

JUDGE JONES

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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JOSEPH LARDY, Individually and On
Behalf of All Others Similarly Situated,

Civil Action No:

Plaintiff,

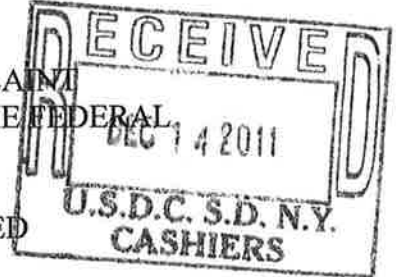
CLASS ACTION COMPLAINT
FOR VIOLATION OF THE FEDERAL
SECURITIES LAWS

vs.

GLG LIFE TECH CORPORATION, LUKE
ZHANG and BRIAN MEADOWS,

JURY TRIAL DEMANDED

Defendants.
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The allegations in this Complaint are based upon Plaintiff's personal knowledge as to Plaintiff's own acts, and are based upon information and belief as to all other matters alleged herein. Plaintiff's information and belief is based upon the investigation by Plaintiff's counsel into the facts and circumstances alleged herein, including, without limitation, a review and analysis of United States Securities and Exchange Commission ("SEC") filings by GLG Life Tech Corporation ("GLG" or the "Company"), as well as press releases, analyst reports, public statements, news articles and other publications disseminated by or concerning GLG and the other defendants named herein (together with GLG, the "Defendants"). Many additional facts supporting the allegations herein are known only to the Defendants and/or are within their exclusive custody or control. Plaintiff believes that additional evidentiary support for the allegations herein will emerge after a reasonable opportunity to conduct discovery.

NATURE OF THE ACTION

1. This is a federal class action on behalf of investors who purchased or otherwise acquired GLG common stock on the NASDAQ Stock Market between February 1, 2011 and November 13, 2011, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act"), and Rule 10b-5 promulgated thereunder.
2. GLG went public purporting to supply stevia extract, an all-natural zero-calorie sweetener, to the food and beverage industry worldwide. The Company has common stock listed on the NASDAQ stock market.
3. On October 6, 2011, GLG shocked the market by issuing a negative business outlook purportedly caused by production issues and weaker than expected demand for the Company's products.

4. As the truth regarding GLG started settling in, unsuspecting investors watched the price of GLG's common stock drop from a Class Period high of \$12.45 per share to \$2.01 on November 14, 2011, a decline of approximately 84%.

5. Through this action, Plaintiff seeks to recover for himself and absent Class members (defined below) the devastating losses that were suffered as a result of the Defendants' fraud.

JURISDICTION AND VENUE

6. This action arises under Sections 10(b) and 20(a) of the Exchange Act, as amended, 15 U.S.C. §§ 78j(b) and 78(t), and SEC Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated thereunder.

7. This Court has jurisdiction over the action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

8. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

9. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

THE PARTIES

10. Plaintiff, Joseph Lardy, as set forth in the accompanying certification and incorporated by reference herein, purchased GLG common stock at artificially inflated prices during the Class Period and has been damaged thereby.

11. Defendant GLG Life Tech Corporation is headquartered in Vancouver, Canada and conducts its business through various subsidiaries located throughout the People's Republic of China. GLG's "vertically integrated operations cover each step in the stevia supply chain including non-GMO stevia seed breeding, natural propagation, stevia leaf growth and harvest, proprietary extraction and refining, marketing and distribution of the finished product." The Company has also entered into a joint-venture agreement with China Agriculture and Healthy Foods Company Limited ("CAHFC") called All Natural and Zero Calorie Beverage and Foods ("ANOC") to sell and distribute all-natural zero calorie brands of beverages in China.

12. Defendant Luke Zhang ("Zhang") is and was, at all relevant times, the Company's Chief Executive Officer and Chairman of the Board.

13. Defendant Brian R. Meadows ("Meadows") is and was, at all relevant times, the Company's Chief Financial Officer and Corporate Secretary.

14. Zhang and Meadows are referred to herein as the "Individual Defendants." The Individual Defendants, because of their position with the Company, had the authority to control and correct the contents of GLG's public disclosures to the market.

CLASS ACTION ALLEGATIONS

15. Plaintiff brings this action pursuant to Rule 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of himself and a class (the "Class") consisting of all persons who purchased or otherwise acquired GLG common stock on the NASDAQ stock market during the Class Period at artificially inflated prices and who suffered damages as a result. Excluded from the Class are the Defendants named herein, members of their immediate families, any firm, trust, partnership, corporation, officer, director or other individual or entity in which a Defendant

has a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, heirs, successors-in-interest or assigns of such excluded persons.

16. Members of the Class are so numerous and geographically dispersed that joinder of all members is impracticable. While the exact number of Class members remains unknown at this time, Plaintiff believes that there are hundreds of members of the Class. Record owners and Class members can be identified from records maintained by GLG, or its transfer agent, and can be notified of the pendency of this action by mail and publication, using forms of notice similar to those customarily used in securities class actions.

17. Plaintiff's claims are typical of the other members of the Class because Plaintiff and all of the Class members sustained damages that arose out of the Defendants' unlawful conduct complained of herein.

18. Plaintiff will fairly and adequately protect the interests of the members of the Class, and Plaintiff has no interests that are contrary to, or in conflict with, the interests of the Class members that he seeks to represent. Plaintiff has retained competent counsel experienced in class action litigation under the federal securities laws to ensure such protection and intends to prosecute this action vigorously.

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

20. The prosecution of separate actions by individual Class members would create a risk of inconsistent and varying adjudications, which could establish incompatible standards of conduct for Defendants. Questions of law and fact common to members of the Class predominate over any questions that may affect only individual members, in that Defendants have acted on grounds generally applicable to the entire Class. The questions of law and fact common to the Class include, but are not limited to, the following:

- a. whether Defendants' acts violated the federal securities laws as alleged herein;
- b. whether Defendants' publicly disseminated statements during the Class Period omitted and/or misrepresented material facts;
- c. whether Defendants acted with scienter in omitting and/or misrepresenting material facts;
- d. whether the price of GLG common stock was artificially inflated during the Class Period as a result of the material misrepresentations and omissions complained of herein;
- e. whether the Individual Defendants were controlling person as alleged herein; and
- f. whether members of the Class have sustained damages and, if so, the proper measure of such damages.

SUBSTANTIVE ALLEGATIONS

21. The Class Period begins on February 1, 2011, when the Company issued financial guidance for 2011. The press release forecasted \$90 to \$100 million CAD in revenue from stevia sales and \$70 to \$100 million CAD in revenue from ANOC sales. During the Class Period, GLG only slightly downgraded its 2011 financial projections.

22. The Company's financial projections were materially false and misleading when made because the Defendants did not have a good faith basis for their statements.

23. Also on February 1, 2011, GLG announced that it had entered into an agreement with a syndicate of underwriters to raise capital through a securities offering in order to fund the ANOC joint venture. The deal closed on February 23, 2011 and raised approximately \$58.2 million CAD for the Company.

24. Throughout the Class Period, GLG and the Individual Defendants touted stevia's and ANOC's business development and growth. Specifically, the Company issued press releases touting: (1) substantial stevia extract sales; (2) the launch of a nationwide ANOC advertising campaign, (3) the warm reception from Chinese consumers to ANOC products; (4) the shipment of approximately 27 million ANOC products to the Chinese market; and (5) the development of a 65,000 distributor network carrying ANOC products.

25. The aforementioned statements were false and materially misleading when made because Defendants failed to disclose: (1) the truth surrounding GLG's production issues; (2) the poor consumer response to the Company's ANOC and stevia products; and (3) that the Company would not meet its earnings projections.

THE TRUTH EMERGES

26. On October 6, 2011, the Company shocked the market by issuing a press release entitled "GLG Life Tech Corporation Provides Business Update," which disclosed, in part, that: (1) GLG's Original Equipment Manufacturers ("OEM") were having ANOC production issues; (2) the unseasonably cool summer in China caused a material backlog of ANOC inventory at various Chinese distributors; and (3) stevia aftertaste issues were causing a decrease in demand for the Company's products. Although noting that these developments were material, Zhang commented that "[t]his situation remains a bump along the road to the building a successful

consumer brand in China and the ANOC team has successfully minimized the impact to the ANOC brand and our valuable Distributor network.”

27. On this news, the Company’s common stock declined \$1.47 per share, or approximately 42%, to close on October 6, 2011 at \$1.99 per share, on unusually heavy trading volume.

28. Subsequently, on October 7, 2011, the research firm *GeoInvesting* published a report that concluded that “[GLG’s] SEC financials may have been misrepresented and that [GLG] has had significant undisclosed operational issues for most of 2011.”

29. On November 14, 2011, the Company announced its financial results for the fiscal quarter ending September 30, 2011. The press release disclosed that stevia sales produced only \$0.7 million CAD in revenue and ANOC sales produced only \$1 million in revenue. Also, in response to its poor third quarter earnings, the Company modified its guidance policy and “decided to temporarily discontinue providing formal financial guidance on revenues, EBITDA and capital expenditures.”

LOSS CAUSATION

30. At all relevant times, GLG’s stock was traded on the NASDAQ stock market. As described above, Defendants’ material misrepresentations and omissions had the effect of creating and maintaining an artificially inflated price for GLG’s stock. Those misrepresentations and omissions that were not immediately followed by an upward movement in the Company’s stock price served to maintain the share price at artificially inflated levels by maintaining and supporting a false positive perception of GLG’s business, operations, performance and prospects.

31. Defendants had a duty to promptly disseminate accurate and truthful information with respect to the Company’s financial and operational condition or to cause and direct that

such information be disseminated, and to promptly correct any previously disseminated information that was materially misleading to the market. As a result of their failure to do so, the price of GLG common stock was artificially inflated during the Class Period, directly causing Plaintiff and the Class to suffer damages when the truth eventually emerged.

32. Defendants' false and misleading statements and omissions in their SEC filings and other public statements during the Class Period directly caused losses to Plaintiff and the Class. On the strength of these false statements, the Company's stock price was artificially inflated to a Class Period high of \$12.45 per share on February 1, 2011.

33. As the truth began to emerge regarding the true financial condition of GLG, the price of GLG stock declined as the market processed each set of previously undisclosed facts. Each such disclosure removed a portion of the artificial inflation in the price of GLG's common stock and directly caused Plaintiff and other Class members to suffer damages. On November 14, 2011, GLG's common stock had declined to a close of \$2.01 per share -- a decline of approximately 84% per share from its Class Period high.

34. Until shortly before Plaintiff filed this Complaint, he was unaware of the facts alleged herein and could not have reasonably discovered the Defendants' misrepresentations and omissions by the exercise of reasonable diligence.

APPLICABILITY OF THE FRAUD ON THE MARKET DOCTRINE

35. At all relevant times, the market for GLG's common stock was an efficient market for the following reasons, among others:

- a. GLG's common stock was listed and actively traded on the NASDAQ, a highly efficient national market;
- b. As a registered and regulated issuer of securities, GLG filed periodic reports with the SEC, in addition to the frequent voluntary dissemination of information;

- c. GLG regularly communicated with public investors through established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures such as communications with the financial press and other similar reporting services;
- d. GLG was followed by multiple analysts, which followed GLG's business and wrote reports which were publicly available and affected the public marketplace;
- e. The material misrepresentations and omissions alleged herein would tend to induce a reasonable investor to misjudge the value of GLG's stock; and
- f. Without knowledge of the misrepresented or omitted facts, Plaintiff and other members of the Class purchased or otherwise acquired GLG stock between the time the Defendants made the material misrepresentations and omissions and the time that the truth was revealed, during which time the price of GLG stock was artificially inflated by Defendants' misrepresentations and omissions.

36. As a result of the above, the market for GLG common stock promptly digested current information with respect to the Company from all publicly available sources and reflected such information in the security's price. Under these circumstances, all purchasers of GLG common stock during the Class Period suffered similar injuries through their purchases of shares at prices which were artificially inflated by the Defendants' misrepresentations and omissions. Thus, a presumption of reliance applies.

NO SAFE HARBOR

37. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made and/or were statements of historical fact. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly

forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements were made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of GLG who knew that those statements were false when made.

COUNT I

Violation of Section 10(b) and Rule 10b-5

38. Plaintiff realleges each allegation above as if fully set forth herein.

39. This claim is brought under Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5, against GLG and the Individual Defendants (the “Section 10(b) Defendants”). The Section 10(b) Defendants: (1) employed devices, schemes and artifices to defraud; (2) made untrue statements of material fact and/or omitted material facts necessary to make the statements made not misleading; and (3) engaged in acts, practices and a course of business which operated as a fraud and deceit upon Plaintiff, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

40. The Section 10(b) Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or the mails, engaged and participated in a continuous course of conduct to conceal non-public, adverse material information about the Company’s financial condition as reflected in the misrepresentations and omissions set forth above.

41. The Section 10(b) Defendants each had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless

disregard for the truth by failing to ascertain and to disclose such facts even though such facts were available to them, or deliberately refrained from taking steps necessary to discover whether the material facts were false or misleading.

42. As a result of the Section 10(b) Defendants' dissemination of materially false and misleading information and their failure to disclose material facts, Plaintiff was misled into believing that the Company's financial statements were true, accurate, and complete.

43. Plaintiff purchased GLG common stock without knowing that the Section 10(b) Defendants had misstated or omitted material facts about the Company's financial performance or prospects. In purchasing the stock, Plaintiff relied directly or indirectly on false and misleading statements made by the Section 10(b) Defendants, and/or an absence of material adverse information that was known to Section 10(b) Defendants or recklessly disregarded by them but not disclosed in the Section 10(b) Defendants' public statements. Plaintiff was damaged as a result of his reliance on the Section 10(b) Defendants' false statements and misrepresentations and omissions of material facts.

44. At the time of the Section 10(b) Defendants' false statements, misrepresentations and omissions, Plaintiff was ignorant of their falsity and believed them to be true. Plaintiff would not otherwise have purchased or acquired GLG stock had he known the truth about the matters discussed above.

45. Plaintiff is filing this action within two years after discovery of the facts constituting the violation, including facts establishing scienter and other elements of Plaintiff's claim, and within five years after the violations with respect to Plaintiff's investments.

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

47. As a direct and proximate result of the Section 10(b) Defendants' wrongful conduct, Plaintiff has suffered damages in connection with the purchase of GLG stock.

COUNT II

Violation of Section 20(a) of the Exchange Act

48. Plaintiff realleges each allegation above as if fully set forth herein.

49. Each of the Individual Defendants, by reason of their status as senior executive officers and directors of GLG, directly or indirectly, controlled the conduct of the Company's business and its representations to Plaintiff, within the meaning of § 20(a) of the Exchange Act (the "Section 20(a) Defendants"). The Section 20(a) Defendants directly or indirectly controlled the content of the Company's SEC statements and press releases related to Plaintiff's investments in GLG common stock within the meaning of § 20(a) of the Exchange Act. Therefore, the Section 20(a) Defendants are jointly and severally liable for the Company's fraud, as alleged herein.

50. The Section 20(a) Defendants controlled and had the authority to control the content of the Company's SEC statements and press releases. Because of their close involvement in the everyday activities of the Company, and because of their wide-ranging supervisory authority, the Section 20(a) Defendants reviewed or had the opportunity to review these documents prior to their issuance, or could have prevented their issuance or caused them to be corrected.

51. The Section 20(a) Defendants knew or recklessly disregarded the fact that GLG's representations were materially false and misleading and/or omitted material facts when made. In so doing, the Section 20(a) Defendants did not act in good faith.

52. By virtue of their high-level positions and their participation in and awareness of GLG's operations and public statements, the Section 20(a) Defendants were able to and did influence and control GLG's decision-making, including controlling the content and dissemination of the documents that Plaintiff contends contained materially false and misleading information and on which Plaintiff relied.

53. The Section 20(a) Defendants had the power to control or influence the statements made giving rise to the securities violations alleged herein, and as set forth more fully above.

54. As set forth above, the Section 10(b) Defendants each violated § 10(b) of the Exchange Act and Rule 10b-5, thereunder, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, the Section 20(a) Defendants are also liable pursuant to § 20(a) of the Exchange Act.

55. As a direct and proximate result of the Section 20(a) Defendants' wrongful conduct, Plaintiff suffered damages in connection with his purchases of GLG stock.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff on behalf of himself and the Class, prays for relief and judgment including:

A. Determining that Counts I and II of this action is a proper class action under Federal Rules of Civil Procedure 23, certifying Plaintiff as a Class representative under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff's counsel as Lead Counsel;

B. Awarding compensatory damages in favor of Plaintiff 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 determined at trial, including pre-judgment and post-judgment interest, as allowed by law;

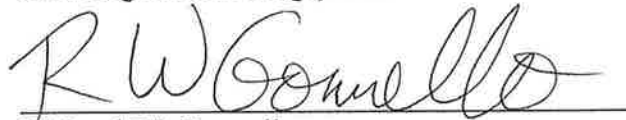
- C. Awarding extraordinary, equitable and/or injunctive relief as permitted by law (including, but not limited to, rescission);
- D. Awarding Plaintiff and the Class their costs and expenses incurred in this action, including reasonable counsel fees and expert fees; and
- E. Awarding such other and further relief as may be just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury on all triable claims.

Dated: New York, New York
December 14, 2011

FARUQI & FARUQI, LLP



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Counsel For Plaintiff Joseph Lardy

CERTIFICATION OF PROPOSED LEAD PLAINTIFF

I, Joseph Lardy ("Plaintiff"), declare, as to the claims asserted under the federal securities laws, that:

1. Plaintiff has reviewed the complaint filed in this matter and has authorized its filing.
2. Plaintiff selects Faruqi & Faruqi, LLP and any firm with which it affiliates for the purpose of prosecuting this action as my counsel for purposes of prosecuting my claim against defendants.
3. Plaintiff did not purchase the security that is the subject of the complaint at the direction of Plaintiff's counsel or in order to participate in any private action arising under the federal securities laws.
4. Plaintiff is willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.
5. Plaintiff's transactions in GLG Life Tech Corporation securities that are the subject of the complaint during the class period specified in the complaint are set forth in the chart attached hereto.
6. In the past three years, Plaintiff has not sought to serve nor has served as a representative party on behalf of a class in an action filed under the federal securities laws.
7. Plaintiff will not accept any payment for serving as a representative party on behalf of a class beyond plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class as ordered or approved by the Court.

I declare under penalty of perjury under the laws of the United States that the foregoing information is correct to the best of my knowledge.

Signed this 13 day of December 2011.


Joseph Lardy

