



CallistoResearch

BITDEER: Questions we think Bitdeer won't answer- response to Jihan Wu

Company: Bitdeer Technologies Group

Ticker: BTDR

Exchange: Nasdaq

Auditor: MaloneBailey



NOT INVESTMENT ADVICE- DO YOUR OWN RESEARCH

Callisto Research's response to Jihan Wu: Questions we think Bitdeer won't answer

This morning, April 17th, at around 9AM Singapore time, Jihan Wu released a response to our report on X, accusing us of using “absurd and misleading logic” and made a thinly veiled threat to sue us. Unsurprisingly, the response did not actually address a single one of our findings. We believe that Bitdeer has an opportunity to set the record straight on the issues raised by our report by providing fulsome answers to the following questions:

Matrixport

1. How was the decision reached to exclusively rely on Matrixport for disposal and custody of cryptocurrencies? Are you able to publish evidence showing that your independent directors have considered alternatives?
2. How regularly are Bitdeer's relationships with Matrixport entities reviewed by your independent directors? Are you able to publish evidence of these reviews taking place and of your internal process for such reviews?
3. Does the Matrixport Group have independent, consolidated audited accounts at the group/topco level for all of the years in which Bitdeer has done business with it, and do you have access to these accounts? If so, are you willing to publish these accounts? If not, what information was used by your independent directors in deciding that the relationship with Matrixport did not pose a credit risk?
4. Are you willing to publish a list of all of the Matrixport Group entities and disclose which of them are independently audited?
5. How did Bitdeer's independent directors reach the conclusion that Matrix Trust Company Limited was an appropriate party to custody Bitdeer's cryptocurrency? Are you able to publish evidence showing that your independent directors were aware that the entity is balance-sheet insolvent as of FYE 2023?
6. What percentage of Matrix Trust Company Limited's business comes from Bitdeer?
7. Are you able to produce a statement from your auditor showing that reviewed all of the cryptocurrency transactions entered into by Bitdeer using Matrixport's platform? If not, would you be willing to have these independently reviewed by a Big 4 forensics team to verify whether the cryptocurrency disposed of or held by Bitdeer is in fact generated by Bitdeer's commercial activities?
8. Are you able to publish evidence showing that your independent directors and auditors were made aware of Matrixport's links to OKX, FTX, 3AC, and Celsius Network?
9. Are you willing to publish the total volume of USDT transactions that Bitdeer has entered into on Matrixport's platform since Tether Holdings Limited became a shareholder of Bitdeer? If these are significant, why have these not been reported as related-party transactions?

10. Have you made your independent directors, auditors and regulators aware of the US government's findings regarding use of the Matrixport platform for money laundering? If so, are you willing to publish the relevant correspondence?
11. Are you willing to publish the commercial terms of your hosting contracts with Matrixport Group and produce a statement from an independent forensics team showing how these terms differed (if at all) from the terms agreed with other, non-related party hosting customers?

M2 Semi

12. Do you stand by your previous statements indicating that Bitdeer does not have any connections to the Chinese government?
13. Why did Bitdeer's subsidiary Tosummer Technology HK Limited ("Tosummer") acquire a stake in M2 Semiconductor, a Chinese company, during the period when Bitdeer had agreed not to own any interests in Chinese companies and only four months after it had stated to the SEC that it did not intend to set up any Chinese subsidiaries?
14. How much did Tosummer pay for its stake in M2 Semiconductor, and how was this funded?
15. Do you agree that prior to Tosummer acquiring its stake in M2 Semiconductor, Bitdeer's management and major shareholders had an existing relationship with M2 Semiconductor's management?
16. Why did Bitdeer choose not to disclose Tosummer's stake in M2 Semi in its 2022 or 2023 annual reports?
17. Have you made your independent directors, regulators, legal counsel, auditors and suppliers aware that Bitdeer has a stake in M2 Semiconductor, a Chinese company? If so, are you willing to publish the relevant correspondence?
18. Are you able and willing to provide a list of the Chinese public institutions and state-owned entities with which M2 Semi does business and collaborates?
19. Have you made your independent directors, regulators, legal counsel, auditors and suppliers aware that M2 Semiconductor collaborates and does business with Chinese state-owned entities and public institutions? If so, are you willing to publish the relevant correspondence?
20. Beyond Tosummer's 4.7% stake, does Tosummer or any company affiliated with Bitdeer or its management do business with M2 Semi?
21. Does M2 Semi have audited accounts, and are you willing to publish them?

SBV, Phastran and Cmotion

22. Why did you sell your Chinese subsidiary, Beijing Silicon Based Voyage Technology Co Ltd ("SBV"), for a consideration equivalent to 18.5% of its net assets?
23. Do you acknowledge that Bitdeer and/or Jihan Wu had a prior relationship with Li Yanchi and Long Zhengxiang prior to the sale of SBV?
24. Why did your then-CEO, Matt Kong, remain a director of SBV after it was sold?
25. Why did SBV own the phastran.vip domain name prior to the sale of SBV by Bitdeer?

26. How much did Cmotion Technologies Limited (“Cmotion”) and Beijing Phastran Technology Co, Ltd (“Phastran”) pay for the intellectual property they acquired from SBV? Are you able to provide a full accounting of when such transfers took place?
27. How much did Bitdeer pay for the Minerbase-related intellectual property it acquired from Phastran and Cmotion in 2023?
28. Why did Bitdeer choose not to disclose who this intellectual property was acquired from, and whether they were related parties?
29. Are you willing to disclose the details of the current financial arrangement between Bitdeer and the Cmotion/Phastran/Shenzhen Megabyte group as regards Bitdeer’s sales of Minerbase and related products?
30. Why does at least one of your employees also seemingly work for Cmotion?
31. Have you made your auditors, legal counsel, and independent directors aware of the apparent prior relationship between Jihan Wu and the management of Phastran and Shenzhen Megabyte, and of the fact that one of your employees also apparently works for Cmotion? Were you advised not to provide such information in your public disclosures and, if so, why?
32. Are you willing to commission an independent forensic review of your financial relationship and transactions with Cmotion, Phastran, and Shenzhen Megabyte?

Entity List exposure

33. Do you acknowledge that Jihan Wu, Hu Yishuo, Zhao Zhaofeng, and Ge Yuesheng are or have been indirect shareholders of Xiamen Sophgo Technologies Ltd, which is included on the US Commerce Department’s entity list?
34. Do Bitdeer, or any of its employees and major shareholders, have further ties of any kind to entities on the Entity List?
35. Have you informed Nvidia and TSMC of your management’s links to Xiamen Sophgo Technologies Ltd? If so, are you willing to publish the relevant correspondence?
36. Do you and your management agree with the US Commerce Department’s assessment of Xiamen Sophgo? If so, why does your CEO retain an indirect stake in the company?

Desiweminer

37. You claim to have conducted a “rigorous ten-month due diligence period” on Desiweminer and the associated companies. Did this include reviewing these entities’ audited financial statements for the period in which they have been producing and selling mining equipment? If so, are you willing to publish these?
38. You claim that the “Desiweminer team” have joined Bitdeer in Singapore. How many Desiweminer team members are current employees of Bitdeer and what are their names?
39. You claim to have done “rigorous” due diligence on Desiweminer’s supply chain. Which Chinese entities are involved in this supply chain and are they related to Desiweminer’s or Bitdeer’s management?

Bitdeer's governance

40. Prior to hiring Jeff Laberge, were you aware of his previous disbarment by the SEC and the controversy faced by his former employer in Panama? If so, what made you think he was a suitable person to employ as head of capital markets?
41. If you were not aware of the issues in Jeff Laberge's past, what background checks did you conduct on him? Have your employee screening policies changed since then and, if so, are you willing to publish evidence of the relevant policies being implemented?
42. Do you acknowledge that Guang Yang and Jihan Wu have a relationship that predates Bitdeer's formation? If so, why did you choose not to disclose this, and have you informed your legal counsel, auditors and regulators of this relationship?

Bitdeer's external relationships

43. Were you aware of the bribery investigations that were ongoing into 500.com when you sold your mining pool business to that company?
44. Were you aware of the ongoing criminal investigation into Yves Bouvier for theft prior to buying Le Freeport from him?
45. Were you aware of the fraud allegations against Bit Digital prior to signing a hosting agreement with them?
46. If you were aware of these issues, how did you reach the conclusion that these companies were suitable business counterparties, and do your current integrity due diligence policies remain the same?

Auditing and structure

47. Why do you use a different auditing firm in each country instead of engaging a larger, more reputable accounting firm that has offices in the majority of countries where you do business?
48. Why do you still choose to be audited by MaloneBailey despite the PCAOB's action against the company?
49. Why do you choose to deal with a MaloneBailey partner who is based in Mainland China?
50. Why do you use such a small accounting firm in Singapore despite the fact that your key operational subsidiary is based there?
51. Why do you not disclose in your group-level accounts that some of your subsidiaries are balance-sheet insolvent and others are reliant on their revenue balance-sheet insolvent entities for their continued existence?

IMPORTANT LEGAL DISCLAIMER – PLEASE REVIEW CAREFULLY IN CONJUNCTION WITH OUR RESEARCH REPORT AND SUPPORTING MATERIALS:

This report and all statements contained herein are our opinions and are not statements of fact.

Reports are based on generally available information, field research, inferences and deductions through our due diligence and analytical process.

Our reports are based on generally available information, field research, inferences and deductions through our due diligence and analytical process.

*Our opinions are held in good faith, and we have based them upon publicly available and readily observable matter facts and evidence collected and analyzed including our understanding of representations made by the management of the companies we analyze, all of which we set out in our research report to support our opinions. **HOWEVER, THEY REMAIN OUR OPINIONS AND BELIEFS ONLY.***

We conducted research and analysis based on generally available public information in a manner than any person could have done if they had been interested in doing so. You can publicly access any piece of evidence cited in this report or that we relied on to write this report.

We make no representation, express or implied, as to the accuracy, timeliness, or completeness of any such information or with regard to the results to be obtained from its use.

We are entitled to our opinions and to the right to express such opinions in a public forum. We believe that the publication of our opinions and the underlying facts about the public companies we research is in the public interest, and that publication is justified due to the fact that public investors and the market are connected in a common interest in the true value and share price of the public companies we research. All expressions of opinion are subject to change without notice, and we do not undertake a duty to update or supplement this report or any of the information contained herein.

Recipients of the research report should exercise their own judgment in connection with any trading of securities mentioned. Recipients of this report disclaim any reliance on this report in connection with any trading they may engage in with regard to any securities mentioned. By reviewing this report, you represent that you have sufficient investment sophistication to critically assess the information, analysis and opinion reflected in this report.

You further agree that you will not communicate the contents of reports and other materials on this site to any other person unless that person has agreed to be bound by these Terms of Use. If you access our website, download or receive the contents of reports or other materials on our website on your own behalf, you agree to and shall be bound by these Terms of Use. If you access our website, download or receive the contents of reports or other materials on our website as an agent for any other person, you are binding your principal to these same Terms of Use.

AS OF THE PUBLICATION DATE OF THIS REPORT, WE (POSSIBLY ALONG WITH OR THROUGH OUR MEMBERS, PARTNERS, AFFILIATES, EMPLOYEES, AND/OR CONSULTANTS) ALONG WITH OUR CLIENTS AND/OR INVESTORS HAVE A DIRECT OR INDIRECT SHORT POSITION IN THE STOCK (AND/OR OPTIONS, SWAPS, AND OTHER DERIVATIVES RELATED TO ONE OR MORE OF THESE SECURITIES) OF THE COMPANY COVERED HEREIN, AND THEREFORE STAND TO REALIZE SIGNIFICANT GAINS IN THE EVENT THAT THE PRICE OF BTDR'S STOCK DECLINES. THEREFORE, USE OUR RESEARCH AT YOUR OWN RISK. YOU SHOULD DO YOUR OWN RESEARCH AND DUE DILIGENCE BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE SECURITIES COVERED HEREIN. THE OPINIONS EXPRESSED IN THIS REPORT ARE NOT INVESTMENT ADVICE NOR SHOULD THEY BE CONSTRUED AS INVESTMENT ADVICE OR ANY RECOMMENDATION OF ANY KIND. FOLLOWING PUBLICATION OF THIS REPORT, WE MAY CONTINUE TRANSACTING IN THE SECURITIES COVERED THEREIN, AND WE MAY BE LONG, SHORT, OR NEUTRAL AT ANY TIME HEREAFTER REGARDLESS OF OUR INITIAL OPINION.

To the best of our ability and belief, all information contained herein is accurate and reliable, and has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the stock covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the issuer. Note that BTDR and insiders, agents, and legal representatives of BTDR and other entities mentioned herein may be in possession of material non-public information that may be relevant to the matters discussed herein. Do not presume that any person or company mentioned herein has reviewed our report prior to its publication.

This is not an offer to sell or a solicitation of an offer to buy any security, nor shall any security be offered or sold to any person, in any jurisdiction in which such offer would be unlawful under the securities laws of such jurisdiction.

By downloading and opening this report you knowingly and independently agree: (i) that any dispute arising from your use of this report or viewing the material herein shall be governed by the laws of the State of New York, without regard to any conflict of law provisions; (ii) to submit to the personal and exclusive jurisdiction of the superior courts located within the State of New York and waive your right to any other jurisdiction or applicable law; and (iii) that regardless of any statute or law to the contrary, any claim or cause of action arising out of or related to use of our website or the material herein must be filed within one (1) year after such claim or cause of action arose or be forever barred. The failure of us to exercise or enforce any right or provision of this disclaimer shall not constitute a waiver of this right or provision. If any provision of this disclaimer is found by a court of competent jurisdiction to be invalid, the parties nevertheless agree that the court should endeavor to give effect to the parties' intentions as reflected in the provision and rule that the other provisions of this disclaimer remain in full force and effect, in particular as to this governing law and jurisdiction provision. You agree that the information on our website is copyrighted, and you therefore agree not to distribute this information (whether the downloaded file, copies / images / reproductions, or the link to these files) in any manner other than by providing a link to our website. If you have

obtained research published by us in any manner other than by download from that link, you may not read such research without going to that link and agreeing to the Terms of Use on our designated website

