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## SOS Ltd (SOS): Nothing to Save Here

We are short SOS Ltd. (NYSE:SOS), (“SOS”, “the Company”). SOS is a China-based reverse merger which has languished since its April 2017 IPO until its torrent of crypto-related hype has taken shares up over 600% at their peak. However, we find the Company’s claims regarding its supposed cryptocurrency mining purchases and acquisitions to be extremely problematic, if not fabricated entirely. Meanwhile, insiders – including Chairman Yandai, Wang Yilin, CFO Li Sing Leung, and Jonathan Zhang – as well as the Company’s largest shareholders are already selling their shareholdings as of filings made as early as February 2 and as recently as 3 days ago. We think the ship is already sinking and there’s nothing worth saving. We’re short SOS and believe shares are worthless.

On January 21, SOS claimed to have entered into an agreement with HY International Group New York Inc. (“HY”) to acquire 15,645 mining rigs, namely “A10 Pro 780M” and “T2T 37T” miners, for \$20 million. We believe HY resembles a shell company which SOS has either created itself or co-opted into its fraud:

- HY’s State of New York business documents list an address at a virtual office in New York City. This same address shared by SOS and its lawyers, as indicated by its most recent S-3 filing.
- HY’s website is hosted on the same server and shares an IP address with FXK Technology Corporation (“FXK”), HY’s intended acquisition target, as well as with an SOS executive’s former company.
- HY’s website claims its CEO is “Claire Low”. We were unable to find any outside references to this name that confirm this person’s existence. Conspicuously, HY listed zero principal officers on its State of New York documents, effectively concealing its true provenance.
- HY’s contact information displays a sole Gmail address. Presumably, a mining supplier with the capability to fill a \$20 million order at a far faster rate than its peers would have its own company email address.

On February 9, the Company claimed to have received 5,000 of these rigs ahead of schedule, and on February 23, the Company claimed that these 5,000 rigs have “gone live.” Even more concerning however, we believe that SOS’s own photo displays not A10 Pro or T2T 37T miners, but Avalon A1066 miners, suggesting that the miners pictured do not belong to SOS. This is unsurprising, given that the “A10 Pro 780M” miner that SOS has claimed is now “live” is still not yet even available for delivery from the manufacturer. SOS claims it took just 19 days to receive the initial 5,000 rigs and just 14 days to bring them live. Notwithstanding the above, we find this timeline highly improbable given extremely tight supply and Chinese New Year. In comparison, bellwethers RIOT Blockchain and Marathon Patent Group recently reported order delays with times ranging from 67 to 156 days.

Moreover, on January 19, SOS claimed to have entered into a letter of intent (“LOI”) to acquire FXK Technology Corporation (“FXK”), supposedly a Canadian cryptocurrency technology firm. However, much like HY, we find that SOS has left its clown shoe-sized footprints all over FXK even prior to the deal closing. FXK’s only listed address is a 5-bedroom home in British Columbia, an apparent “rent-an-office” space shared by at least 4 other entities. FXK’s website also appears to be a sloppy rip-off of RHY, a well-known Chinese crypto operator. Indeed, FXK even appears to have accidentally left RHY behind in its copied webpages. FXK’s source code contains numerous references to “sosbx”, or SOS’s insurance business, hence suggesting its very origin ties directly to the Company. Finally, FXK shares a common ICP number with SOS, again suggesting common ownership.

SOS’s most recent (unaudited) financials were filed with the SEC for just Q2 2020, wherein the Company generated a laughable \$74,000 in revenues and just \$610,000 in cash. SOS has cycled through 3 auditors in the past 2 years, most recently bringing on Audit Alliance LLP as Shandong Haoxin departed in October 2020, citing a reportable event over numerous causes of material weaknesses. SOS’s multiple ongoing recent, in our view, predatory capital raises claim to “use the proceeds to invest in cryptocurrency mining equipment...” However, given our view that

SOS hasn't actually purchased the rigs it claims to have purchased, we think it's entirely possible that these proceeds have already been misappropriated by insiders.

### **“The Robbery” – We Think SOS’s Crypto Operations Have Been Largely Fabricated**

SOS Ltd (SOS) was previously known as China Finance (XRF), which claimed to focus on a micro-lending business. In August 2020, it then sold this peer-to-peer lending business for just \$3.5 million, and pivoted to an emergency services business. Its share price nevertheless languished until early January 2021, when the Company began a torrential string of 14+ press releases related to its supposedly newfound focus on bitcoin mining. Core to this promotion are the Company's January 21 claims to have purchased \$20 million worth, or over 15,000 mining rigs, of which 5,000 have already been brought live as of February 23.

### **“The Stand-In” – SOS’s “Live Rigs” Don’t Appear to be Those It “Ordered”**

In its February 23 press release, SOS provided apparent support for the existence of these mining rigs with a picture, making sure to include a taped sheet of paper with “SOS” printed on it, as if to suggest ownership:



However, we find that these miners don't appear to be the same miners that the Company claims to have ordered. Per the January 21 press release, the Company ordered T2T 37T miners and A10 Pro miners. More specifically:

“Pursuant to the purchase agreement, SOS is expected to pay approximately US\$20 million to purchase 14238 PCS built with parts including the **Momentum T2T 37T Double Speed, 1408 Momentum A10 Pro 780M**, from HY International Group New York Inc. a seller of cryptocurrency mining rigs.”

Per the earlier February 9 [press release](#), “The first batch of delivery [i.e. those claimed to be live as of February 23] is composed of a pool of 5000 PCS of mining rigs, which can generate about BTC Hash Power 175P and ETH Hash Power 350G.” We find even the Company’s reference to hash rate as indicative of the amateurishness of this fraud, as every other miner typically refers to hash rates in PH/s.

We find these same apparent amateur mistakes further in SOS’s initial claims over the names of the miners that they’ve supposedly purchased. First, we were unable to find any machines with “Momentum” branding. Presumably, SOS meant to refer to [Innosilicon’s T2T-37T](#), released in September 2019. Reference to these machines is often preceded by the following two Chinese characters: 芯动, which we find translate as “core motion” or “core movement.” We suspect that SOS made a translation error reflected by the Company’s apparent inability to correctly recognize the brand name of the machines it was supposedly ordering.

Further, SOS claims to have purchased 1,408 “Momentum A10 Pro 780M” machines, yet we are unable to verify that these machines are even available. The closest comparable machine that we could find was Innosilicon’s A10 Pro 8G, a top-of-the-line machine which appears to be [entirely sold out](#) on sites such as BlokForge. Thus, machines sold on the secondary market receive vast markups, such as this on [Amazon for \\$39,999](#), as well as the [7G machines](#) which are being sold for \$32,999 to \$34,999:



Roll over image to zoom in

## DragonX Innosilicon A10 Pro 8G 750-800MH/s ETH Ethmaster Miner Machine Include Compatible PSU Included

Brand: DragonX

★★★★☆ 2 ratings | 10 answered questions

Available from these sellers.

Color: A10 8G



- Innosilicon A10 Pro 8G 750-800m ETH miner is 750-800MH/s (± 5%)
- Please be aware that Innosilicon A10 Pro 8G 750-800m is not accept return and refund, the manufacturer will provide warranty for 180 days,if you return within 20 days, we will charge 40% restock fee.
- A10 Pro 750-800M PSU is more than 1300W, so please purchase AC cable with 3\*2.0 specifications, and 3 wire cores with diameter no less than 2.0mm
- Built-in web management portal - No separate host computer or software required
- Please contact for better price

[Report incorrect product information.](#)

SOS has claimed to have purchased 1,408 of these machines. At \$18,500 per machine, this equates to an estimated total consideration of \$26.0 million, while at an estimated secondary market price of \$35,000, this equates to total consideration of \$49.3 million, each figure well over the entire \$20 million purchase price. Note that this is also prior to consideration for the additional 14,238 T2T 37T machines that SOS also claims to have purchased.

Astute readers will also note that SOS's press release claimed a total rig count of 14,645, yet 1,408 plus 14,238 sums to 14,646.

Regarding the supposed T2T 37T miners also supposedly ordered from HY, we were unable to find any pictured, let alone listed for sale on either HY's or Innosilicon's website, again calling into question the provenance of SOS's pictured machines. Nevertheless, an example of a T2T 37T miner is pictured below, while readers can also find an October 2019 video of a T2T 37T rig [here](#). Note that in both the picture below and the YouTube video, the T2T 37T power unit has two fans, while its power switch is centered in line, as our annotation shows:


**T2T 37T (BTC miner)**




**A10 Pro (ETH miner)**



For the A10 Pro's part (see above), we find that the [only A10 Pro listed from HY](#) is a model which has a square face with a single fan cover, rather than a rectangular face with two covers:


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### Innosilicon A10 pro (720 days)

⚡ Hashrate: 500 MH/s x 1 units    ⚙️ Power: 1kw/h x 1 units

\$9,590.10 \$/units

**However, when we look closer at the rigs that SOS has claimed are now mining both BTC and ETH, we see stark differences that indicate to us that these machines are simply not what the Company has claimed.** Note in

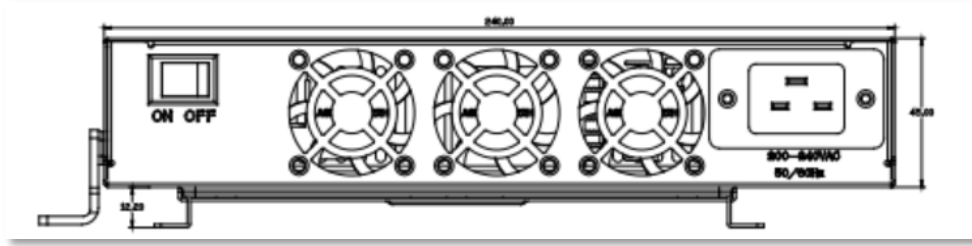
particular that the pictured rigs each have 2 covers on the face, while the power units appear to have 3 fans and an off-centered power switch:



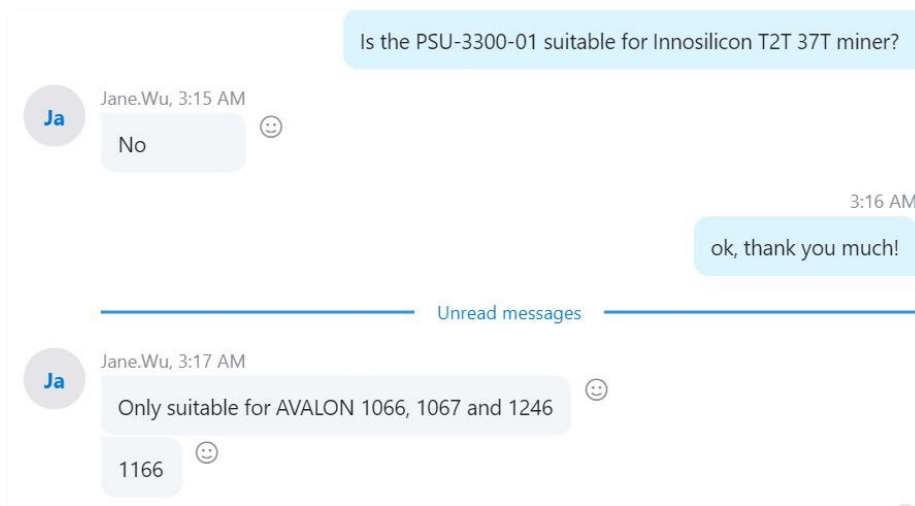
**Neither the A10 Pro on HY's site, the A10 Pro 7G, A10 Pro 8G, nor the T2T 37T resemble what we see here.** Instead, the pictured machines appear to instead best resemble [Avalon's A1066 miner](#), which has both 3 fans and an off-centered power switch:



To confirm that SOS had not simply replaced the power units on its rigs, we also inquired with AplusPower Co., Ltd, a provider of crypto miner PSUs, which [offers a PSU](#) that resembles those pictured by SOS (again note the 3 vents and off-centered switch):



The representative told us via Skype that this power unit pictured would not be suitable for the T2T 37T, and confirmed that it would be suitable only for select Avalon units as originally intended:




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***SOS claimed to purchase and install “Momentum” brand A10 Pro 780M and T2T 37T miners, yet the very few miners the Company was willing to picture appear to be totally different, calling into question whether they truly belong to SOS.***

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## **“The Rig Supplier” – HY International Appears to be a Shell Created by SOS**

SOS claims that the supplier of these – what we believe to be non-existent – A10 Pro and T2T 37T rigs is “HY International Group New York Inc.” (“HY”), which itself claims to be the “world’s largest mining machine matchmaker.” We think HY is a fictitious supplier created and de-facto controlled by SOS, and SOS never had any intention of fulfilling its supposed \$20 million order.

First, SOS shares an address with the supposed third-party supplier. Per the State of New York records, SOS [subsidiary](#) “SOS Information Technology Co” lists an address at 800 Third Ave, Suite 2800, New York, NY 10022:

Selected Entity Status Information	
<b>Current Entity Name:</b>	SOS INFORMATION TECHNOLOGY NEW YORK INC.
<b>DOS ID #:</b>	5788900
<b>Initial DOS Filing Date:</b>	JULY 15, 2020
<b>County:</b>	NEW YORK
<b>Jurisdiction:</b>	NEW YORK
<b>Entity Type:</b>	DOMESTIC BUSINESS CORPORATION
<b>Current Entity Status:</b>	ACTIVE

Selected Entity Address Information	
<b>DOS Process</b> (Address to which DOS will mail process if accepted on behalf of the entity)	SOS INFORMATION TECHNOLOGY NEW YORK INC.
	800 3RD AVE, SUITE 2800
	NEW YORK, NEW YORK, 10022
<b>Registered Agent</b>	NONE

We also see from SOS's [most recent S-3](#) that its law firm is located at the same address:

<b>Copies to:</b>
<b>Joan Wu Esq.</b>
<b>Hunter Taubman Fischer &amp; Li, LLC</b>
<b>800 Third Avenue, Suite 2800</b>
<b>New York, NY 10022</b>
<b>Tel: (212) 530-2210</b>
<b>Facsimile: (212) 202-6380</b>

Indeed, HY shares the exact same address:



Selected Entity Status Information	
<b>Current Entity Name:</b>	HY INTERNATIONAL GROUP NEW YORK INC.
<b>DOS ID #:</b>	5811734
<b>Initial DOS Filing Date:</b>	AUGUST 13, 2020
<b>County:</b>	NEW YORK
<b>Jurisdiction:</b>	NEW YORK
<b>Entity Type:</b>	DOMESTIC BUSINESS CORPORATION
<b>Current Entity Status:</b>	ACTIVE

Selected Entity Address Information	
<b>DOS Process</b> (Address to which DOS will mail process if accepted on behalf of the entity)	HY INTERNATIONAL GROUP NEW YORK INC.
	800 3RD AVE, SUITE 2800
	NEW YORK, NEW YORK, 10022
<b>Registered Agent</b>	NONE

800 Third Ave, Suite 2800 is a virtual and [shared office space](#), making it highly likely, in our view, that HY was simply created by SOS's own law firm, acting as an effective proxy for SOS. HY's contact page claims its CEO is "Claire Low", yet we were unable to independently verify Claire Low's existence, and further inquired with the State of New York, which indicated that Low was not listed on its documents. We find it conspicuous that the New York documents make no indication of Claire Low, let alone any registered agent, principals or officers.

Second, HY's website, [www.hyfth.com](http://www.hyfth.com), is hosted by "DingFeng XinHui", which also hosts SOS's recently intended acquisition target FXK, and eSecureChain, where SOS's new "cryptocurrency expert" claims he departed for SOS:

To find out where a website is hosted enter the URL address:

FIND HOST

It is hosted by: DingFeng XinHui(HongKong) Technology Limited

WHOIS information: [Click here](#)

Organization name: DINGFENG Network

AS(autonomous system) number and organization: AS134548 DXTL Tseung Kwan O Service

AS name: DXTL-HK

Reverse DNS of the IP:

City: Hong Kong

Country: Hong Kong

To find out where a website is hosted enter the URL address:

FIND HOST

It is hosted by: DingFeng XinHui(HongKong) Technology Limited

WHOIS information: [Click here](#)

Organization name: DINGFENG Network

AS(autonomous system) number and organization: AS134548 DXTL Tseung Kwan O Service

AS name: DXTL-HK

Reverse DNS of the IP:

City: Hong Kong

To find out where a website is hosted enter the URL address:

It is hosted by: **DingFeng XinHui(HongKong) Technology Limited**

WHOIS information: [Click here](#)

Organization name: **DINGFENG Network**

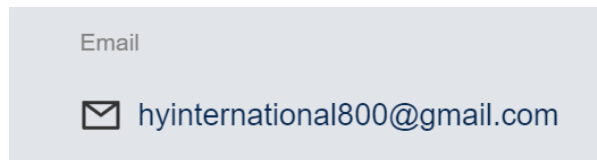
AS(autonomous system) number and organization: **AS134548 DXTL Tseung Kwan O Service**

AS name: **DXTL-HK**

Reverse DNS of the IP:

City: **Hong Kong**

HY also lists a sole email address at [hyinternational800@gmail.com](mailto:hyinternational800@gmail.com):



We question why HY, an entity supposedly capable of fulfilling a \$20M order far faster than any of its competitors, wouldn't bother to create a company email address.

We believe the fact pattern surrounding HY suggests that SOS has utilized HY to either execute fraud against U.S. (i.e. foreign) shareholders, or against the Chinese government via tax avoidance. Neither potentiality ought to be particularly reassuring for SOS investors.

### **“The Timeline” – We Find it Highly Improbable, Especially Over Chinese New Year**

We find that SOS's claimed timeline – 19 days from order to delivery, then just 14 days from delivery to miners online – simply doesn't stand up to common sense. Don't take our word for it; compare SOS's claims with recent commentary by bellwethers such as RIOT Blockchain and Marathon Patent Group:

- On October 6, 2020, RIOT [ordered](#) 2,500 Antminer S19 miners. The delivery was originally intended for December 2020, yet RIOT took receipt of these miners on January 19, 2021, 105 days after the order.
- On October 26, 2020, Marathon [purchased](#) 10,000 miners and stated that “the delivery of these new 10,000 S-19 Pro miners is scheduled to begin in January 2021 and will be completed by March 2021.” This equates to 67 days at the low end, or 156 days at the high end.

Even as SOS has claimed that it is now running equipment which is not yet available for delivery (i.e. the T2T 37T), used equipment is also in high demand, with [experts noting](#), for example, in January that “hardware procurement will continue to be an obstacle through 2021.” Moreover, third-party brokers such as [ASIC Jungle](#) and [Coin Mining Central](#) show little to no inventory available.

And all of this was supposedly accomplished over Chinese New Year. We simply don’t buy it.

## **“The Deal” – We Think FXK Tech Is Effectively an Empty Shell Set Up By SOS**

On January 19, 2021, [SOS claimed](#) to enter a non-binding letter of intent to acquire FXK Tech Corporation (“FXK”), which SOS Chairman Yandai Wang claimed was “a leader in cryptocurrency and crypto algorithmic power exchange technologies.” We believe the acquisition has yet to close, as (1) the January 19 press release indicated merely a “letter of intent”, (2) British Columbia filings do not indicate any recent change in FXK ownership, and (3) given SOS’s highly promotional nature, the Company has not issued a press release nor a Form 8-K indicating that the acquisition has closed.

Nevertheless, we believe that FXK has numerous pre-existing ties to SOS, and the supposed to-be-acquired “business” is effectively a fictitious business set up by SOS in service of its stock promotion.

## **FXK’s Only Listed Address is a “Rent-an-Office” Shared by At Least 4 Other Entities**

Per British Columbia business records, FXK was registered on July 8, 2020, just [two days prior](#) to SOS changing its ticker from XRF to SOS, and less than 2 weeks prior to the Company’s proposed name change:



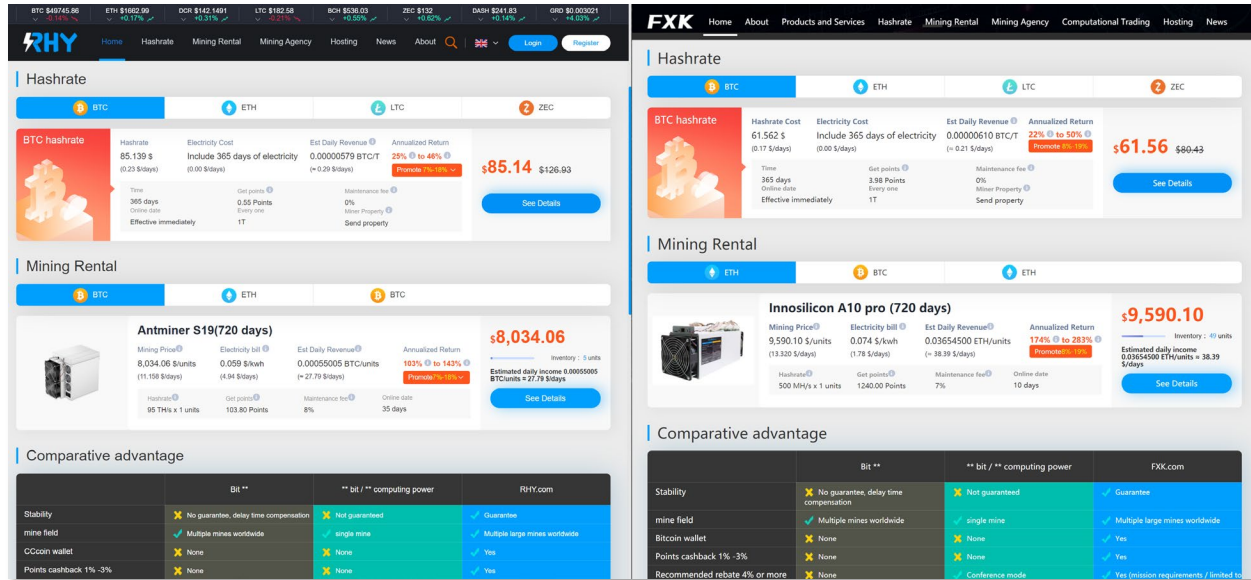
According to Redfin, 6620 Hyland Place, as listed above, is [a 5 bedroom home](#) which sold for \$1.4 million on June 30, 2020. To us, this appears to be a “rent-an-office” as we’ve found at least 4 additional entities which also have the residence as a listed address:

- [IPODAO](#), a supposed IPO advisor.
- [Starchain](#), a supposed “crowdfunded blockchain mining service.”
- [US E-2 Visa Alliance](#), a supposed “alliance of lawyers, projects and agents for E-2 Treaty Investors visa.”
- And finally, [Greenfield Decoration](#), a supposed “leader of intelligent prefabrication decoration.”

FXK’s website “[Contact Us](#)” page has zero phone number or additional addresses, only an outlook email address. We’re thus left questioning what business FXK has, if any.

**FXK’s Website Appears to be a Blatant (and Sloppy) Rip-off of RHY**

FXK’s website appears to be a direct mimic of [RHY](#), which, per its website, “Since 2016, [RHY] has invested in the construction of large-scale data centers in regions rich in power resources such as Eastern Europe, Western China, and the Middle East, and invested a total of 27 large-scale blockchain data centers.” RHY is owned by Shenzhen Internet Online Cloud Computing Stock Co., Ltd (SZ:835727). See the side-by-side below:



Again indicative of the amateurishness of SOS’s apparent fraud, on [its Chinese website](#), FXK has apparently forgotten to change the column header, mistakenly referring to itself as RHY:

	比特XX	X比特/X算力	RHY
稳定性	✘ 不保, 顺延时间补偿	✘ 不保	✔ 保
矿场	✔ 全球多个矿场	✔ 单一矿场	✔ 全球多个大型矿场
比特币钱包	✘ 无	✘ 无	✔ 有
积分返现1%-3%	✘ 无	✘ 无	✔ 有
推荐返佣4%以上	✘ 无	✔ 会议模式	✔ 有 (任务要求/限两级)
搬砖收益增加10%以上	✘ 无	✘ 无	✔ 有
积分商城	✘ 无	✘ 无	✔ 有
送产权模式	✘ 无	✘ 无	✔ 有
APP终端	✘ 无	✔ 有	✔ 有
结算方式	矿池结算	矿池结算	人工审核结算风控为主和矿池结算
公司性质	海外公司	国内公司	海外股份公司授权国内上市公司代理

Apparent rip-off aside, we note that FXX purports to offer mining rigs. If this is indeed the case, we question why SOS would enter into purchase agreement with HY for rigs just two days after announcing this acquisition, rather than simply working with FXX directly.

### SOS, FXX, and eSecureChain Share a Single ICP Number, Suggesting Common Ownership

We think FXX's ICP number indicates its previously undisclosed connections to SOS. Indeed, we think FXX is a shell that has been set up by SOS to utilize in its crypto promotion. [Per Cloudflare](#) (our emphasis):

"An ICP (Internet Content Provider) number is a state-issued registration that allows you to host your website on, or serve content from, a mainland Chinese server. All public websites in mainland China must have an ICP number listed on the website's home page. Hosting providers are instructed to shut down any website (often without notice) lacking an ICP number ... **Multiple websites owned by the same company can use the same ICP number.**"

For FXX, this ICP number is 17005667, as we can find referenced in the website's source code. Interested readers can "right-click" on any area of FXX's website to view the same code as is pictured below:

```
<div class="foot_mot">
<span class="font14" style="color: #FFFFFF;">
  <!-- <a class="hover_yellow" href="http://beian.miit.gov.cn/" target="_blank">ICP 17005667</a><br/> -->
  Copyright 2021 FXX All Right Reserved
```

SOS's SAIC filings reveal the same ICP number belonging to its family of websites:

Serial number	Site name	URL	domain name	Website record/license number	Review date	Public Security Record
1	Aisiouaisi Information Technology Co., Ltd.	<a href="http://www.sosyun.net">www.sosyun.net</a>	sosyun.net	Qian ICP No. 17005667-1	2020-07-17	-
2	Aisiouaisi Information Technology Co., Ltd.	<a href="http://www.sosyun.cc">www.sosyun.cc</a>	sosyun.cc	Qian ICP No. 17005667-2	2020-07-17	-
3	Aisiouaisi Information Technology Co., Ltd.	<a href="http://www.sosyun.com">www.sosyun.com</a>	sosyun.com	Qian ICP No. 17005667-4	2020-07-17	-
4	Aisiouaisi Information Technology Co., Ltd.	<a href="http://www.helpsos.cn">www.helpsos.cn</a>	helpsos.cn	Qian ICP No. 17005667-3	2020-07-17	-
5	Aisiouaisi Information Technology Co., Ltd.	<a href="http://www.sosbx.com">www.sosbx.com</a>	sosbx.com	Qian ICP No. 17005667-5	2020-07-17	-

### FXK's Source Code References SOS Servers, Suggesting the Site Was Set up by SOS Itself

Moreover, many images uploaded to [FXK's website](#) refer back to "sosbx", as can be shown in the HTML code seen below. We find this highly problematic, as "sosbx" refers to SOS BaoXian, SOS's insurance business which has been since tossed by the wayside. See that [www.SOSBX.com](http://www.SOSBX.com) remains active.

```
<link rel="shortcut icon" type="image/x-icon" href="/themes/sosbx/public/assetsets/images/index/bitbug_favicon.ico" media="screen">
<link href="/themes/sosbx/publicenglish/assets/fonts/4.7.0/css/font-awesome.min.css" rel="stylesheet" type="text/css">
<!-- CSS -->
<link rel="stylesheet" type="text/css" href="/themes/sosbx/publicenglish/assetsets/css/bootstrap.min.css">
<link rel="stylesheet" type="text/css" href="/themes/sosbx/publicenglish/assetsets/css/animate.min.css">
<link rel="stylesheet" type="text/css" href="/themes/sosbx/publicenglish/assetsets/css/owl.carousel.min.css">
<link rel="stylesheet" type="text/css" href="/themes/sosbx/publicenglish/assetsets/css/global.css">
<link rel="stylesheet" type="text/css" href="/themes/sosbx/publicenglish/assetsets/css/style.css">
<link rel="stylesheet" type="text/css" href="/themes/sosbx/publicenglish/assetsets/css/index.css">
<script type="text/javascript">
  //全局变量
  var GV = {
    ROOT: "/",
    WEB_ROOT: "/"
  }
</script>
... 20.portrait.no-landscape body div.mainer.about div.page_banner div.item div img ...
SOS 1 of 26 Cancel
```

Finally, FXK's historical website [as can be seen here](#) on January 30, 2021, contains source code that also references eSecureChain, founded by Dr. Eric H. Yan, [who joined SOS](#) on January 6, 2021:

```
<!DOCTYPE html>
<html>
<head>
  <meta charset="utf-8">
  <title>eSecureChain - ABOUT US</title>
  <meta name="keywords" content="" />
  <meta name="description" content="">
  <meta name="author" content="Oliver Wien">
</head>
</html>
```

---

***We think that not only is FXK effectively an empty shell,  
but inexorably linked directly to SOS in multiple ways.***

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## **“The Sniffing Accountant” – Apparently, Even Chinese Auditors Won’t Sign Off**

In October 2020, [SOS dismissed](#) its auditor, Sandong Haoxin Certified Public Accountants Co., Ltd. (“Haoxin”), moving onto its third auditor in just two years (PWC Zhong Tian LLP left in 2019), Audit Alliance. SOS indicated:

“During the two most recent fiscal years and through the subsequent interim period preceding Haoxin’s resignation, there was one “reportable event” within the meaning of Item 16F(a)(1)(v) of Form 20-F, relating to disclosure of material weaknesses in the Company’s internal control over financial reporting. As previously reported, the following material weaknesses were identified:

- (i) a lack of accounting staff and resources with appropriate knowledge of U.S. GAAP and SEC reporting and compliance requirements;
- (ii) a lack of sufficient documented financial closing policies and procedures, specifically those related to period- end expenses cut- off and accruals; and
- (iii) inadequate controls with respect to the maintenance of sufficient documentation for, and the evaluation of the accounting implications of, significant and non- routine payment transactions.
- (iv) a lack of adequate control procedures to ensure compliance with provisions of relevant regulations to prevent the Company from using personal bank accounts for its operation and to manage the usage of bank accounts; and
- (v) inadequate controls with respect to the maintenance of sufficient documentation for nonrecurring transactions.”

We again find it telling of SOS as such a laundry list of deficiencies is highly uncharacteristic of a near-billion dollar company, even prior to the multitude of concerns we harbor regarding the Company’s recent crypto-related promotion. We also find it telling that, [per PCAOB](#), Haoxin’s only two other clients listed are effective penny stocks: Fuwei Films Holdings (FFHL; ~\$38 million market cap) and Gridsum Holding Inc (GSUM; ~\$66 million market cap).

Of SOS’s new auditors, Audit Alliance, Glassdoor reviews are [highly unfavorable](#), citing, for example:

- “poor audit quality”
- “Poor working environment, no audit software and server, no SOP...”
- “No proper soft copy of audit working paper is maintained due to the extreme high staff turnover...”

In effect, SOS looks to us to have brought on sham auditors in service of its promotion when more esteemed auditors wouldn’t do the trick.

## **“The Finale” – We Think SOS is a Pump and Dump Which is Already Unraveling**

We think the bedrock of SOS’s claims to be a burgeoning cryptocurrency operation is crumbling underneath the Company’s feet, and SOS has incessantly raised capital to line its own pockets. We view SOS’s capital raises as predatory, as they reward insiders at the expense of minority shareholders. To that end, both major shareholders and insiders have indicated intentions to sell. See from the February 18 [prospectus](#), in which major shareholders could exercise warrants at a deeply discounted price of \$2.00 per ADS:

Information concerning the Selling Securityholders may change over time. Any changed information will be set forth in amendments to the registration statement of which this prospectus forms a part or in supplements to this prospectus, if and when necessary or as otherwise required by law.

	<b>Number of ADSs Owned Prior to Offering</b>	<b>Maximum Number of ADSs to be Sold Pursuant to this Prospectus</b>	<b>Number of ADSs Owned After Offering</b>	<b>Percentage Beneficially Owned After Offering</b>
Hudson Bay Master Fund Ltd. <sup>(1)(2)</sup>	1,608,000	7,440,000	0	*%
Anson Investments Master Fund LP <sup>(1)(3)</sup>	1,138,127	4,800,000	0	*
Anson East Master Fund LP <sup>(1)(3)</sup>	379,375	1,600,000	0	*
Intracoastal Capital LLC <sup>(1)(4)</sup>	6,776,748	5,920,000	0	*
L1 Capital Global Opportunities Master Fund <sup>(1)(5)</sup>	2,575,000	4,120,000	0	*
<b>TOTAL</b>	<b>12,477,250</b>	<b>23,880,000</b>	<b>0</b>	<b>*%</b>

\* Less than 1%

(1) Includes ADSs owned by the Selling Securityholders upon full exercise of all warrants to purchase ADSs that are held by the Selling Securityholders. The warrants are each exercisable for one ADS at an exercise price of \$2.00 per ADS.

Yet, the [updated prospectus](#) filed on February 23 indicates that the previous large shareholders have almost entirely exited SOS just days later:

Information concerning the Selling Securityholders may change over time. Any changed information will be set forth in amendments to the registration statement of which this prospectus forms a part or in supplements to this prospectus, if and when necessary or as otherwise required by law.

	<b>Number of ADSs Owned Prior to Offering</b>	<b>Maximum Number of ADSs to be Sold Pursuant to this Prospectus</b>	<b>Number of ADSs Owned After Offering</b>	<b>Percentage Beneficially Owned After Offering</b>
Hudson Bay Master Fund Ltd. <sup>(1)(2)</sup>	0	7,440,000	0	*%
Anson Investments Master Fund LP <sup>(1)(3)</sup>	0	4,800,000	0	*
Anson East Master Fund LP <sup>(1)(3)</sup>	0	1,600,000	0	*
Intracoastal Capital LLC <sup>(1)(4)</sup>	112,480	5,920,000	0	*
L1 Capital Global Opportunities Master Fund <sup>(1)(5)</sup>	190,035	4,120,000	0	*
<b>TOTAL</b>	<b>302,515</b>	<b>23,880,000</b>	<b>0</b>	<b>*%</b>

\* Less than 1%

(1) Includes ADSs owned by the Selling Securityholders upon full exercise of all warrants to purchase ADSs that are held by the Selling Securityholders. The warrants are each exercisable for one ADS at an exercise price of \$4.05 per ADS.

We also find multiple insiders have filed to sell shares via paper form 144s:

- Chairman [Yandai Wang](#) (Chairman), filed to sell 625,479 shares.
- [Yilin Wang](#) filed to sell 625,479 shares.
- Chief Financial Officer Li (Stephen) [Sing Leung](#) filed to sell 50,000 shares.
- [Ronggang](#) (Jonathan) Zhang filed to sell 50,000 shares.

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***We think SOS insiders already know what minority shareholders ought to know: the ship is sinking, and it's time to abandon ship.***

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