

Judge McMahon

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

10 CIV 7235

██████████ On Behalf
Of Themselves And All Others Similarly
Situated,

Plaintiffs,-

v.

DUOYUAN PRINTING, INC., WENHUA
GUO, XIQING DIAO, BAIYUN SUN,
WILLIAM D. SUH, CHRISTOPHER P.
HOLBERT, LIANJUN CAI, PUNAN XIE,
JAMES ZHANG, PIPER JAFFRAY & CO., and
ROTH CAPITAL PARTNERS, LLC,

Defendants.

Civil Action No.

CLASS ACTION COMPLAINT

SEP 20 2010

U.S.D.C. S.D. NY
JURY TRIAL DEMANDED

Plaintiffs ██████████ (“Plaintiffs”), individually and on behalf of all other persons similarly situated, by their undersigned attorneys, for their Class Action Complaint against defendants, alleges upon personal knowledge as to themselves and their own acts, and upon information and belief as to all other matters, based on, *inter alia*, the investigation conducted by and through their attorneys, which included, among other things: a review of the defendants’ public documents; conference calls and announcements made by defendants; Securities and Exchange Commission (“SEC”) filings; wire and press releases published by and regarding Duoyuan Printing, Inc. (“Duoyuan Printing” or the “Company”); securities analysts’ reports and advisories about the Company; and information readily obtainable on the Internet.

NATURE OF THE ACTION

1. This is a securities fraud class action on behalf of persons or entities who: (1) purchased or otherwise acquired the securities of Duoyuan Printing pursuant and/or traceable to the Company’s Registration Statement and Prospectus (collectively, the “Registration Statement”) issued in connection with the Company’s November 6, 2009, initial public offering

(the "IPO" or the "Offering") seeking to pursue remedies under the Securities Act of 1933 (the "Securities Act"); and (2) purchased or otherwise acquired the securities of Duoyuan Printing during the period from November 6, 2009 through and including September 13, 2010 (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act"). This class action is brought under Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a); and SEC Rule 10b-5, 17 C.F.R. § 240.10b-5 and Sections 11, 12(a)(2) and 15 of the Securities Act.

2. On November 6, 2009, the Company announced the pricing of its IPO of 6,455,918 shares at a price of \$8.50 per share, including 955,918 shares being offering by selling shareholders, for net proceeds to the Company of approximately \$42 million. In connection with the IPO, the Company filed a Registration Statement with the SEC which provided the Company's financial results for the fiscal years ending June 30, 2007, 2008, and 2009, as well as limited financial information for the Company's fiscal first quarter ending September 30, 2009.

3. Throughout the Class Period, defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, defendants made false and/or misleading statements and/or failed to disclose that: (1) that the authenticity of certain of the Company's expenses related to advertising and tradeshow costs could not be verified; (2) that the Company had improper relationships with certain vendors and distributors; (3) that, as a result, the Company's financial results were misstated during the Class Period; (4) that the Company lacked adequate internal and financial controls; and (5) that, as a result of the above, the Company's financial statements were materially false and misleading at all relevant times.

4. On September 13, 2010, Duoyuan Printing disclosed that the Company was dismissing its independent registered public accounting firm, Deloitte Touche Tohmatsu CPA Ltd. (“Deloitte”), and reorganizing its top management in connection with Duoyuan Printing’s “desire to resolve open issues and file our 10-K on a timely basis.” The Company’s Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and four members of the Company’s Board of Directors resigned after the dismissal of Deloitte.

5. As a result of the revelations, Duoyuan Printing securities declined \$3.60 or more than 54% and closed at \$2.99 on September 13, 2010.

6. As a result of defendants’ wrongful acts and omissions, and the precipitous declines in the market value of the Company’s securities, Plaintiffs and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

7. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and SEC Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5. Additional claims arise under Sections 11, 12(a)(2) and 15 of the Securities Act, 15 U.S.C. §§ 77k and 77o.

8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337 and Section 27 of the Exchange Act, 15 U.S.C. § 78aa and Section 22 of the Securities Act, 15 U.S.C. § 77v.

9. Venue is proper in this District pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, Section 22 of the Securities Act, 15 U.S.C. § 77v, and 28 U.S.C. § 1391(b). Duoyuan Printing securities is traded on the New York Stock Exchange (“NYSE”) which is located in the Southern District of New York.

10. In connection with the challenged conduct, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

Plaintiffs

11. Plaintiff [REDACTED] as set forth in the accompanying certification, incorporated by reference herein, purchased Duoyuan Printing securities pursuant and/or traceable to the Registration Statement and purchased Duoyuan Printing securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

12. Plaintiff [REDACTED] as set forth in the accompanying certification, incorporated by reference herein, purchased Duoyuan Printing securities pursuant and/or traceable to the Registration Statement and purchased Duoyuan Printing securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

Defendants

13. Defendant Duoyuan Printing is a Wyoming Corporation with its principal executive offices located at No. 3 Jinyuan Road, Daxing Industrial Development Zone, Beijing, People's Republic of China. The Company designs, manufactures and sells offset printing equipment used in the offset printing process. The aggregate number of shares of Duoyuan Printing securities outstanding as of May 11, 2010 is approximately 30.5 million shares. Duoyuan Printing is actively traded on the NYSE under the ticker symbol "DYP."

14. Defendant Wenhua Guo (“Guo”) was at all relevant times herein the Company’s Chairman of the Board of Directors. Guo is also CEO of Duoyuan Global Water, Inc. (“Duoyuan Global”), a manufacturer of water treatment equipment. Defendant Guo signed or authorized the signing of the Registration Statement.

15. Defendant Xiqing Diao (“Diao”) has been the Company’s CEO since September 8, 2010. Diao served as a Director and the Chief Operating Officer (“COO”) of the Company between November 2005 and September 8, 2010. Diao also served as the interim CEO of the Company from July 9, 2009 to August 26, 2009. He served as vice general manager of Duoyuan Clean Water Technology Industries (China) Co., Ltd. from August to November 2005. Defendant Diao signed or authorized the signing of the Registration Statement.

16. Defendant Baiyun Sun (“Sun”) has been the Company’s CFO since September 8, 2010. Sun served as the Controller of the Company from October 1, 2008 to September 8, 2010. Prior to that, she served as interim CFO of the Company from December 20, 2007 to March 1, 2008 and from May 21, 2008 to October 1, 2008. Prior to that, she served as the CFO of the Company from October 6, 2006 to July 18, 2007, a Director and vice president of the Company between June 2001 and April 2007. Defendant Sun signed or authorized the signing of the Registration Statement.

17. Defendant William D. Suh (“Suh”) was the Company’s CFO and a director until his resignation on September 6, 2010. Defendant Suh signed or authorized the signing of the Registration Statement.

18. Defendant Christopher P. Holbert (“Holbert”) has been the Company’s Vice President for International Markets since September 08, 2010. Holbert was the Company’s CEO from August 2009 until his resignation on September 8, 2010. Holbert served as a member of

the Board of Directors and as the chairman of the Audit Committee and a member of the Compensation and Nominating and Corporate Governance Committees from July 2007 to August 2009. From September 2008 until August 2009, he served as a member of the board of directors of Duoyuan Global. Holbert was also an auditor and a consultant for Deloitte. Defendant Holbert signed or authorized the signing of the Registration Statement.

19. Defendant Lianjun Cai (“Cai”) was, at all relevant times, Director of Duoyuan Printing. Defendant Cai signed or authorized the signing of the Registration Statement.

20. Defendant Punan Xie (“Xie”) was, at all relevant times, Director of Duoyuan Printing. Defendant Xie signed or authorized the signing of the Registration Statement.

21. Defendant James Zhang (“Zhang”) was, at all relevant times, Director of Duoyuan Printing. Defendant Zhang signed or authorized the signing of the Registration Statement.

22. The defendants referenced above in ¶¶ 14-21 are collectively referred to herein as the “Individual Defendants.”

23. Defendant Piper Jaffray & Co. (“Piper Jaffray”) was an underwriter of the Company’s initial public offering and assisted in the preparation and dissemination of Duoyuan Printing’s IPO materials. Defendant Piper Jaffray’s executive offices are located at 800 Nicollet Mall, Minneapolis, Minnesota 55402. Piper Jaffray has a location at 245 Park Avenue, 33rd Floor, New York, NY 10167.

24. Defendant Roth Capital Partners LLC (“Roth”) was an underwriter of the Company’s initial public offering and assisted in the preparation and dissemination of Duoyuan Printing’s IPO materials. Defendant Roth’s executive offices are located at 24 Corporate Plaza

Drive, Newport Beach, CA 92660. Roth has a location at 730 Fifth Avenue, 25th Floor, New York, NY 10019.

25. The defendants referenced above in ¶¶ 23-24 are collectively referred to herein as the “Underwriter Defendants”

SUBSTANTIVE ALLEGATIONS

Background

26. Duoyuan Printing is a leading manufacturer of commercial offset printing presses in China. The Company combines technical innovation and precision engineering to offer a broad range of printing presses in China. The Company combines technical innovation and precision engineering to offer a broad range of printing equipment and solutions. The Company has manufacturing and research and development facilities in Langfang, Hebei Province and Shaoyang, Hunan Province in addition to a distribution and service network with over 85 distributors that operate in over 65 cities and 28 provinces in China.

Defendants’ False and Misleading Statements

27. On or about November 6, 2009, the Company conducted its IPO of 6,455,918 shares at a price of \$8.50 per share. In connection with the IPO, the Company filed with the SEC a Registration Statement and Prospectus (collectively the “Registration Statement”). The Registration Statement was negligently prepared and, as a result, contained untrue statements of material facts or omitted to state other facts necessary to make the statements made not misleading and were not prepared in accordance with the rules and regulations governing their preparation. The Registration Statement, in relevant part, contained the Company’s financial results for the fiscal years ending June 30, 2007, 2008, and 2009, as well as certain financial information about the Company’s fiscal first quarter ending September 30, 2009. The IPO raised net proceeds of approximately \$42.3 million.

28. Additionally, therein, the Company, in relevant part, stated:

Our revenue grew 32.2% from \$67.8 million in the year ended June 30, 2007 to \$89.6 million in the year ended June 30, 2008 and 18.9% to \$106.6 million in the year ended June 30, 2009. Our net income grew 89.3% from \$14.0 million in fiscal 2007 to \$26.5 million in fiscal 2008 and 23.2% to \$32.6 million in fiscal 2009. For fiscal 2007, 2008 and 2009, our multicolor large format presses and our multicolor small format presses were our best selling products. For fiscal 2007, 2008 and 2009, we derived 72.3%, 81.4% and 83.3% of our revenue from the sale of our multicolor presses, respectively. For the same periods, our multicolor large format presses accounted for approximately 46.7%, 52.0% and 51.2% of our revenue, respectively, and our multicolor small format presses accounted for approximately 25.6%, 29.4% and 32.1% of our revenue, respectively.

Selling Expenses

Our selling expenses consist primarily of employee subsidies and benefits for our sales and marketing staff, transportation costs and marketing, sales, advertising, travel and entertainment activities expenses. Our selling expenses were \$7.8 million, \$8.7 million and \$9.7 million for fiscal 2007, 2008 and 2009, respectively.

From fiscal 2007 to fiscal 2009, our selling expenses increased primarily as a result of increased sales and marketing activities, the hiring of additional sales representatives and increased transportation costs. In fiscal 2009, our selling expenses as a percentage of revenue decreased by 0.6% to 9.1% from 9.7% in fiscal 2008 mainly due to increased sales volume, which created economies of scale, reducing our per unit selling expenses. In fiscal 2008, our selling expenses as a percentage of revenue decreased by 1.8% to 9.7% from 11.5% in fiscal 2007, as our transportation costs remained steady and we improved our selling and marketing efficiencies.

Because we sell all of our products to distributors, our selling expenses as a percentage of revenue are significantly lower than manufacturers that primarily sell directly to end-user customers. While we intend to continue to sell our products exclusively to distributors, we plan to build our brand recognition through increased marketing activities both inside and outside of China, which may increase our sales and marketing expenses in terms of actual amounts, as well as a percentage of revenue. In the near term, we expect that certain components of our selling expenses will increase as we continue to build brand recognition through increased marketing activities both inside and outside of China. Specifically, we expect that advertising expenses will increase as we increase our advertising in magazines and

trade journals and expand into new forms of media, including online advertising. In addition, we anticipate that exhibition expenses will increase as we plan to participate in more trade shows and exhibitions all across China to develop and enhance our reputation in the printing and packaging industries. We also expect salary expenses to increase as we continue to hire additional sales representatives to help broaden our end-user customer base. This anticipated increase in selling expenses will be a direct result of our plan to grow, strengthen and support our nationwide distribution network.

Our nationwide distribution network in China consists of over 85 distributors located in over 65 cities and 28 provinces in China. Our nationwide distribution network, which we believe, based on our experience in the industry, to be one of the largest among Chinese offset printing equipment suppliers, enable us to be more responsive to local market demands than many of our competitors. We support our distributors' sales efforts through coordinated marketing efforts. We regularly attend industry trade shows and exhibitions to showcase our products, as well as present seminars and training programs to our potential and existing distributors, as well as potential and existing end-user customers, to highlight the functions and capacities of our products. To maintain good relationships with our end-user customers, we provide certain services during the one-year warranty period associated with our products. During this period, we provide training, technical support, warranty and repair services for complex technical issues to our distributors who work with our end-user customers.

29. On November 16, 2009, the Company filed a quarterly report on Form 10-Q for the first quarter ended September 30, 2009 with the SEC, which was signed by defendants Holbert and Suh. In addition, pursuant to the Sarbanes-Oxley Act of 2002 ("SOX"), the Form 10-Q contained signed certifications by defendants Holbert and Suh, stating that the financial information contained in the 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

30. On February 10, 2010, the Company issued a press release announcing its financial results for the second quarter ended December 31, 2009. The Company reported net revenues of \$42.4 million, compared to \$36.8 million for the same period last year. The

Company also reported net income of \$13.8 million, or \$0.47 per diluted share, compared to net income of \$12.5 million, or \$0.51 per diluted share for the same period last year. For the six months ended December 31, 2009, the Company revenues of \$75.7 million, compared to \$63 million for the same period last year. The Company also reported net income of \$23.5 million or \$0.66 per diluted share for the six months, compared to \$21 million or \$0.85 per diluted share for the same period last year.

31. On February 11, 2010, the Company filed a quarterly report on Form 10-Q for the second quarter ended December 31, 2009 with the SEC, which was signed by defendants Holbert and Suh. In addition, pursuant to SOX, the Form 10-Q contained signed certifications by defendants Holbert and Suh, stating that the financial information contained in the 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

32. On May 3, 2010, the Company filed a Form 8-K with the SEC where it announced effective on March 1, 2010, Frazer Frost, LLP was dismissed by the Company as the independent certified public accounting firm of the Company. Effective on March 2, 2010, Deloitte was engaged as the Company's independent certified public accounting firm.

33. On May 10, 2010, the Company issued a press release announcing its financial results for the third quarter ended March 31, 2010. The Company reported net revenues of \$23.4 million, compared to \$17.4 million for the same period last year. The Company further reported net income of \$7.3 million, or \$0.23 per diluted share for the quarter, compared to \$4.9 million, or \$0.20 per diluted share in the same period of the prior year.

34. On May 11, 2010, the Company filed a quarterly report on Form 10-Q for the third quarter ended March 31, 2010 with the SEC, which was signed by defendants Holbert and

Suh. In addition, pursuant to SOX, the Form 10-Q contained signed certifications by defendants Holbert and Suh, stating that the financial information contained in the 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

35. On June 1, 2010, the Company announced the appointment of two new independent board members: Naoko Hatakeyama ("Hatakeyama") and Paula J. Dobriansky ("Dobriansky"), effective May 26, 2010.

36. The statements referenced above in ¶¶ 27-31, 33, and 34 above were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts, which were known to defendants or recklessly disregarded by them that: (1) that the authenticity of certain of the Company's expenses related to advertising and tradeshow costs could not be verified; (2) that the Company had improper relationships with certain vendors and distributors; (3) that, as a result, the Company's financial results were misstated during the Class Period; (4) that the Company lacked adequate internal and financial controls; and (5) that, as a result of the above, the Company's financial statements were materially false and misleading at all relevant times.

The Truth Begins to Emerge

37. On September 13, 2010, in a press release and Form 8-K filed with the SEC, the Company announced the dismissal of Deloitte and reorganization its top management in connection with the Company's "desire to resolve open issues and file our 10-K on a timely basis." In the Form 8-K, the Company disclosed, in relevant part, the following:

During the period from March 2, 2010 to September 6, 2010, there were no disagreements between the Company and Deloitte on matters of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the

satisfaction of Deloitte, would have caused Deloitte to make reference to the subject matter of the disagreement in their reports on the financial statements, except for the following:

- Deloitte requested that the Company provide permission to access original bank statements to complete its audit procedures to verify the identity of certain individuals and entities associated with third party distributors and vendors. As of the time of Deloitte's dismissal, the Company had not granted such permission because it believed the method and scope of the request was overly broad for the purpose of verifying the identity of such individuals and entities. Deloitte informed the Chairman of the Audit Committee of such disagreement and the matter was not resolved by the time of Deloitte's dismissal.

During the period from March 2, 2010 to September 6, 2010, there were no "reportable events" as that term is defined in Item 304(a)(1)(v) of Regulation S-K, except the following:

- In the course of its audit procedures, Deloitte identified supporting documentation for approximately RMB24 million of expenses related to advertising and tradeshow costs, the authenticity of which could not be verified to Deloitte's satisfaction. Deloitte suggested to the Audit Committee that it investigate these expenses. The Audit Committee has undertaken an independent investigation. At the time of its dismissal, Deloitte had not received subsequent information from the Audit Committee on the progress or outcome of the investigation.
- In the course of its audit procedures, Deloitte received information regarding certain distributors and vendors that appeared inconsistent with certain information that the Company had provided. Deloitte informed the Company and the Audit Committee of the inconsistencies. The Company worked to address these inconsistencies, but at the time of its dismissal, Deloitte had not received complete explanations from the Company to address all of its concerns.
- Deloitte advised the Audit Committee that it was informed by the Chief Executive Officer and Chief Financial Officer of the Company that they felt they did not have access to the information on the open matters referred to above nor were they in a position to assist the investigation. Deloitte expressed its concerns as to the impact of this on its ability to rely on the future representations from those members of management that it would otherwise seek to obtain as part of its normal audit procedures.

38. Following the dismissal of Deloitte, defendants Holbert and Suh resigned as the CEO and the CFO, respectively. The Company further disclosed that four of its directors resigned from the Board, defendant Zhang, defendant Diao, Dobriansky, and Hatakeyama.

39. In the Form 8-K, the Company disclosed that Zhang, who was the Chairman of the Audit Committee and the Company's Independent Director resigned "over the disagreement with the Company and the Board for dismissing Deloitte." In his resignation letter, Zhang stated that Deloitte expressed "concerns to the Audit Committee over several financial irregularities and management control weakness." Dobriansky, her resignation letter stated, in relevant part, the following:

During the September 6 Board telephone call regarding the ongoing audit of Duoyuan Printing, I indicated my position that the company should address all allegations directly and expeditiously. This would require providing the necessary information solicited and continued usage of the same firm conducting the current audit. As I state, not to stay the course in the middle of this investigation is quite problematic.

As a board member who believes that transparency is essential to the fabric of any company, I expressed concern about this particular matter and would have liked to have seen an immediate resolution. Not to do so, I believe, impacts on the company's fundamental corporate governance. This is a troubling circumstance for me. Unfortunately, given the outcome of the recent phone call, I do not find that my board participation in Duoyuan Printing can continue.

40. As a result, defendants Diao and Sun were appointed CEO and CFO. Wenzhong Liu ("Liu"), Vice President of Sales and Marketing was appointed Chief Operating Officer and defendant Cai was appointed Chairman of the Audit Committee.

41. An article published by thestreet.com reported the following:

One analyst familiar with the company said that's not necessarily the case, and that the firing of Deloitte & Touche could be read as the classic tussle between an auditor requesting access to information that a company that refuses to provide. Deloitte may have refused to sign off on financial

statements without access to certain records, which the Duoyuan Printing CEO and CFO refused to make available. There were open issues with Deloitte over permission to look at bank statements, expenses and relationships with distributors, which the CEO and CFO of Duoyuan Printing reportedly could not or would not provide to Deloitte.

42. As a result of the disclosures, Duoyuan Printing securities dropped \$3.60 or more than 54% to close at \$2.99 on September 13, 2010.

43. On September 15, 2010, the Company held an analyst conference call to discuss the Company's September 13, 2010, announcement about the changes in the Company's management and auditor.

44. On this news, shares of Duoyuan Printing securities declined \$0.58 per share, or 18.89%, to close on September 15, 2010 per share on unusually heavy volume.

CLASS ACTION ALLEGATIONS

45. Plaintiffs bring this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf a Class, consisting of all those who: (1) purchased or otherwise acquired the securities of Duoyuan Printing pursuant and/or traceable to the Company's Registration Statement issued in connection with the Company's November 6, 2009 IPO; and (2) purchased or acquired of Duoyuan Printing securities during the Class Period. 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.

46. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Duoyuan Printing securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiffs at this time and can be ascertained only through appropriate discovery, Plaintiffs believe that there are hundreds

or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Duoyuan Printing or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

47. Plaintiffs' claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

48. Plaintiffs will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiffs have no interests antagonistic to or in conflict with those of the Class.

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

- whether the federal securities laws were violated by defendants' acts as alleged herein;
- whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Duoyuan Printing;
- whether the Individual Defendants caused Duoyuan Printing to issue false and misleading financial statements during the Class Period;
- whether defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Duoyuan Printing securities during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

50. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as

the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

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

- defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Duoyuan Printing securities are traded in efficient markets;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NYSE, and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiffs and members of the Class purchased and/or sold Duoyuan Printing securities between the time the defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

52. Based upon the foregoing, Plaintiffs and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

CLAIMS FOR RELIEF

COUNT I

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

53. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

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

55. During the Class Period, defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiffs and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiffs and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Duoyuan Printing securities; and (iii) cause Plaintiffs and other members of the Class to purchase Duoyuan Printing securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

56. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Duoyuan Printing securities and options. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Duoyuan Printing's finances and business prospects.

57. By virtue of their positions at Duoyuan Printing, defendants had actual knowledge of the materially false and misleading statements and material omissions alleged

herein and intended thereby to deceive Plaintiffs and the other members of the Class, or, in the alternative, defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to defendants. Said acts and omissions of defendants were committed willfully or with reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

58. Defendants were personally motivated to make false statements and omit material information necessary to make the statements not misleading in order to personally benefit from the sale of Duoyuan Printing securities from their personal portfolios.

59. Information showing that defendants acted knowingly or with reckless disregard for the truth is peculiarly within defendants' knowledge and control. As the senior managers and/or directors of Duoyuan Printing, the Individual Defendants had knowledge of the details of Duoyuan Printing internal affairs.

60. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Duoyuan Printing. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Duoyuan Printing's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Duoyuan Printing securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Duoyuan Printing's

business and financial condition which were concealed by defendants, Plaintiffs and the other members of the Class purchased Duoyuan Printing securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities, and/or upon statements disseminated by defendants and were damaged thereby.

61. During the Class Period, Duoyuan Printing securities were traded on an active and efficient market. Plaintiffs and the other members of the Class, relying on the materially false and misleading statements described herein, which the defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased shares of Duoyuan Printing securities and options at prices artificially inflated by defendants' wrongful conduct. Had Plaintiffs and the other members of the Class known the truth, they would not have purchased said shares and options, or would not have purchased them at the inflated prices that were paid. At the time of the purchases by Plaintiffs and the Class, the true value of Duoyuan Printing securities and options were substantially lower than the prices paid by Plaintiffs and the other members of the Class. The market price of Duoyuan Printing securities and options declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiffs and Class members.

62. By reason of the conduct alleged herein, defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

63. As a direct and proximate result of defendants' wrongful conduct, Plaintiffs and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

COUNT II

**(Violations of Section 20(a) of the
Exchange Act Against The Individual Defendants)**

64. Plaintiffs repeat and reallege each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

65. (a) During the Class Period, the Individual Defendants participated in the operation and management of Duoyuan Printing, and conducted and participated, directly and indirectly, in the conduct of Duoyuan Printing's business affairs. Because of their senior positions, they knew the adverse non-public information about Duoyuan Printing's misstatement of income and expenses and false financial statements.

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

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

66. Each of the Individual Defendants, therefore, acted as a controlling person of Duoyuan Printing. By reason of their senior management positions and/or being directors of Duoyuan Printing, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause Duoyuan Printing to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Duoyuan Printing and possessed the power to control the specific activities which comprise the primary violations about which Plaintiffs and the other members of the Class complain.

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

COUNT III

**(Against All Defendants
For Violation of Section 11 of the Securities Act)**

68. Plaintiffs repeat and reallege each and every allegation contained above, except any allegations of fraud, recklessness or intentional misconduct.

69. This claim is asserted by Plaintiffs against all defendants by, and on behalf of, persons who acquired shares of the Company's securities pursuant to and/or traceable to the false Registration Statement issued in connection with the November 6, 2009 IPO.

70. Individual Defendants as signatories of the Registration Statement, as directors and/or officers of Duoyuan Printing and controlling persons of the issuer, owed to the holders of the securities obtained through the Registration Statement the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement at the time they became effective to ensure that such statements were true and correct, and that there was no omission of material facts required to be stated in order to make the statements contained therein

not misleading. Defendants knew, or in the exercise of reasonable care should have known, of the material misstatements and omissions contained in or omitted from the Registration Statement as set forth herein. As such, defendants are liable to the Class.

71. Underwriter Defendants owed to the holders of the securities obtained through the Registration Statement the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement at the time they became effective to ensure that such statements were true and correct and that there was no omission of material facts required to be stated in order to make the statements contained therein not misleading. Defendants knew, or in the exercise of reasonable care should have known, of the material misstatements and omissions contained in or omitted from the Registration Statement as set forth herein. As such, defendants are liable to the Class.

72. None of the defendants made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true or that there was no omission of material facts necessary to make the statements made therein not misleading.

73. Defendants issued and disseminated, caused to be issued and disseminated, and participated in the issuance and dissemination of, material misstatements to the investing public which were contained in the Registration Statement, which misrepresented or failed to disclose, *inter alia*, the facts set forth above. By reason of the conduct herein alleged, each defendant violated and/or controlled a person who violated Section 11 of the Securities Act.

74. As a direct and proximate result of defendants' acts and omissions in violation of the Securities Act, the market price of Duoyuan Printing's securities sold in the IPO was

artificially inflated, and Plaintiffs and the Class suffered substantial damage in connection with their ownership of Duoyuan Printing's securities pursuant to the Registration Statement.

75. Duoyuan Printing is the issuer of the securities sold via the Registration Statement. As issuer of the securities, the Company is strictly liable to Plaintiffs and the Class for the material misstatements and omissions therein.

76. At the times they obtained their shares of Duoyuan Printing, Plaintiffs and members of the Class did so without knowledge of the facts concerning the misstatements or omissions alleged herein.

77. This action is brought within one year after discovery of the untrue statements and omissions in and from the Registration Statement which should have been made through the exercise of reasonable diligence, and within three years of the effective date of the Prospectus.

78. By virtue of the foregoing, Plaintiffs and the other members of the Class are entitled to damages under Section 11 as measured by the provisions of Section 11(e), from the defendants and each of them, jointly and severally.

COUNT IV

Against All Defendants for Violations of Section 12(a)(2) of the Securities Act

79. Plaintiffs repeat and reallege each and every allegation contained above, except any allegations of fraud, recklessness or intentional misconduct.

80. For purposes of this action, Plaintiffs expressly disclaims and excludes any allegations that could be construed as alleging fraud or intentional or reckless misconduct as this cause of action is based expressly on claims of strict liability and/or negligence under the Securities Act.

81. Defendants were sellers, offerors, underwriters and/or solicitors of sales of the Duoyuan Printing securities offering pursuant to the November 2009 Prospectus.

82. The Prospectus contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and concealed and failed to disclose material facts. Defendants' actions of solicitation included participating in the preparation of the false and misleading Prospectus.

83. Defendants owed, to the purchasers of Duoyuan Printing securities which were sold in the November 2009 Initial Public Offering, the duty to make a reasonable and diligent investigation of the statements contained in the Prospectus, to insure that such statements were true and that there was not omission to state a material fact required to be stated in order to make the statements contained therein not misleading. These Defendants knew of, or in the exercise of reasonable care should have known of, the misstatements and omissions contained in the Offering materials as set forth above.

84. Plaintiffs and other members of the Class purchased or otherwise acquired Duoyuan Printing securities pursuant to and traceable to the defective Prospectus. Plaintiffs did not know, or in the exercise of reasonable diligence could not have known of the untruths and omissions.

85. Plaintiffs, individually and representatively, hereby offer to tender to Defendants those securities which Plaintiffs and other class members continue to own, on behalf of all members of the Class who continue to own such securities, in return for the considerations paid for those securities together with interest thereon.

86. By reason of the conduct alleges herein, these Defendants violated, and/or controlled a person who violated, section 12(a)(2) of the Securities Act. Accordingly, Plaintiffs

and members of the Class who hold Duoyuan Printing securities purchased pursuant and/or traceable to the November 2009 IPO have the right to rescind and recover the consideration paid for their Duoyuan Printing securities and, hereby elect to rescind and tender their Duoyuan Printing securities to the Defendants sued herein. Plaintiffs and class members who have sold their Duoyuan Printing securities are entitled to rescissionary damages.

87. Less than three years elapsed from the time that the securities upon which this count is brought were sold to the public to the time of the filing of this action. Less than one elapsed from the time when Plaintiffs discovered or reasonably could have discovered the facts upon which this count is based to the time of the filing of this action.

COUNT V

Violation of Section 15 of The Securities Act Against the Individual Defendants

88. Plaintiffs repeat and reallege each and every allegation contained above, excluding all allegations above that contain facts necessary to prove any elements not required to state a Section 15 claim, including without limitation, scienter.

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

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

91. Individual Defendants' position made them privy to and provided them with actual knowledge of the material facts concealed from Plaintiffs and the Class.

92. By virtue of the conduct alleged herein, the Individual Defendants are liable for the aforesaid wrongful conduct and are liable to Plaintiffs and the Class for damages suffered.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand judgment against defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiffs as the Class representative;
- B. Awarding compensatory damages in favor of Plaintiffs and the other class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- C. Awarding Plaintiffs and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs;
- D. Awarding rescissionary damages; and
- E. Awarding such equitable, injunctive or other relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiffs hereby demand trial by jury of all issues that may be so tried.

Dated: September 20, 2010