

**Report Date:** July 27, 2021  
**Company:** Moxian, Inc.  
**Ticker:** MOXC US  
**Industry:** Internet Media & Services  
**Stock Price (USD):** \$17.00  
**Market Cap (USD, Millions):** \$328.81



## **MOXC: A Failed Business Turned Stock Promotion**

**We are short Moxian, Inc. (Nasdaq: MOXC).**

**MOXC’s main operating subsidiary in China, Moxian Shenzhen, and its purported VIE, Moyi Shenzhen, do not have the national licenses required to operate an online advertising business in China:**

MOXC claims that Moxian Technology (Shenzhen) Co., Ltd. (“Moxian Shenzhen”) is its main operating entity in China, selling online advertising services in China to foreign companies through its purported VIE, Shenzhen Moyi Technologies Co. Ltd. (“Moyi Shenzhen”). MOXC claims that Moyi Shenzhen holds the essential Internet Content Provider (“ICP”) License issued by the Chinese government that is required to operate an online advertising business in China.<sup>1</sup>

We found numerous issues with MOXC’s claims. Most importantly, Moxian failed to disclose that Moyi’s national license, issued in 2015, specifically “*excludes internet information services*” which is interpreted to mean that Moyi Shenzhen may only push advertising through non internet platforms (such as mobile phones). To make things worse, even this “non internet” 2015 license was cancelled by the Ministry of Industry and Information Technology of China (“China MIIT”) in February 2021. Therefore, it appears to us that Moyi Shenzhen and Moxian are no longer able to provide information services or legally generate revenue through placing ads on non-internet platforms. Secondly, though Moxian did disclose a 2014 “ICP License” in its SEC filings, our research shows that such 2014 license was issued by the Guangdong Provincial government and by our understanding cannot be used for “*cross-regional*” (i.e., beyond the Guangdong Province) services. Moxian failed to disclose this crucial territorial limitation on its 2014 ICP license.

Further, while MOXC’s SEC filings refer to Moyi Shenzhen as a “VIE”, we found none of the requisite contracts, share pledge agreements or share pledge public records that make up the VIE structure commonly used by China-based U.S. listed companies.<sup>2</sup> Unless MOXC can provide the share pledge agreements and other contracts that make up a VIE structure, Moyi Shenzhen does not have an enforceable VIE relationship with Moxian Shenzhen due to key components being missing. This tells us that MOXC could not legally be operating an online advertising business in China.

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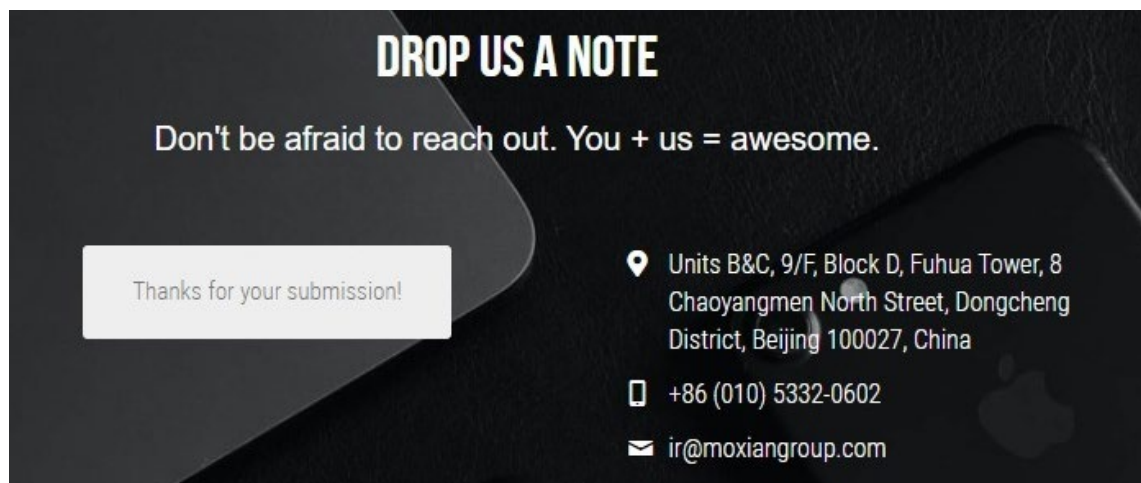
<sup>1</sup> Page 2 of [Moxian’s 10-K](#) filed in September 2020 which states: “Moyi, which is owned solely by Chinese shareholders, is granted an Internet Content Provider license (“ICP License”). Businesses in China that are engaged in the business of Internet information services, including online advertisement and e-commerce services, are required to obtain an ICP License. Due to Chinese regulatory restrictions on foreign investments in the Internet sector, we operate our marketing platform and conduct our business through Moyi pursuant to the Moyi Agreements.”

<sup>2</sup> [O’Melveny: VIE Structures in China](#)

**Our research indicates that it is highly unlikely that Moxian Shenzhen or its purported VIE Moyi Shenzhen could be actively operating an online advertising business in China for five main reasons:**

*1. We attempted to inquire about the process to become a MOXC customer, and were unable to get a response to a submission on its website ([moxianglobal.com](http://moxianglobal.com)), and found that both their listed phone numbers were not active and their email server did not function:*

First, our submission to the “drop us a note” widget on MOXC’s website went unanswered. They didn’t even send an automated email response to our inquiry:



Second, in addition to contacting Moxian online, we also called Moxian’s customer contact phone number, Moxian Shenzhen’s phone number and its purported VIE Moyi Shenzhen’s phone number. We found and called these numbers on Moxian’s website and on Qixinbao, with no success.

We first called each of the three telephone numbers twice, two hours apart during the middle of business hours on a weekday and found that *none of the phone numbers were active*.

Again on another weekday within the business hours in China, we then called multiple times and recorded these failed call messages (click this link for the recordings of examples of failed call messages, for all 3 telephone numbers: [https://www.youtube.com/watch?v=A5zQ2w\\_NbB8](https://www.youtube.com/watch?v=A5zQ2w_NbB8)

- a. The customer contact number listed on [Moxian’s website](#) +86 (010) 5332-0602 (which is also the telephone number listed on Qixinbao for Moxian Technologies (Beijing) Co., Ltd, a 100% subsidiary of Moxian Shenzhen) could not be reached.
- b. The number listed for **Moxian Shenzhen** on Qixinbao (China: 0755-83580755) could not be connected.
- c. The number listed for **Moyi Shenzhen** on Qixinbao (China: 0755-66803253) could not be connected.

See [Appendix A](#) for call logs showing how many attempts we made to reach each number on two separate business days, during business hours in China.

Third, according Qixinbao, [tian.jia@moxiangroup.com](mailto:tian.jia@moxiangroup.com) is the contact email listed for the Moxian main operating entities, Moxian Shenzhen and its purported VIE, Moyi Shenzhen, according to their Qixinbao pages. We therefore sent business inquiry emails to this email address but they all bounced back to us – it appears that MOXC’s email server may not be active either:



**Mail Delivery Subsystem** <mailer-daemon@googlemail.com>

to me ▾



### Address not found

Your message wasn't delivered to [tian.jia@moxiangroup.com](mailto:tian.jia@moxiangroup.com) because the address couldn't be found, or is unable to receive mail.

The response from the remote server was:

550 <[tian.jia@moxiangroup.com](mailto:tian.jia@moxiangroup.com)> No such user here

----- Forwarded message -----

From:

To: [tian.jia@moxiangroup.com](mailto:tian.jia@moxiangroup.com)

Cc:

Bcc:

Date: Thu, 22 Jul 2021 22:37:26 -0400

Subject: Online Advertising in China Inquiry

----- Message truncated -----

Based on all of the evidence we collected, we believe that MOXC’s so claimed operating entities in China are not actually in operation, as none of their listed phone numbers or emails are working.

**2. MOXC failed to disclose that (i) its purported VIE Moyi Shenzhen’s 2014 “Internet Content Provider License” was only good for the Guangdong province of China (as compared to all territories in China) and (ii) Moyi Shenzhen’s 2015 granted “Information Service Business License” actually “excludes internet information services” and was canceled by the Chinese government on February 2021.**

First, the ICP license obtained by Shenzhen Moyi in 2014 applies to the Guangdong Province of China ONLY. Page 8 of MOXC’s 2015 annual report says that Moyi Shenzhen obtained an ICP license on January 22, 2014, as shown in the screenshot below:<sup>3</sup>

The Chinese government restricts foreign investment in Internet-related businesses. Accordingly, we operate our Internet-related businesses in China through Moyi, our VIE operating in Shenzhen, China.

#### Internet Information Services

The governing law for Internet information service is the Measures for the Administration of Internet Information Services, or the Internet Content Provider (“ICP”) Measures, which went into effect on September 25, 2000. Under the ICP Measures, any entity that provides information to online Internet users must obtain an operating license from Ministry of Industry and Information Technology (“MIIT”) or its local branch at the provincial level in accordance with the Telecom Regulations described above. The ICP Measures further stipulate that entities providing online information services in areas of news, publishing, education, medicine, health, pharmaceuticals and medical equipment must obtain permission from responsible national authorities prior to applying for an operating license from MIIT or its local branch at the provincial or municipal level. Moreover, ICPs must display their operating license numbers in a conspicuous location on their websites. ICPs must police their websites to remove categories of harmful content that are broadly defined.

Currently, Moyi holds an ICP license which was issued on January 22, 2014.

According to our research, this 2014 license was issued by the Guangdong Provincial government, *not* the central government of China. The 2014 license No. is Yue B2-20140044. See [Appendix B](#) for a list of Shenzhen Moyi’s telecommunication licenses).

According to Article 9 of the 2009 “*Administrative Rules on Telecommunication Business Operation and License*” of China, any telecommunication business that are “*cross regional*” (i.e., cross provincial) must be approved by the central government.<sup>4</sup> Therefore, this 2014 License only allowed Moyi Shenzhen to provide services within Guangdong Province. MOXC failed to disclose this crucial territorial restriction in any of its SEC filings that we could find.

Second, according to Qixinbao, Moyi Shenzhen obtained an information service provider license from the Ministry of Industry and Information Technology of China (“China MIIT”) in 2015 with License No. B2-20151025 (the “2015 License”) which does apply to all of China. However, such national license expressly “*excludes internet information services.*” According to our research and verification with Chinese legal professionals, such exclusion means that Moyi Shenzhen may only legally provide their services, including advertising services, through *non-internet platforms* such as mobile phones.

Again, Moxian’s SEC disclosures conveniently omitted this crucial legal limitation and led investors and even customers to believe that Moxian could legally provide internet advertising services through all territories in China.

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<sup>3</sup> MOXC 2015 10-K, p. 8

<sup>4</sup> See here for full Chinese text of the 2009 “Administrative Rules on Telecommunication Business Operation and License” of China: [http://www.gov.cn/flfg/2009-03/11/content\\_1256595.htm](http://www.gov.cn/flfg/2009-03/11/content_1256595.htm)

See the below screenshots from the Chinese database Qixinbao for the 2015 License:<sup>5</sup>

The screenshot shows the 'Telecommunications license details' for Shenzhen Moyi Technology Co., Ltd. The license number is B2-20151025. The business type is 'Information service business (excluding Internet information service)' and the coverage is 'Nationwide'. The annual report announcement table lists the legal representative as '-', unified social credit code as '-', registered residence as '-', permit number as B2-20151025, registered capital as 0 million, registered territory as '-', and license business type as 'Information service business (excluding Internet information service)'.

Basic Information				
Company Name	Shenzhen Moyi Technology Co., Ltd.		Permit number	B2-20151025
Business type	Information service business (excluding Internet information service)		Coverage	Nationwide
Annual report announcement				
Legal representative	-	Unified social credit code	-	
Registered residence	-	Permit Number	B2-20151025	
Registered capital	0 million	Registered Territory	-	
Enterprise Nature	-	License business type	Information service business (excluding Internet information service)	

Third, the 2015 License Moyi Shenzhen obtained from the China Central Government was cancelled in February 2021.

*According to an official decision published on Feb 19, 2021 on the website of the Ministry of Industry and Information Technology of China (“China MIIT”), Moyi Shenzhen’s 2015 License is officially canceled (No. 68 on the list).<sup>6</sup> This means that Moyi Shenzhen and Moxian are no longer able to provide information services or legally generate revenue through placing ads on non-internet platforms.*

Moyi Shenzhen or Moxian Shenzhen arguably may still use Moyi Shenzhen’s 2014 License to provide information services, but that is limited to within Guangdong Province, as analyzed above. See the below screenshot of the China MIIT’s notice on cancellation of Moyi Shenzhen’s 2015 License:

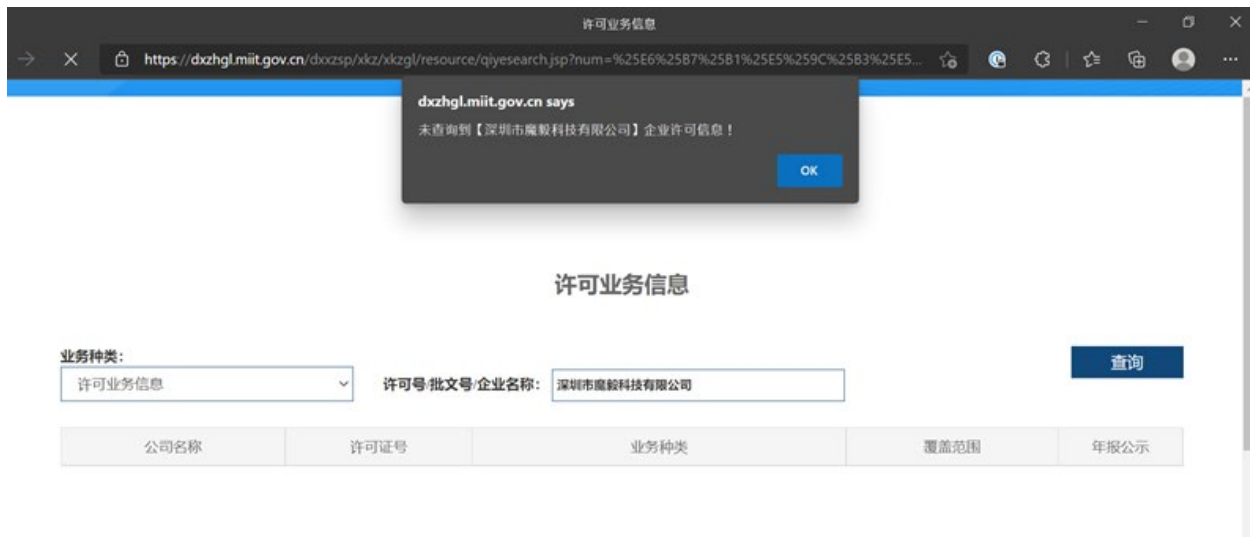
The screenshot shows a notice from the Ministry of Industry and Information Technology of the People's Republic of China. The notice is titled 'Announcement of the Ministry of Industry and Information Technology on the cancellation of 383 enterprises' cross-regional value-added telecommunications business licenses'. It was released on 2021-02-19 15:57. A table lists the cancelled licenses:

68	B2-20151025	Shenzhen Moyi Technology Co., Ltd.	Information service business (excluding Internet information service)
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<sup>5</sup> <https://www.qixin.com/operation/d27b0ae7-b5a9-4891-be79-b9b0b50f17df?section=admLicense>

<sup>6</sup> [https://www.miit.gov.cn/xwdt/gxdt/sjdt/art/2021/art\\_750b1e66fa0e4197b57eb20176b1a590.html](https://www.miit.gov.cn/xwdt/gxdt/sjdt/art/2021/art_750b1e66fa0e4197b57eb20176b1a590.html)

In addition, a July 25, 2021 search on MIIT’s database in China for any licenses held by Moyi Shenzhen, also came back with a “**no results**” message. See the screenshot below:



Finally, we could find no legal documents which back up MOXC’s claims that Moyi is, in fact, its VIE. The Qixinbao pages for both entities (Moxian Shenzhen and Moyi Shenzhen) showed no current or historical “*recorded*” share pledges, arguably the most important legal part of a valid or enforceable VIE structure. Furthermore, MOXC’s SEC filings contain none of the contracts that are typically included by companies who use this VIE structure, which is very common among China based, U.S. listed companies.

These contracts – usually six at the very least<sup>7</sup> – create a VIE structure wherein the entity foreign investors are able to invest in can have de facto control over the license-holding operating entity in China, which allows foreign investors to receive economic benefits. We have been able to find none of this between Shenzhen Moxian and Shenzhen Moyi, leading us to the conclusion that there is no legally binding or enforceable VIE structure in place at all, leaving Moxian investors with no means to understand or protect their inventor rights.

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<sup>7</sup> [O’Melveny: VIE Structures in China](#)



### 3. Moxian Shenzhen, MOXC's main operating entity in China doesn't have an actual General Manager and has ignored a court order to remove its former GM from its government records for nearly a year:

Moxian Shenzhen currently lists Fensheng Guan as its General Manager on its Chinese government record, according to the Chinese database Qixinbao. However, according to a lawsuit which Moxian did not dispute as it failed to appear in court or provide a written defense, Guan's employment with Moxian Shenzhen was terminated on November 2, 2018.<sup>8</sup> Guan even sued Moxian Shenzhen on September 24, 2019, asking the court to order Moxian Shenzhen to remove him from being listed as the general manager. Despite the court's ruling in Guan's favor on October 10, 2020, according Chinese government records as of July 27, 2021, Moxian Shenzhen still has not named a new general manager and continues to list Guan as its GM.

Below you can see the judgment issued by the Shenzhen Intermediate People's Court of Guangdong Province on October 10, 2020 ordering Shenzhen Moxian to remove Guan from the GM position on its government registration within 10 days of the judgement. Guan is still listed as general manager today, nearly 10 months later:<sup>9</sup>

#### ■ Verdict

The defendant [Moxian Technology \(Shenzhen\) Co., Ltd.](#) will remove the plaintiff from the general manager Guan Fensheng's duties to the original registration authority to perform the filing obligation within ten days from the effective date of this judgment.

The case acceptance fee of 100 yuan shall be borne by the defendant.

If you disagree with this judgment, you can submit an appeal letter to this court within 15 days from the date of service of the judgment, and submit a copy according to the number of the opposing parties, and appeal to the Shenzhen Intermediate People's Court of Guangdong Province.

#### ■ End of the document

Presiding Judge Wang Jinyuan

Moxian Shenzhen's current "core team" per Chinese Government records, as shown on [Moxian Shenzhen's profile in the Qixinbao database as of July 27, 2021](#), still lists Guan as its General Manager despite the clear court order:

#### Core Team 1



Number	Employee Name	Position	Introduction
1	<a href="#">Guan Fensheng</a>	General manager	Has many years of work experience in related industries.

<sup>8</sup> [Labor lawsuit accessed via Qixinbao](#): "Jing Qinghua, Guan Fensheng, Sun Dandan, Li Xuejuan, and Shan Wenhao claimed that their last day of work and resignation were November 2, 2018, and submitted a "Resignation Certificate" to prove their claims. After investigation, the "Certificate of Resignation" stated that "...the employee has terminated the labor relationship with our company on November 2, 2018... Moxian Technology (Shenzhen) Co., Ltd., November 2, 2018".

<sup>9</sup> Source link: [Guan Verdict on Qixinbao](#)

#### 4. There are at least 7 severe court sanctions against the common legal representative of Moxian Shenzhen and its Purported VIE Moyi Shenzhen:

Moxian Shenzhen and its VIE Moxian Shenzhen have the same legal representative, Liu Shujuan, who has at least 7 court sanctions against her, forbidding her personally from engaging in any high spending activities<sup>10</sup>, due to Moxian Shenzhen's failure to pay labor dispute judgments varying from approximately \$2,500 to \$11,000 each. It is hard to imagine that a legitimate Nasdaq-listed, multi-hundred million dollar market cap company is unable to pay these small fines, unless it simply does not or cannot carry out actual basic operations to process these uncomplicated small judgment payments. The court sanctions against the legal rep of Moxian's Shenzhen entities, Liu Shujuan, are shown below:

The screenshot displays the legal risk profile for Moxian Technology (Shenzhen) Co., Ltd. The company's legal representative is Liu Shujuan, with a registered capital of 50 Wan and a founding date of 2013-04-08. The profile is categorized under 'Own risk 42' and 'Associated risk'. A list of court judgments is shown, all marked as 'serious'.

Date	Description	Case Number	Cause	Enforcement Court
2021-03-30	Restrictions on high consumption are serious	(2021) Guangdong 0304 No. 12885	labor dispute	People's Court of Futian District, Shenzhen
2021-03-30	Restrictions on high consumption are serious	(2021) Guangdong 0304 No. 12873	labor dispute	People's Court of Futian District, Shenzhen
2021-03-30	Restrictions on high consumption are serious	(2021) Guangdong 0304 No. 12875	labor dispute	People's Court of Futian District, Shenzhen
2021-03-30	Restrictions on high consumption are serious	(2021) Guangdong 0304 No. 12883	labor dispute	People's Court of Futian District, Shenzhen
2021-03-30	Restrictions on high consumption are serious	(2021) Guangdong 0304 No. 12881	labor dispute	People's Court of Futian District, Shenzhen
2020-07-06	Restrictions on high consumption are serious	(2020) Guangdong 0306 Zhi No. 17292	Disputes related to the company	People's Court of Bao'an District, Shenzhen
2019-02-14	high spending limits serious	(2019) Guangdong 0304 No. 6205	labor dispute	People's Court of Futian District, Shenzhen

<sup>10</sup> The "high spending activities" forbidden by the Chinese court against Liu Shujuan include: 1) When taking transportation, choose airplanes, trains, soft sleepers, and ships above the second-class cabin; (2) High consumption in hotels, hotels, nightclubs, golf courses and other places above the star; (3) Purchase of real estate or new construction, expansion, etc. High-end decoration houses; (4) leasing high-end office buildings, hotels, apartments and other places for office; (5) purchasing vehicles that are not necessary for business; (6) traveling and vacationing; (7) children attending high-fee private schools; (8) paying high amounts Insurance and wealth management products are purchased with premiums; (9) Taking all seats of G-headed EMU trains, first-class seats or above in other EMU trains, and other consumer behaviors that are not necessary for life and work.



*5. Moxian Shenzhen, its VIE Moyi Shenzhen, and its 100% subsidiary Moxian Shanghai have all been repeatedly sanctioned by the PRC government for failing to file basic annual reports and for “uncontactable” registered or operational business addresses (for once we agree with the PRC Government, we weren’t able to contact them either):*

- **Moxian Shenzhen** was sanctioned for (a) failure to file its annual reports in 2018 and 2019, as required by the Chinese government authority; and (b) being not “contactable” at its registered business address or operational address by the Chinese government authority in 2014 and 2018.<sup>11</sup>
- **Moxian Shenzhen’s VIE Moyi Shenzhen** was sanction for (a) failure to file its annual reports in 2018 and 2019, as required by the Chinese government authority; and (b) being not “contactable” at its registered business address or operational address by the Chinese government authority in 2017 and 2018.
- **Moxian Shenzhen’s 100% subsidiary Moxian Technologies (Shanghai) Co., Ltd. (“Moxian Shanghai”)** was sanctioned for failure to file its annual reports in 2019, 2020, and 2021.

See [Appendix C](#) for a more exhaustive list of the sanctions levied against Moxian’s “operational” entities in the PRC.<sup>12</sup>

It appears to us that 3 out of the 5 claimed entities in China in the Moxian group<sup>13</sup>, including the main operating entity Moxian Shenzhen, its purported VIE Moyi Shenzhen and its 100% subsidiary Moxian Shanghai, do not have the basic organization, staff or the small amount of effort required to maintain even the most simple and routine annual reports and have a bad habit of moving and not updating its registered business and operational address or even a working phone line.

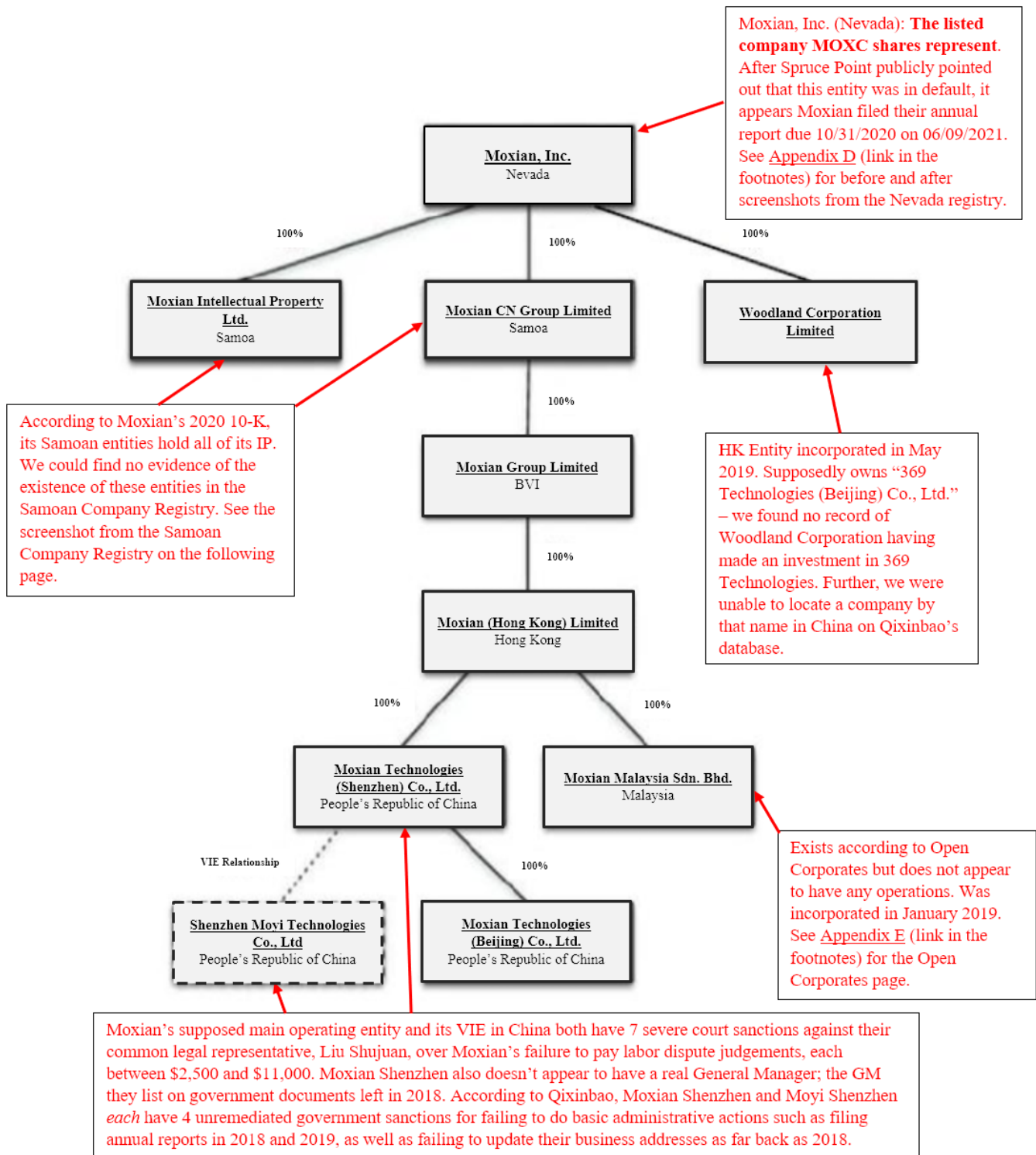
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<sup>11</sup> We do not believe this violation has been rectified as we have attempted to contact Moxian Shenzhen via telephone, email and website inquiry and received no response. The company’s phone line isn’t even active; the phone did not ring. Rather, we received an automated messaged stating that our call could not be connected to the number(s) we dialed. Two calls from the same phone to other numbers in China went through with no problems, proving to us that the problem was not with our phone, but Moxian’s apparently inactive phone lines.

<sup>12</sup> <https://www.gixin.com/risk-self/44e229e4-4751-4280-b172-e5adb6b489f0?type=self>

<sup>13</sup> See [Exhibit 21.1 of Moxian’s 10-K filed in September 2020](#) for a complete list of Moxian’s subsidiaries, 5 of which are in China.

The corporate structure diagram from MOXC’s 2020 10-K shows us that it is a collection of shells that should not be allowed to trade publicly on *any* exchange, in our opinion.<sup>14</sup>



<sup>14</sup> [Appendix D](#), [Appendix E](#)

Moxian CN Samoa is the entity that supposedly holds all of MOXC’s “IP” – according to the Registry of the Samoan Ministry of Commerce, Industry, and Labour, **it doesn’t exist.**<sup>15</sup> We were also unable to find Moxian Intellectual Property, Ltd. (Samoa):<sup>16</sup>

The screenshot shows the website interface for the Ministry of Commerce, Industry & Labour. At the top, there is a navigation bar with 'Ministry of Commerce, Industry & Labour' and 'Logon / Register'. Below this is the ministry's logo and name, along with a Samoan flag graphic. A secondary navigation bar includes 'HOME', 'GENERAL INFORMATION', and 'ONLINE SERVICES'. The main content area is titled 'Company Search' and contains a search form. The form has a 'Company Name or Number' field with 'Moxian CN Samoa' entered. Below this are several dropdown menus for 'Company Type', 'Company Status', 'District', and 'Filing Month', all set to '-- Any [type/status/district/month] --'. There is also an 'Incorporation Date' field with '17-Feb-2014' and a 'Search Operator' dropdown set to 'Equal'. At the bottom of the form are 'Cancel', 'Reset Search', and 'Search' buttons. Below the form, there are links for 'Export as Pdf' and 'Export as Excel'. A red rectangular box highlights a grey message box at the bottom of the page that reads 'No search results found'.

Feel free to try to find these entities on the Registry of the Samoan Ministry of Commerce, Industry, and Labour’s company search website. The link to the website is listed below:

<https://www.businessregistries.gov.ws/samoa-master/service/create.html?service=brCompanySearch>

<sup>15</sup> MOXC 2020 10-K, p. 1: “Moxian IP Samoa owns all the intellectual property rights relating to the operation, use and marketing of the Moxian Platform, including all of the trademarks, patents and copyrights that are used in the Company’s business.”

<sup>16</sup> We searched every permutation of these names we could think of, including those in Chinese (simplified and traditional) and could find no record of a Moxian-related business in Samoa.

## *If you can create receivables, you can create “revenue”*

MOXC’s only remaining line of business is digital advertising, which appears to be failing thus far as well. Yet, miraculously, FY2020 was MOXC’s best year in company history in terms of revenue. It reported \$946,466 in revenue, primarily from one client, Beijing Bi Er Culture and Communication Co., Ltd. (“Bi Er”), pursuant to a [Strategic Co-operative Agreement](#) signed in August 2019. However, this agreement was terminated in Q2 2021, and **MOXC wrote down its entire receivables balance due from Bi Er of \$1,345,080.**<sup>17</sup>

It appears to us that this Strategic Partnership was intended mainly to create the illusion that MOXC’s online advertising business generated revenues. Furthermore, because the receivable that was written down is ~\$400,000 more than the revenue MOXC recorded from Bi Er, we believe it is possible that management used this extra write-down as a way to cover up cash that was siphoned out of the public company.

In the first half of its fiscal 2021 (the six months ended March 31, 2021), MOXC recorded only **\$22,890 in total revenue** while racking up **\$627,207 in SG&A expenses**. In addition, MOXC recorded **zero revenue** in Q1 2021, despite **spending \$387,160 on SG&A.**<sup>18</sup> To us, this level of SG&A expense for a company generating zero or near zero revenue reeks of embezzlement or a genuinely inept management team. However, without an explanation from MOXC on how they managed to spend so much while effectively doing nothing for six months, we can only speculate.

## *Mergers and Acquisitions – A Stock Promoter’s Best Friend*

In August of 2020, MOXC announced it was attempting to acquire a new business and entered into an [agreement](#) with Btab Group, Inc., an e-commerce service provider and product supplier for small businesses. After this initial announcement, MOXC issued a few press releases promoting positive developments at Btab Group, Inc, and [claimed](#) that they were finalizing the paperwork for the acquisition. Each time, pumping MOXC’s stock significantly: on the day of the first press release regarding this deal, MOXC’s stock almost doubled from \$0.90 to \$1.68.

During the following month, the stock reached as high as \$3.36 on various press releases providing positive information about Btab Group and the progress of the deal. However, as time went on, investors stopped responding to the press releases, and the stock traded back down to \$0.93 in late 2020.

**Investors were right, these press releases now appear to be nothing more than stock promotion with no substance behind them, as the deal was terminated on March 3, 2021.**<sup>19</sup>

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<sup>17</sup> MOXC Q2 2021 10-Q, p. 14: “The Company had a major account receivable, that of Beijing Bi Er Culture Communication Limited, (“Bi Er”) a limited company based in Beijing, for which the Company provided advertising and other support services under a Strategic Co-operative Agreement signed in August 2019. The balance as of March 31, 2021, is \$1,345,080. However, following a breach in a separate Debt Assignment Agreement (see Note 7) in January 2021, the Company considers the recoverability of this debtor doubtful and has made a full provision for this amount as of March 31, 2021.”

<sup>18</sup> MOXC 2Q21 10-Q, p. 2: Unaudited Condensed Consolidated Statements of Operations & Comprehensive Loss

<sup>19</sup> <https://www.sec.gov/Archives/edgar/data/1516805/000149315221005242/ex99-1.htm>

**MOXC has almost zero net working capital, and its auditor has required a going concern disclosure in every one of MOXC’s 10-K filings since 2017, just one year after MOXC’s IPO. MOXC’s former auditor, Friedman LLC, resigned in November 2018 and provided no comment letter regarding the accuracy of MOXC’s disclosures.<sup>20</sup> *What do you have to do to get Friedman to resign?***

Following Friedman’s unfriendly resignation, MOXC hired **Centurion ZD CPA & Co** (“Centurion”), a China-based audit firm that the PCAOB has never inspected. Centurion currently has 31 clients, 19 of whom have disclosure control deficiencies, and 14 of whom have going concern uncertainties.<sup>21</sup> If Centurion’s name sounds familiar to you, it’s likely because they are the auditor Luckin Coffee hired following E&Y’s resignation and the ensuing collapse and delisting of its stock after it admitted to massive fraud. In addition, MOXC’s audit partner from Centurion, Kam Fuk Chan, is responsible for signing off on the financials of numerous other classic China-based, U.S.-listed frauds such as [YRIV](#) and [CBAT](#).

### *Debt Swaps, Equity Raises, and Related Parties*

MOXC has only remained technically solvent through debt/equity swaps with related party lenders who were willing to take the stock already knowing MOXC had little-to-no assets to claim in bankruptcy and given their inside knowledge of the company (Vertical Venture Capital Group is owned by MOXC’s CEO, for example) it seems to us that they swapped this debt for equity in May 2019 knowing that the company would start issuing promotional press releases soon after.

Moxian, Inc. Debt Swaps						Date of
Creditor Name	Original Loan Amt	Amount Waived	Amount Remaining	Shares Received	Share Price	Debt Swap
Shenzhen Bayi Consulting Co. Ltd	\$ 1,310,772	\$ 1,115,772	\$ 195,000	130,000	\$1.50	5/2/2019
Liu Shu Juan	\$ 5,032,760	\$ 4,272,760	\$ 750,000	500,000	\$1.50	5/2/2019
Vertical Venture Capital Group Limited	\$ 979,907	\$ 844,907	\$ 135,000	90,000	\$1.50	5/2/2019

*\*All three creditors are related parties of Moxian*

MOXC has also resorted to issuing equity at *extreme* discounts to avoid being delisted by Nasdaq due to either the minimum asset value requirement of \$35 million or the minimum bid requirement of \$1.00 per share. For example, on March 1, 2021, MOXC issued 3.15 million shares at \$1.25 each, a discount of 76% of its market price on the day of the announcement.<sup>22</sup> Since this 3.15 million share sale at \$1.25 per share, the MOXC’s stock has gone straight up on significantly elevated volume in the equity and irrationally high volume in out of the money (“OTM”) call options.

<sup>20</sup> [https://www.sec.gov/Archives/edgar/data/1516805/000114420418063194/tv508514\\_8k.htm](https://www.sec.gov/Archives/edgar/data/1516805/000114420418063194/tv508514_8k.htm)

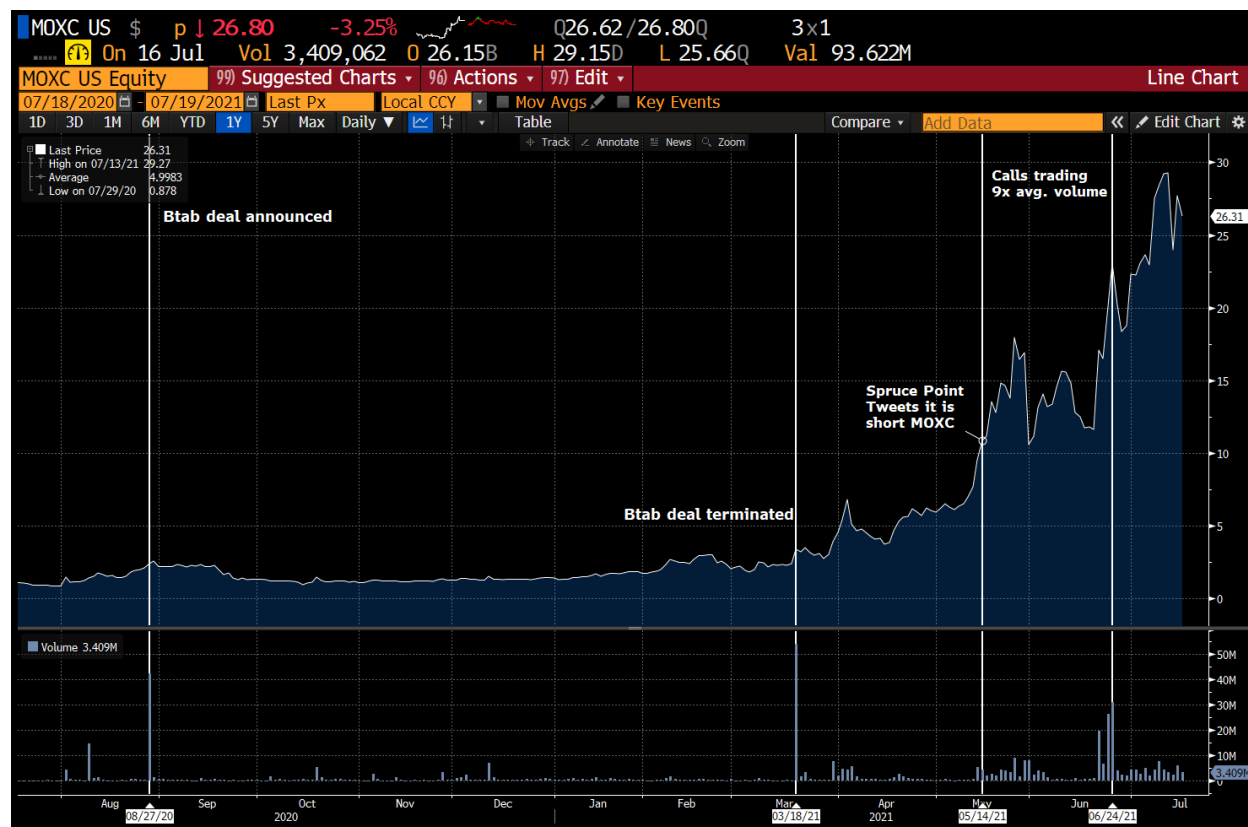
<sup>21</sup> Audit Analytics – [Centurion ZD CPA & Co Auditor Overview](#)

<sup>22</sup> MOXC Q2 2021 10-Q, p. 17: “In March 2021, the Company issued a total of 3,150,000 ordinary shares of common stock to four individuals, at a price of \$1.25 per share. The proceeds from these issues will be used for working capital needs of the Company.”

The four investors who purchased 3.15 million shares at \$1.25 per share in March 2021 have seen returns of ~2,400% in a matter of months without any real positive business developments or any other catalyst that we could find for this kind of move in a stock. The related parties involved in the 2019 debt swaps at \$1.50 per share have also seen gross returns as high as ~2,000%, which equates to a 298% IRR (compounded annualized rate of return).

Even when we factor in the amount of debt waived by these related party creditors, the net returns on these debt/equity swaps is exorbitant. For example, Vertical Venture Capital (the fund owned by MOXC's CEO) waived \$844,907 in debt, as shown in the table above. The 90,000 shares he received in return were worth over \$2.8 million just over two years later. Liu Shu Juan, the former board member and partner for MOXC's failed O2O business waived \$4.27 million in debt as part of the swap agreement. The 500,000 shares they received ended up being worth more than \$15.6 million. Shenzhen Bayi Consulting Co. Ltd. (which shares a phone number with Shenzhen Moxian and Shenzhen Moyi, according to Qixinbao) waived just over \$1.1 million in debt and ended up with shares worth just over \$4 million.

However, based on the timing and magnitude of the sudden increase in volume (and price) of the stock with no apparent catalyst, we don't believe this is another case of retail investors piling into a ticker on WSB. It appears that *someone* has been buying large amounts of OTM call options on MOXC to create a gamma squeeze, in which the dealer selling the call options must buy the reference equity to hedge their position. We have seen this technique used most infamously by Bill Hwang of Archegos Capital Management in stocks such as GSX Techedu and iQIYI. *We all know how that story ended for Hwang, Archegos, GSX and IQ.*





**We conclude that MOXC hasn't operated a legitimate business since it shuttered its O2O business in September 2018. Since then, it appears to us that management has spent its time dodging delisting notices from Nasdaq and raising capital whenever possible. Aside from that, even the most basic corporate functions do not seem to be taking place at MOXC.**

Since its IPO in 2016, MOXC has filed an NT 10-K every year, as well as 3 NT 10-Qs.<sup>23</sup> The company has included a [going concern declaration](#) in every quarterly or annual SEC filing it has completed since mid-2017, less than a year after its IPO. Liquidity has been and continues to be a constant struggle for MOXC, barely managing to keep its head above water with distressed debt swaps or substantially discounted equity raises, generally to related parties.

Its purported main operating entity in China and its VIE entity/(former) holder of the crucial Chinese Internet Content Provider license required to operate an online advertising business in the PRC also fails to complete basic corporate actions such as filing annual reports, updating their constantly changing corporate addresses, keeping the phone line connected, and paying small judgments for labor disputes. Is MOXC's management completely asleep at the wheel?

In its 2017 10-K, MOXC made the following statement: *"The Moxian Platform is at the heart of our business. There are five components to our Moxian+ platform, which is the backend of our application, namely the social media engine, the e-commerce engine, the rewards engine, the gamification engine, and the analytical engine."*

Just months later, in September 2018 Moxian announced that it *"ceased the part of its business associated with the mobile application"* (i.e., it ceased the operations of the "Moxian Platform") because its partner backed out and it could not afford to absorb the massive losses from its O2O business on its own.<sup>24</sup>

Since then, MOXC has experienced almost complete turnover in its management team, written down nearly \$4.5 million worth of assets related to its O2O business and accumulated approximately \$2 million in liabilities still outstanding related to this segment.<sup>25</sup> It appears the "heart" of MOXC's business has stopped beating.

Yet, somehow this nearly insolvent, barely operational company is still listed on the Nasdaq and its stock has been up 2,318% in the last 12 months, giving it an equity valuation as high as ~\$530 million. **The only value we see in this company is its publicly traded Nevada shell, and believe there is severe downside risk for MOXC shares in the near term.** Once again, China wins and American investors lose, as insiders whose average price per share is likely well below \$1.50 per share, and will profit from selling on the way down at almost any price.

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<sup>23</sup> "NT" means non-timely (i.e., late)

<sup>24</sup> MOXC 2020 10-K, p. F-16: *"The Company ceased the part of its business associated with the mobile application in the year ended September 30, 2018. As a result, as of that date, it had fully provided for all its related business assets as of September 30, 2018."*

<sup>25</sup> MOXC 2020 10-K, pp. F-16, F-17


# APPENDICES

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**Appendix A – Log of Attempted Calls to Moxian**

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All times are in Pacific Standard Time – 15 hours behind Beijing time. (e.g., 7:29 PM call would be 10:29 AM the next day in Beijing – during business hours).

← **+8675583580755** 

---

**No answer**

11:20 PM  
**No answer**

---

Today

6:58 PM  
**No answer**

6:59 PM  
**No answer**

7:00 PM  
**No answer**

7:02 PM  
**No answer**


7:03 PM  
**No answer**

7:04 PM  
**No answer**

7:07 PM  
**No answer**

7:09 PM  
**No answer**

to +86 755 8358 0755 via Skype 160  \$0.00

← **+8675566803253** 

---

**Receiving unwanted calls or SMS?**  
[Block +8675566803253](#)

---

Thursday

7:29 PM  
**No answer**

7:29 PM  
**No answer**

11:18 PM  
**No answer**

---

Today


7:05 PM  
**No answer**

7:05 PM  
**No answer**

7:06 PM  
**No answer**

7:06 PM  
**No answer**

to +86 755 6680 3253 via Skype 160  \$0.00

← **MX** 

---

[Block +861053320602](#)

---

Thursday

7:04 PM  
**Call failed**

7:05 PM  
**Call failed**

7:08 PM  
**Call failed**

7:12 PM  
**Call failed**

7:16 PM  
**Call failed**

---

Today

7:14 PM  
**Call failed**

7:16 PM  
**Call failed**

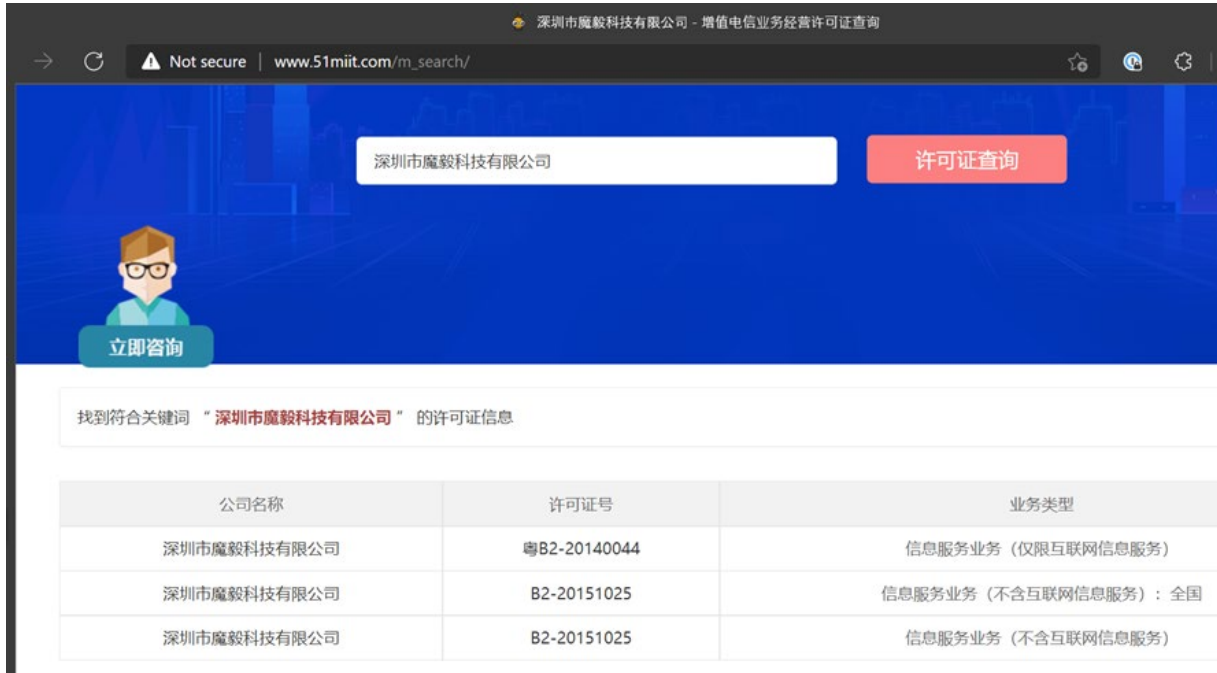
7:16 PM  
**Call failed**

to +86 10 5332 0602 via Skype 160  \$0.00

## Appendix B – Moyi’s 2014 ICP License

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Chinese database search on internet licenses shows that Moyi only had an internet services license for the Guangdong Province (license number B2-20140044), and its 2015 national licenses specifically **excluded** “Internet Information Service”:



深圳市魔毅科技有限公司 - 增值电信业务经营许可证查询

Not secure | www.51miit.com/m\_search/

深圳市魔毅科技有限公司 许可证查询

立即咨询

找到符合关键词 “深圳市魔毅科技有限公司” 的许可证信息

公司名称	许可证号	业务类型
深圳市魔毅科技有限公司	粤B2-20140044	信息服务业务 (仅限互联网信息服务)
深圳市魔毅科技有限公司	B2-20151025	信息服务业务 (不含互联网信息服务): 全国
深圳市魔毅科技有限公司	B2-20151025	信息服务业务 (不含互联网信息服务)



Value-added telecommunications business license query

深圳市魔毅科技有限公司 License inquiry

Find the license information that matches the keyword "Shenzhen Moyi Technology Co., Ltd."

Company Name	Permit number	business type
Shenzhen Moyi Technology Co., Ltd.	<u>Guangdong B2-20140044</u>	Information Service Business (Only Internet Information Service)
Shenzhen Moyi Technology Co., Ltd.	B2-20151025	Information service business ( <u>excluding Internet Information service</u> ): National
Shenzhen Moyi Technology Co., Ltd.	B2-20151025	Information service business ( <u>excluding Internet information service</u> )

Source: [http://www.51miit.com/m\\_search/](http://www.51miit.com/m_search/)

## Appendix C – Chinese Sanctions

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In the screenshots below, you can see a partial list of the sanctions imposed upon Moxian Shenzhen, Moyi Shenzhen, and Moxian Shanghai by the PRC government:

**Moxian** Moxian Technology (Shenzhen) Co., Ltd. monitor

Legal representative: Liu Shujuan Registered capital: 50 Wan Date Founded: 2013-04-08

Business abnormality 4 Historical business abnormality ( 2 )

启信宝

Number	Listing date	Decision-making authority	Reasons for being included in the list of business exceptions	Removal Date	Reasons for removal from the list of business exceptions
1	2020-08-24	Shenzhen Municipal Market and Quality Supervision and Administration Commission Baoan Bureau	Failure to publish the 2019 annual report within the prescribed time limit	-	-
2	2019-12-13	Shenzhen Municipal Market and Quality Supervision and Administration Commission Baoan Bureau	Failure to publish the 2018 annual report within the prescribed time limit	-	-
3	2018-10-19	Shenzhen Municipal Market and Quality Supervision and Administration Commission Baoan Bureau	Unable to contact through registered residence or business premises	-	-
4	2014-09-12	Shenzhen Municipal Market and Quality Supervision and Administration Commission Baoan Bureau	Unable to contact through registered residence or business premises	2014-10-16	You can get in touch again through the registered address (business location)

Source: National Credit Information Publicity System

**deep** Shenzhen Moyi Technology Co., Ltd. Download report pay attention to monitor

Subsisting Sheen Wine Group 07-26 update

Phone: 0755-66803253 More( 4 ) Same phone company ( 2 ) Official website: [data maintenance](#) After certification you can edit corporate information and go to certification

Email: [tian.jia@moxiangroup.com](mailto:tian.jia@moxiangroup.com) address:9th Floor, Block A, Union Square, No. 5022,... Nearby companies

Introduction: No 一分钟知企业

Business abnormality 4 Historical business abnormality ( 1 )

启信宝

Number	Listing date	Decision-making authority	Reasons for being included in the list of business exceptions	Removal Date	Reasons for removal from the list of business exceptions
1	2020-12-28	Futian Bureau of Shenzhen Municipal Market and Quality Supervision and Administration Commission	Failure to publish the 2019 annual report within the prescribed time limit	-	-
2	2019-12-12	Futian Bureau of Shenzhen Municipal Market and Quality Supervision and Administration Commission	Failure to publish the 2018 annual report within the prescribed time limit	-	-
3	2018-06-25	Futian Bureau of Shenzhen Municipal Market and Quality Supervision and Administration Commission	Unable to contact through registered residence or business premises	-	-
4	2017-05-31	Futian Bureau of Shenzhen Municipal Market and Quality Supervision and Administration Commission	Unable to contact through registered residence or business premises	2017-09-07	Registration of change of residence (business premises) has been completed



# Moxian Information Technology (Shanghai) Co., Ltd.

monitor

Legal representative: [Liu Shujuan](#) Registered capital: 1 million Date Founded: 2018-01-30

## Own risk 3

## Associated risk

Risk dimension: **All** Judgment The dishonesty was executed Chattel mortgage Executed person Business abnormality Administrative penalties  
 Equity freeze Judicial assistance Court announcement Court announcement Environmental penalties Tax information  
 Major tax violation Abnormal household Final case Limit high consumption Illegal construction

2021-07-02 **Operation abnormal** warning

Date of inclusion : 02-07-02

Reason for inclusion : Failure to publish the annual report within the time limit specified in Article 8 of the "Interim Regulations on the Disclosure of Enterprise Information"

Move out date : -

2020-07-06 **Operation abnormal** warning

Date of inclusion : 2020-07-06

Reason for inclusion : Failure to publish the annual report within the time limit specified in Article 8 of the "Interim Regulations on the Disclosure of Enterprise Information"

Move out date : -

2019-07-05 **Operation abnormal** warning

Date of inclusion : 2019-07-05

Reason for inclusion : Failure to publish the annual report within the time limit specified in Article 8 of the "Interim Regulations on the Disclosure of Enterprise Information"

Move out date : -



**Appendix D – Moxian Nevada Records**

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Below is a screenshot of Moxian, Inc.’s Nevada entity search page taken on May 14, 2021 and tweeted out by Spruce Point Capital:

**SilverFlume**  
NEVADA'S BUSINESS PORTAL

**FILING HISTORY**

**ENTITY INFORMATION**

<b>Entity Name:</b> MOXIAN, INC.	<b>Entity Number:</b> E0505002010-6
<b>Entity Type:</b> Domestic Corporation (78)	<b>Entity Status:</b> Default
<b>Formation Date:</b> 10/12/2010	<b>NV Business ID:</b> NV20101761920
<b>Termination Date:</b> Perpetual	<b>Annual Report Due Date:</b> 10/31/2020

This apparently caught the attention of someone at Moxian, who finally filed the annual report due 10/31/2020 on 06/09/2021 – almost a month after this was made public. Below is a screenshot of the same page that we took on 07/19/2021:

**SilverFlume**  
NEVADA'S BUSINESS PORTAL

**FILING HISTORY**

**ENTITY INFORMATION**

<b>Entity Name:</b> MOXIAN, INC.	<b>Entity Number:</b> E0505002010-6
<b>Entity Type:</b> Domestic Corporation (78)	<b>Entity Status:</b> Active
<b>Formation Date:</b> 10/12/2010	<b>NV Business ID:</b> NV20101761920
<b>Termination Date:</b> Perpetual	<b>Annual Report Due Date:</b> 10/31/2021

**FILING HISTORY DETAILS**

File Date	Effective Date	Filing Number	Document Type	Amendment Type	Source
06/09/2021	06/09/2021	20211517495	Annual List		External
07/26/2019	07/26/2019	20190174107	Annual List		Internal
04/09/2019	04/19/2019	20190157600-81	Certificate Pursuant to NRS 78.209		Internal
08/13/2018	08/13/2018	20180358385-03	Annual List		Internal
03/07/2018	03/07/2018	20180108937-99	Amended List		Internal
11/01/2017	11/01/2017	20170464740-45	Annual List		Internal

**Appendix E – Moxian Malaysia**

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See the Open Corporates page below regarding MOXC’s dormant Malaysian subsidiary. Under “latest events” it shows the entity was incorporated in January 2019 with no activity since:

**opencorporates**  
The Open Database Of The Corporate World

company name or number

Companies  Officers

### MOXIAN MALAYSIA SDN. BHD.

**Company Number** 1036592-X  
**Status** Existing  
**Company Type** Sendirian Berhad  
**Jurisdiction** Malaysia  
**Controlling Company** MOXIAN, INC.  
**Registered Address** KUALA LUMPUR  
WILAYAH PERSEKUTUAN  
Malaysia

Source Companies Commission of Malaysia, <https://www.ssm-einfo.my/>, 17 May 2019

**Identifiers**

IDENTIFIER SYSTEM	IDENTIFIER	CATEGORIES	
Malaysia GST Number	000613957632	Tax	<a href="#">details</a>

**Parent companies**

- [MOXIAN, INC. \(Nevada \(US\), 12 Oct 2010- \)](#) [details](#)
- [MOXIAN, INC. \(Nevada \(US\), 12 Oct 2010- \)](#) [details](#)
- [MOXIAN CHINA, INC. \(Nevada \(US\)\)](#) [details](#)
- [Moxian Group Holdings, Inc. \(Florida \(US\)\)](#) [details](#)

\* While we strive to keep this information correct and up-to-date, it is not the primary source, and the company registry (see source, above) should always be referred to for definitive information

Data on this page last changed January 20 2021

Source Link: <https://opencorporates.com/companies/my/1036592-X>

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