The Report summarizes their findings thusly:

33 [W]e have uncovered what appears to be several entities which list  
34 several different GigaCloud insiders and former insiders on their  
35 documents. *These entities have never been disclosed by GigaCloud as*  
36 *subsidiaries, nor have they been otherwise mentioned in GigaCloud's*  
37 *filings as related parties, business partners, or otherwise*. Yet they  
38 appear to be engaged in the very same business as GigaCloud, namely  
the import and online sales of furniture. We think this pattern deserves  
a full explanation by the Company.



1 77. Plaintiff's claims are typical of the claims of the members of the Class  
2 as all members of the Class are similarly affected by Defendants' wrongful conduct  
3 in violation of federal law that is complained of herein.

4 78. Plaintiff will fairly and adequately protect the interests of the members  
5 of the Class and has retained counsel competent and experienced in class and  
6 securities litigation.

7 79. Common questions of law and fact exist as to all members of the Class  
8 and predominate over any questions solely affecting individual members of the  
9 Class. Among the questions of law and fact common to the Class are:

10 (a) whether the federal securities laws was violated by Defendants'  
11 acts as alleged herein;

12 (b) whether the Registration Statement, statements made by  
13 Defendants to the investing public in connection with the Company's IPO, and  
14 statements made by Defendants to the investing public during the Class Period  
15 omitted and/or misrepresented material facts about the business, operations, and  
16 prospects of GigaCloud; and

17 (c) to what extent the members of the Class have sustained damages  
18 and the proper measure of damages.

19 80. A class action is superior to all other available methods for the fair and  
20 efficient adjudication of this controversy since joinder of all members is  
21 impracticable. Furthermore, as the damages suffered by individual Class members  
22 may be relatively small, the expense and burden of individual litigation makes it  
23 impossible for members of the Class to individually redress the wrongs done to  
24 them. There will be no difficulty in the management of this action as a class action.

25 **UNDISCLOSED ADVERSE FACTS**

26 81. The market for GigaCloud's securities was open, well-developed and  
27 efficient at all relevant times. As a result of these materially false and/or misleading  
28 statements, and/or failures to disclose, GigaCloud's securities traded at artificially

1 inflated prices during the Class Period. Plaintiff and other members of the Class  
2 purchased or otherwise acquired GigaCloud's securities relying upon the integrity of  
3 the market price of the Company's securities and market information relating to  
4 GigaCloud, and have been damaged thereby.

5 82. During the Class Period, Defendants materially misled the investing  
6 public, thereby inflating the price of GigaCloud's securities, by publicly issuing  
7 false and/or misleading statements and/or omitting to disclose material facts  
8 necessary to make Defendants' statements, as set forth herein, not false and/or  
9 misleading. The statements and omissions were materially false and/or misleading  
10 because they failed to disclose material adverse information and/or misrepresented  
11 the truth about GigaCloud's business, operations, and prospects as alleged herein.

12 83. At all relevant times, the material misrepresentations and omissions  
13 particularized in this Complaint directly or proximately caused or were a substantial  
14 contributing cause of the damages sustained by Plaintiff and other members of the  
15 Class. As described herein, during the Class Period, Defendants made or caused to  
16 be made a series of materially false and/or misleading statements about GigaCloud's  
17 financial well-being and prospects. These material misstatements and/or omissions  
18 had the cause and effect of creating in the market an unrealistically positive  
19 assessment of the Company and its financial well-being and prospects, thus causing  
20 the Company's securities to be overvalued and artificially inflated at all relevant  
21 times. Defendants' materially false and/or misleading statements during the Class  
22 Period resulted in Plaintiff and other members of the Class purchasing the  
23 Company's securities at artificially inflated prices, thus causing the damages  
24 complained of herein when the truth was revealed.

25 **LOSS CAUSATION**

26 84. Defendants' wrongful conduct, as alleged herein, directly and  
27 proximately caused the economic loss suffered by Plaintiff and the Class.





1 GigaCloud's securities and market information relating to GigaCloud, and have  
2 been damaged thereby.

3 89. During the Class Period, the artificial inflation of GigaCloud's shares  
4 was caused by the material misrepresentations and/or omissions particularized in  
5 this Complaint causing the damages sustained by Plaintiff and other members of the  
6 Class. As described herein, during the Class Period, Defendants made or caused to  
7 be made a series of materially false and/or misleading statements about GigaCloud's  
8 business, prospects, and operations. These material misstatements and/or omissions  
9 created an unrealistically positive assessment of GigaCloud and its business,  
10 operations, and prospects, thus causing the price of the Company's securities to be  
11 artificially inflated at all relevant times, and when disclosed, negatively affected the  
12 value of the Company shares. Defendants' materially false and/or misleading  
13 statements during the Class Period resulted in Plaintiff and other members of the  
14 Class purchasing the Company's securities at such artificially inflated prices, and  
15 each of them has been damaged as a result.

16 90. At all relevant times, the market for GigaCloud's securities was an  
17 efficient market for the following reasons, among others:

18 (a) GigaCloud shares met the requirements for listing, and was listed  
19 and actively traded on the NASDAQ, a highly efficient and automated market;

20 (b) As a regulated issuer, GigaCloud filed periodic public reports  
21 with the SEC and/or the NASDAQ;

22 (c) GigaCloud regularly communicated with public investors via  
23 established market communication mechanisms, including through regular  
24 dissemination of press releases on the national circuits of major newswire services  
25 and through other wide-ranging public disclosures, such as communications with the  
26 financial press and other similar reporting services; and/or

27 (d) GigaCloud was followed by securities analysts employed by  
28 brokerage firms who wrote reports about the Company, and these reports were

1 distributed to the sales force and certain customers of their respective brokerage  
2 firms. Each of these reports was publicly available and entered the public  
3 marketplace.

4 91. As a result of the foregoing, the market for GigaCloud’s securities  
5 promptly digested current information regarding GigaCloud from all publicly  
6 available sources and reflected such information in GigaCloud’s share price. Under  
7 these circumstances, all purchasers of GigaCloud’s securities during the Class  
8 Period suffered similar injury through their purchase of GigaCloud’s securities at  
9 artificially inflated prices and a presumption of reliance applies.

10 92. A Class-wide presumption of reliance is also appropriate in this action  
11 under the Supreme Court’s holding in *Affiliated Ute Citizens of Utah v. United*  
12 *States*, 406 U.S. 128 (1972), because the Class’s claims are, in large part, grounded  
13 on Defendants’ material misstatements and/or omissions. Because this action  
14 involves Defendants’ failure to disclose material adverse information regarding the  
15 Company’s business operations and financial prospects—information that  
16 Defendants were obligated to disclose—positive proof of reliance is not a  
17 prerequisite to recovery. All that is necessary is that the facts withheld be material  
18 in the sense that a reasonable investor might have considered them important in  
19 making investment decisions. Given the importance of the Class Period material  
20 misstatements and omissions set forth above, that requirement is satisfied here.

21 **NO SAFE HARBOR**

22 93. The statutory safe harbor provided for forward-looking statements  
23 under certain circumstances does not apply to any of the allegedly false statements  
24 pleaded in this Complaint. The statements alleged to be false and misleading herein  
25 all relate to then-existing facts and conditions. In addition, to the extent certain of  
26 the statements alleged to be false may be characterized as forward looking, they  
27 were not identified as “forward-looking statements” when made and there were no  
28 meaningful cautionary statements identifying important factors that could cause

1 actual results to differ materially from those in the purportedly forward-looking  
2 statements. In the alternative, to the extent that the statutory safe harbor is  
3 determined to apply to any forward-looking statements pleaded herein, Defendants  
4 are liable for those false forward-looking statements because at the time each of  
5 those forward-looking statements was made, the speaker had actual knowledge that  
6 the forward-looking statement was materially false or misleading, and/or the  
7 forward-looking statement was authorized or approved by an executive officer of  
8 GigaCloud who knew that the statement was false when made.

9 **FIRST CLAIM**

10 **Violation of Section 11 of the Securities Act**

11 **(Against All Defendants)**

12 94. Plaintiff repeats and re-alleges each and every allegation contained  
13 above as if fully set forth herein.

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

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

20 97. GigaCloud is the registrant for the IPO. The Defendants named herein  
21 were responsible for the contents and dissemination of the Registration Statement.

22 98. As issuer of the shares, GigaCloud is strictly liable to Plaintiff and the  
23 Class for the misstatements and omissions.

24 99. None of the Defendants named herein made a reasonable investigation  
25 or possessed reasonable grounds for the belief that the statements contained in the  
26 Registration Statement was true and without omissions of any material facts and  
27 were not misleading.  
28



1 **THIRD CLAIM**

2 **Violation of Section 10(b) of The Exchange Act and**

3 **Rule 10b-5 Promulgated Thereunder**

4 **Against GigaCloud and the Individual Defendants**

5 108. Plaintiff repeats and re-alleges each and every allegation contained  
6 above as if fully set forth herein.

7 109. During the Class Period, Defendants carried out a plan, scheme and  
8 course of conduct which was intended to and, throughout the Class Period, did: (i)  
9 deceive the investing public, including Plaintiff and other Class members, as alleged  
10 herein; and (ii) cause Plaintiff and other members of the Class to purchase  
11 GigaCloud's securities at artificially inflated prices. In furtherance of this unlawful  
12 scheme, plan and course of conduct, Defendants, and each defendant, took the  
13 actions set forth herein.

14 110. Defendants (i) employed devices, schemes, and artifices to defraud; (ii)  
15 made untrue statements of material fact and/or omitted to state material facts  
16 necessary to make the statements not misleading; and (iii) engaged in acts, practices,  
17 and a course of business which operated as a fraud and deceit upon the purchasers of  
18 the Company's securities in an effort to maintain artificially high market prices for  
19 GigaCloud's securities in violation of Section 10(b) of the Exchange Act and Rule  
20 10b-5. All Defendants are sued either as primary participants in the wrongful and  
21 illegal conduct charged herein or as controlling persons as alleged below.

22 111. Defendants, individually and in concert, directly and indirectly, by the  
23 use, means or instrumentalities of interstate commerce and/or of the mails, engaged  
24 and participated in a continuous course of conduct to conceal adverse material  
25 information about GigaCloud's financial well-being and prospects, as specified  
26 herein.

27 112. Defendants employed devices, schemes and artifices to defraud, while  
28 in possession of material adverse non-public information and engaged in acts,

1 practices, and a course of conduct as alleged herein in an effort to assure investors of  
2 GigaCloud's value and performance and continued substantial growth, which  
3 included the making of, or the participation in the making of, untrue statements of  
4 material facts and/or omitting to state material facts necessary in order to make the  
5 statements made about GigaCloud and its business operations and future prospects  
6 in light of the circumstances under which they were made, not misleading, as set  
7 forth more particularly herein, and engaged in transactions, practices and a course of  
8 business which operated as a fraud and deceit upon the purchasers of the Company's  
9 securities during the Class Period.

10       113. Each of the Individual Defendants' primary liability and controlling  
11 person liability arises from the following facts: (i) the Individual Defendants were  
12 high-level executives and/or directors at the Company during the Class Period and  
13 members of the Company's management team or had control thereof; (ii) each of  
14 these defendants, by virtue of their responsibilities and activities as a senior officer  
15 and/or director of the Company, was privy to and participated in the creation,  
16 development and reporting of the Company's internal budgets, plans, projections  
17 and/or reports; (iii) each of these defendants enjoyed significant personal contact  
18 and familiarity with the other defendants and was advised of, and had access to,  
19 other members of the Company's management team, internal reports and other data  
20 and information about the Company's finances, operations, and sales at all relevant  
21 times; and (iv) each of these defendants was aware of the Company's dissemination  
22 of information to the investing public which they knew and/or recklessly  
23 disregarded was materially false and misleading.

24       114. Defendants had actual knowledge of the misrepresentations and/or  
25 omissions of material facts set forth herein, or acted with reckless disregard for the  
26 truth in that they failed to ascertain and to disclose such facts, even though such  
27 facts were available to them. Such defendants' material misrepresentations and/or  
28 omissions were done knowingly or recklessly and for the purpose and effect of

1 concealing GigaCloud's financial well-being and prospects from the investing  
2 public and supporting the artificially inflated price of its securities. As demonstrated  
3 by Defendants' overstatements and/or misstatements of the Company's business,  
4 operations, financial well-being, and prospects throughout the Class Period,  
5 Defendants, if they did not have actual knowledge of the misrepresentations and/or  
6 omissions alleged, were reckless in failing to obtain such knowledge by deliberately  
7 refraining from taking those steps necessary to discover whether those statements  
8 were false or misleading.

9       115. As a result of the dissemination of the materially false and/or  
10 misleading information and/or failure to disclose material facts, as set forth above,  
11 the market price of GigaCloud's securities was artificially inflated during the Class  
12 Period. In ignorance of the fact that market prices of the Company's securities were  
13 artificially inflated, and relying directly or indirectly on the false and misleading  
14 statements made by Defendants, or upon the integrity of the market in which the  
15 securities trades, and/or in the absence of material adverse information that was  
16 known to or recklessly disregarded by Defendants, but not disclosed in public  
17 statements by Defendants during the Class Period, Plaintiff and the other members  
18 of the Class acquired GigaCloud's securities during the Class Period at artificially  
19 high prices and were damaged thereby.

20       116. At the time of said misrepresentations and/or omissions, Plaintiff and  
21 other members of the Class were ignorant of their falsity, and believed them to be  
22 true. Had Plaintiff and the other members of the Class and the marketplace known  
23 the truth regarding the problems that GigaCloud was experiencing, which were not  
24 disclosed by Defendants, Plaintiff and other members of the Class would not have  
25 purchased or otherwise acquired their GigaCloud securities, or, if they had acquired  
26 such securities during the Class Period, they would not have done so at the  
27 artificially inflated prices which they paid.

28



1 117. By virtue of the foregoing, Defendants violated Section 10(b) of the  
2 Exchange Act and Rule 10b-5 promulgated thereunder.

3 118. As a direct and proximate result of Defendants' wrongful conduct,  
4 Plaintiff and the other members of the Class suffered damages in connection with  
5 their respective purchases and sales of the Company's securities during the Class  
6 Period.

7 **FOURTH CLAIM**

8 **Violation of Section 20(a) of The Exchange Act**

9 **Against the Individual Defendants**

10 119. Plaintiff repeats and re-alleges each and every allegation contained  
11 above as if fully set forth herein.

12 120. Individual Defendants acted as controlling persons of GigaCloud  
13 within the meaning of Section 20(a) of the Exchange Act as alleged herein. By  
14 virtue of their high-level positions and their ownership and contractual rights,  
15 participation in, and/or awareness of the Company's operations and intimate  
16 knowledge of the false financial statements filed by the Company with the SEC and  
17 disseminated to the investing public, Individual Defendants had the power to  
18 influence and control and did influence and control, directly or indirectly, the  
19 decision-making of the Company, including the content and dissemination of the  
20 various statements which Plaintiff contends are false and misleading. Individual  
21 Defendants were provided with or had unlimited access to copies of the Company's  
22 reports, press releases, public filings, and other statements alleged by Plaintiff to be  
23 misleading prior to and/or shortly after these statements were issued and had the  
24 ability to prevent the issuance of the statements or cause the statements to be  
25 corrected.

26 121. In particular, Individual Defendants had direct and supervisory  
27 involvement in the day-to-day operations of the Company and, therefore, had the  
28

1 power to control or influence the particular transactions giving rise to the securities  
2 violations as alleged herein, and exercised the same.

3 122. As set forth above, GigaCloud and Individual Defendants each violated  
4 Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this  
5 Complaint. By virtue of their position as controlling persons, Individual Defendants  
6 are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate  
7 result of Defendants' wrongful conduct, Plaintiff and other members of the Class  
8 suffered damages in connection with their purchases of the Company's securities  
9 during the Class Period.

10 **PRAYER FOR RELIEF**

11 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

12 (a) Determining that this action is a proper class action under Rule 23 of  
13 the Federal Rules of Civil Procedure;

14 (b) Awarding compensatory damages in favor of Plaintiff and the other  
15 Class members against all defendants, jointly and severally, for all damages  
16 sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial,  
17 including interest thereon;

18 (c) Awarding Plaintiff and the Class their reasonable costs and expenses  
19 incurred in this action, including counsel fees and expert fees; and

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

21 **JURY TRIAL DEMANDED**

22 Plaintiff hereby demands a trial by jury.  
23  
24  
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