CRYSTAL | EQUITY RESEARCH

MOXIAN, Inc.

Initial Report

January 10, 2017

MOXC / NASDAQ

Speculative Buy

Initial Rating

$5.25

Initial Target

CAPITALIZATION	
Shares Outstanding	66.5 ml.
Recent Price	$3.23
Market Capitalization	$214.8 ml.
+ Debt	4.6 ml.
- Cash	0.0 ml.
Enterprise Value	$219.4 ml.
Book Value	$ -0- ml.
Working Capital	($ 0.4) ml.
Dividend	Nil

Balance sheet figures as of 9/30/16

MARKET DATA	
Recent Price	$3.23
52 Week High/Low	$6.25 - $2.55
Shares Outstanding	66.5 ml.
Inside Ownership	53%
Institutional Ownership	<1%
Estimated Flotation	32.6 ml.
Average Daily Volume	16K
Short Interest	NA
Beta	NA

Source: Bloomberg LP

INVESTMENT RETURNS	MOXC	Sector
Return on Equity	Neg	9.9%
Return on Assets	Neg	0.2%
Return on Capital	Neg	0.3%

Source: Crystal Equity Research

FINANCIAL PROFILE	FY15	FY16
Sales	$ -0- ml.	$ 0.1 ml.
EBITDA	($5.4) ml.	($11.5) ml.
EPS	($0.06)	($0.17)

Source: Company Reports

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INVESTMENT SUMMARY

Moxian presents an interesting vehicle to participate in China's continued strong economic growth and the country's migration to mobile commerce. Urbanization coupled with a lack of chain stores has made China fertile ground for adoption of mobile e-commerce technology of the sort encompassed in the *Moxian+* online-to-offline platform.

The Company made its debut in the U.S. equity market through a reverse merger with a publicly traded, but non-operational company. A recent public follow-on offering has put more shares into the secondary market of this otherwise closely held company. We expect MOXC to continue adjusting to the expanded flotation and improved liquidity as investors get better acquainted with the potential in the Company's technologies and products as well as the unique opportunity the China market presents. Newly enabled with an infusion of capital, Moxian is now poised to rapidly expand its market presence with an accelerated sales and marketing program.

PLEASE READ THE IMPORTANT DISCLOSURES AND DISCLAIMERS AT THE END OF THIS REPORT.

INDUSTRY: Business Technology	MOXC: Nasdaq

DESCRIPTION

Moxian provides a social commerce platform for merchants and consumers in Asia, focused on major metropolitan areas in China. The proprietary platform called *Moxian+* is currently accessible on mobile devices through separate user and merchant apps. The platform deploys leading edge 'online-to-offline' commerce technologies that draw potential customers from online channels to physical stores. Consumers can make purchases, post product reviews and communicate with merchants. Merchants can analyze consumer behavior and plan more effective product and service offerings

RECOMMENDATION

Moxian has made great strides toward commercializing its e-commerce platform featuring online-to-offline technologies. The Company completed development of the *Moxian+ Merchant* and *User Apps* in late 2015 and began initial launch in early 2016 in Shenzhen, China. The initial soft launch paves the way for a ramp in revenue during fiscal year 2017.

More importantly, management has made progress in strengthening its balance sheet. A public offering of common stock raised approximately $9.0 million in net proceeds for working capital as well as paying down related party debt. Additionally, the Company reduced the number of shares outstanding through retirement of insider holdings. A 1-for-2 reverse stock split helped meet qualifications for an up-listing to the Nasdaq exchange.

We have set a price target of $5.25 for MOXC over the next twelve to eighteen months based in part on the mode price level achieved in historic trading of the shares. Our price target represents a multiple of 31.5 times Moxian's September 2016 *pro forma* book value.

In our view, MOXC is speculative and appropriate only for risk tolerant investors with long-term investing horizons.

VALUATION

Price/Sales	NM
Price/Cash Flow	Neg
Price/EPS	Neg
Price/Book Value	Neg
Consensus EPS FY2016	NA
Forward PE	NA
Consensus EPS FY2017	NA
Forward PE	NA

Per share figures trailing 12 months ending 9/30/16

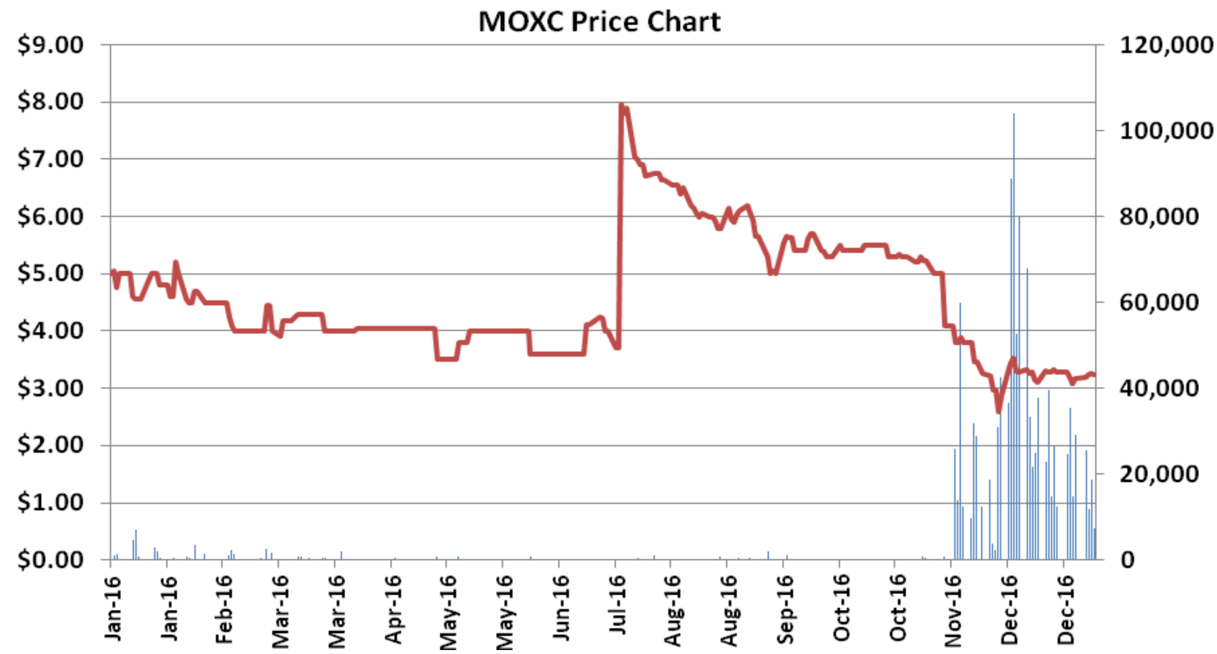
OPERATING PROJECTIONS

	2016A	1Q16A	*1Q17E*	*2017E*	*2018E*
Sales	$0.02	$0.001	*$0.002*	*$0.200*	*$2.3*
Gross Profit	$0.02	$0.001	*$0.002*	*$0.002*	*$1.7*
Net Loss	($13.4)	($2.8)	*($2.3)*	*($10.70)*	*($9.1)*
CFO	($ 7.6)	($1.5)	*($1.5)*	*($5.9)*	*$0.3*
EPS	($0.17)	($0.03)	*($0.03)*	*($0.16)*	*($0.13)*

Fiscal year ends September 30

Dollars in millions except per share earnings

Company Reports and Crystal Equity Research Estimates



Source: Crystal Equity Research

INVESTMENT POSITIVES

- Large market opportunity in 'online-to-offline' or O2O services to draw customers from websites and mobile apps to physical stores in China.
- Growing awareness and interest in online-to-offline strategies where merchants and consumers have embraced mobile devices and have access to advanced wireless networks.
- Primary target market particularly receptive to social commerce and marketing techniques. Value of China's O2O market pegged at $48 billion in the first half of 2015.
- Proven technical capability of platform with successful launch of *Moxian+ User* and *Merchant Apps* for consumers and vendors.
- Successful closing of public offering of 4.125 million shares of common stock and raise of $9.0 million in new capital net of fees in November 2016; followed successful completion of final tranche in $8.2 million private placement of common stock earlier in 2016.
- Appointment of new independent members to Moxian's board of directors; qualifications in accounting, finance and management.
- Up-listing of common stock to listing on Nasdaq Capital Market simultaneous with public offering of common stock in November 2016.

INVESTMENT CONSIDERATIONS AND RISKS

- Moxian is an early stage company that has just started commercializing its products and services and has not yet reported significant sales or profits.
- Continued losses expected as marketing and sales budget still exceed revenue from new merchant accounts on the Moxian platform.
- The Company operates exclusively in Asia and in languages other than English, adding complexity to the task of investor due diligence.
- Moxian is closely held, allowing insiders with 50.9% of common stock ownership to wield considerable control over strategic direction; large shareholders control and additional 32.3% of the Company's outstanding shares.
- Unseasoned stock with low trading volume and wide bid-ask spread.

Table I: Risk Assessment

Risks	Comments
Valuation and Target Price	
Use of estimates in valuation and target price	Target price based on historic trading patterns, not projections
Visibility on factors driving sales and earnings	Limited view on sales and earnings given early stage
Predictability of future cash flows	Timing of breakeven and profitability frustrated by limited history
Susceptibility to macroeconomic conditions	Modest risk due to interest rate or currency rate fluctuations
Capital Market Risks	
Communications with investors, management access	Access to management limited by location and language factors
Financial guidance policies	Limited guidance provided by management
Security seasoning, margin-able, option-able	Unseasoned security with no issued options; not marginable
Potential dilution from derivatives	Outstanding warrants have been exercised or cancelled
Trading volatility; short-interest	No short interest, and low historic trading volume
Beta	Insufficient trading history for reliable beta measure
Imminent Business Risks	
Recent new competition or substitutions	No particular new competition, but barriers to entry are low
Technological innovation	Internet, mobile app technology subject to continuous change
Customer, distributor or supplier issues	None
Lawsuits, infringements, investigations, etc.	None

Source: Company Reports and Crystal Equity Research

COMPANY DESCRIPTION

Moxian, Inc. has built a novel 'online-to-offline' (O2O) commercial platform to bring local businesses in touch with consumers. The *Moxian*+ mobile applications were designed to provide a presence on mobile devices for businesses that normally rely exclusively on foot traffic. The platform allows retailers and consumers to trade, communicate and locate goods and services. *Moxian*+ employs sophisticated, data-driven marketing techniques in a leading-edge social interaction architecture to guide consumers from online resources to 'brick and mortar' retailers.

In our view, the timing of the Moxian social commerce platform launch could not be better. Social networking and e-commerce have begun to flourish in the China market. Adoption of the Internet and the popularity of social networking platforms in China have been exceptional. Over 46% of mainland China's population are regular Internet users and these consumers are devoting nearly three-quarters an hour each day to social networking sites. Furthermore, there has been a rapid and widespread adoption of bank and credit cards that is facilitating on-line purchases.

Moxian expects to earn revenue from advertising fees and the sale of memberships to businesses and vendors. The majority of merchants are expected to subscribe to a basic free program. However, businesses with more complex requirements will be provided proprietary services on private servers for monthly fees commensurate with the value-added benefits. Revenue is also expected from sales of 'points' to consumers, fees for user generated content and sales of downloaded gaming apps.

The Company had $76,580 in cash on its balance sheet at the end of September 2016. Since the fiscal year end the Company closed a public offering of its common stock to raise $10.0 million in new capital, most of which will be used for working capital. With a cash burn rate near $630,000 per month, cash resources will be needed to support development activities until users and merchants reach critical mass.

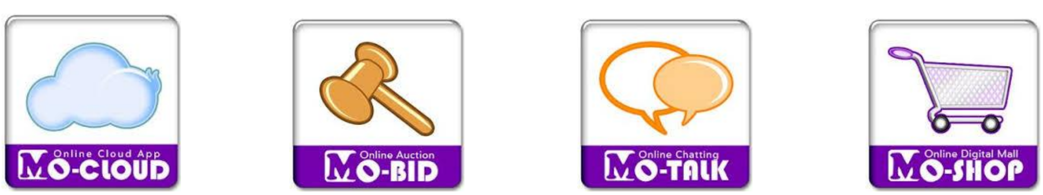
PRODUCTS AND SERVICES

Moxian primary product is its *Moxian+* mobile apps to connect businesses with consumers through O2O tactics such as location services, messaging and ordering. The *Moxian+ User App* also allows consumers to take advantage of coupons rewards and social networking. A separate *Moxian+ Merchant App* makes it possible for vendors to create a profile, communicate with customers, or manage special offers and advertising.

Online-to-offline commerce strategies attempt to identify customers in the digital space through online search, e-mails or digital advertising and then entice them to physical stores. O2O resources are particularly appealing for merchants in China where long distances and urban congestion frustrate both merchants and consumers. Furthermore, the lack of dominant retail chains in China means most merchants have are localized and to do command significant budgets for mass advertising. This is likely to make local merchants more receptive to online-to-offline marketing tactics. In the current initial stage, O2O has been applied to food delivery, car-hailing services and hotel reservations. It is expected that as O2O platforms are proven out, all manner of goods, services, and entertainment will reach consumers through O2O channels.

In December 2016, the Company announced an expansion of its alliance with Xinhua New Media Culture Communications Co., Ltd. to include the launch of a game channel on the Xinhua mobile app platform. The Xinhua platform reports 10 million daily users after 110 million downloads of its mobile app. The Game Channel is powered by Moxian's payment technology using *Mo-Coin*. Moxian expects to receive revenue from game downloads and mobile banner advertisement fees. Additionally, the Game Channel is expected to help attract consumers to the *Moxian+* app.

We believe Moxian's entrance to the China market is timely. China has achieved the highest penetration rate in the world for mobile devices, which cues up a consumer population ready to discover merchants using the *Moxian+* platform. The O2O movement has just begun in China and several of the largest social media and supply chain entities have started educating the merchant population about the value of O2O strategies. We believe Moxian can benefit from these early efforts since its *Moxian+* platform offers location services and customer relationship management features that cannot be easily found in the other O2O platforms in the China market.



Marketing Tactics

Moxian's go-to-market strategy involves the deployment of direct sales teams in metropolitan areas, selecting locations with concentrations of consumer-oriented businesses. The first market in Shenzhen provided a valuable test ground for Moxian's marketing and sales approach. An initial sales force of 26 people was deployed in Shenzhen, China in the first months of calendar year 2016. The Company has staged training for its sales force and is supporting the marketing effort with a mix of collateral material and advertising. The strategy is now being duplicated in another of China's other tier-one cities, Beijing, and will be extended to Guangzhou and Shanghai in 2017.

To promote its innovative online-to-offline commerce platform at this stage, Moxian is using some 'old school' marketing techniques. A cadre of local sales representatives will be deployed in high-priority communities to spread the word about *Moxian+* to merchants. Typical merchant participants are in the food, beverage, beauty and healthcare sectors. Merchants can sign up for a free account that will give them an on-line 'do it yourself' space. Payment of a monthly fee would allow a merchant to benefit from the full effect of social media. Based on data from the beta and first commercial launches, management believes that approximately 10% of merchants that sign-up for the *Moxian 1.0* platform will become paying participants.

Moxian may also build distribution partnerships with third parties that have existing relationships with merchants. For example, supply chain service providers typically have very strong relationships with their customers that could be leveraged to sign up merchants. Accordingly, the Company is also approaching supply chain service providers to serve as representatives of the *Moxian+* platform to their retail business customers. These arrangements would extend Moxian's reach in the China market with a potentially low-cost representative network.

To support the Company's strategy to build advertising revenue streams, it is vital that consumers are drawn to the *Moxian+ User App*. The Company has used advertising emphasizing the social and commercial benefits of the platform. To accumulate the first consumers in each target market the Company may also use a low-cost approach based on affinity groups. Residential groups, sports teams or school affiliations among others are offered the opportunity to set up at no charge a sharing and communications portal on the platform for their interest group. Participants are then exposed to advertising as well as special offers by merchant members.

CUSTOMERS

Moxian is targeting small– to medium-sized businesses in major metropolitan centers in China. Vendors can sign up for a free *Moxian+ Merchant App* that provides a 'do it yourself' website with limited functionality. A paid account gives the merchant access to a menu of add-on features that enhance customer relationships, provide access to customer data, and deploy other O2O tactics. The merchant app connects directly to the *Moxian+ User App* for consumers, which can be downloaded for free. The pricing scheme is designed to rapidly introduce the platform to as many vendors and consumers as possible.

Moxian perfected and tested its O2O platform in the Malaysia market and then executed a soft launch in the Shenzhen market. The Company earned modest revenue during the development and testing phase and appears poised to experience a dramatic increase in revenue from merchant subscriptions as the Company expands existing direct sales offices in Shenzhen and Beijing and opens new offices in Shanghai and Guangzhou in 2017.

<u>Shenzhen</u>

Shenzhen is located in Guangdong Province in southern China. Immediately north of the Hong Kong Administrative Region, the city is a major financial center and is the site of the Shenzhen Stock Exchange. The area benefits from modern communication, trade and transportation infrastructure. Understandably, it is one of the busiest container ports in the world. Gross domestic product for the area was US$266 billion in 2015. The population is near 10.8 million with a per capita income near US$25,000.

Economic growth has been aided by Shenzhen's status as a Special Economic Zone. Indeed it was the first special economic zone in modern China and is often cited as the foundation of China's economic renaissance. The city is now home to a number of high technology companies, including the manufacturing behemoth Foxconn that producers the Apple iPhone. Three of the five of the world's largest mobile handset producers are located in Shenzhen.

<u>Beijing</u>

There is no mistaking the importance of Beijing in China's economy. Its gross domestic product represents about 3.5% of the country's total output. Beijing is host to over fifty of the Fortune Global 500 companies and over one hundred of the largest companies in China. Financial services, real estate and automobiles figure prominently in the mix of Beijing's strongest industries. The Wangfujing and Xidan areas are major shopping districts and Zhongguancun is major center for electronics and computers.

The city is China's most prosperous place to live for both public and private sector employees. In 2015, Beijing gross domestic product per capital was US$99,995. The average salary of public sector employees was US$16,475 and US$8,700 for those employed in the private sector.

Beijing has been plagued by recurrent and toxic air pollution. Until business, community and government leaders find a sustainable solution, the persistent problem could be a boon to businesses using online-to-office marketing solutions. Consumers in Beijing are keen to avoid spending time outside and may be more interested than others in taking advantage of location features and delivery services that are facilitated by O2O apps like *Moxian+*.

However, Moxian is not dependent upon pollution to drive consumers and merchants to its mobile app. There are other economic trends in play that could help drive adoption of Moxian's products. A small business survey completed in 2015 by CPA Australia, found that business confidence is running high in Beijing in particular. Among the survey respondents 76.1% reported growing in the previous year and 76.1% expected to grow in the next year, which corresponded to the calendar year 2016. Over 47% of the small business respondents reported adding employees in the previous year, the highest reading in the China cities included in the survey, including Hong Kong and Singapore. The survey sponsor concluded that a focus on innovation, e-commerce and business management best practices were keys to Beijing's standout performance. Another critical finding of the survey is that 43.9% of Beijing's small businesses are expected to grow their e-commerce presence in the coming year. We believe this bodes well for mobile e-commerce platforms like the *Moxian+ Merchant App* that could enable O2O capabilities into a merchant's hands for the first time.

Shanghai

The city of Shanghai is located on China's central coast. It is China's largest city, a global financial hub and a mecca for tourists who flock to see the Bund, a famed waterfront promenade lined with colonial-era buildings. Because of its excellent port, Shanghai has been a key to China's economic and trade development for centuries. The city's economy has increased over 10% each year for the last fifteen years. The population was 24.2 million in 2015. In the same year gross domestic product was $400 billion, representing a per capita value of US$16,000.

By all reports living standards have steadily improved in Shanghai. The city has invested significantly in its greater metropolitan transportation system, building one of China's most modern subway systems. Communications and information sectors have also flourished making it possible for citizens to move about and exchange information. More importantly, a variety of industries are reportedly booming, including restaurants, hotels, entertainment, tourism, real estate, financial services and technology.

In 2015, 67.8% of Shanghai's gross domestic product was attributed to service industries. The top three sectors were financial services, retail and wholesale. By the end of 2015, there were 1,430 financial institutions, including banks, insurance companies and securities companies. The prominence of retail businesses in Shanghai is in part as a consequence of its status as a major tourist destination. The city's Huahai Road and Nanjing Road are especially popular to see the latest trends in the Chinese retail market. In 2015, the city hosted over 276 million tourists visiting from other parts of China and 8 million foreign visitors. We believe that robust domestic tourism in Shanghai bodes well for the acceptance of an online-to-office mobile commerce solution that could bring Chinese travelers to the doors of Shanghai businesses.

Shanghai is also a city of financial strength. In 2015, Shanghai accounted for 14.6% of China's total foreign direct investment. The city's highly educated and skilled labor force and sophisticated and affluent consumers have made it highly attractive to overseas investors. In 2015, Shanghai's per capital disposable income reached US$7,414.

Guangzhou

Guangzhou is also located in Guangdong Province. It is a major transportation hub along China's fabled Pearl River and is the southern terminal for the Guangzhou-Wuhan Railroad. In 2015, the city had a population near 12.46 million and gross domestic product topped US$28 billion. These figures are impressive given that in the early years after the communist revolution in China, Guangzhou remained economically repressed. When economic reforms began in the 1980s, Guangzhou was able to leverage its access to ocean shipping lanes and proximity to Hong Kong to build a manufacturing economy. Its extensive manufacturing base has helped make it one of the wealthiest cities in China. In 2014, the per capital disposable income was US$6,013 after rising each year for the last six years.

Guangzhou is an economy of private business. In 2014, private enterprises totaled over 300,000 and individually-owned businesses exceeded 700,000. The entrepreneurial spirit in Guangzhou has been fed by the robust flow of people, capital and information into the Pearl River Delta. Despite the lean years the region has remained a favorite for political, economic and cultural exchanges.

One of the fastest growing sectors in Guangzhou has been in the retail arena. Total retail sales of consumer goods have registered double digit growth for several years. In 2014, the most recent year for which reliable figures are available, retail sales increase 12.5% over the prior year, with sales of daily-use items increasing the fastest at 32.5% and cars by 19.5%.

Importantly, Guangzhou is a city of well educated people. By 2014, at least 19% of its population had achieved university level, 23% senior secondary level and 36% junior secondary level. With high education levels, the city has cultivated a population of pragmatic and smart consumers. In our view, the savvy consumer is as valuable to an online-to-office platform as the wealthy consumer. We believe such individuals are well disposed to use the review and group purchasing features of the *Moxian+ User App*.

MARKET OPPORTUNITY

The online-to-offline or O2O space in China continues to evolve at a rapid pace. O2O services have gained traction in part as a consequence of rapidly changing consumption in the country. Mobile connectivity is gobbling up transactions and day-to-day activities that were previously conducted exclusively inside stores and banks or at the desk top computer. To capture or even simply retain those customers who prefer to connect with stores via their mobile phone, both online sellers and brick-and-mortar stores are adopting O2O practices.

Importantly, technology plays a vital role in the acceptance of O2O in China. China's fourth generation wireless technology is more extensive than other countries. Market research firm Marbridge Consulting reports that fourth generation wireless technology had reached 277 million people in China by mid-2015. High smartphone usage, experience with online payment platforms, and Quick Response or QR code adoption have also helped facilitate O2O acceptance rates among merchants and consumers.

O2O resources are particularly appealing for merchants in China where long distances and urban congestion frustrate both merchants and consumers. Furthermore, the lack of dominant retail chains in China means most merchants are localized and do not command significant budgets for mass advertising. In the current initial stage, O2O has been applied to food delivery, car-hailing services and hotel reservations. It is expected that as platforms scale, all manner of goods, services, and entertainment will reach consumers through O2O channels.

Similarly, we believe China's consumers are also well disposed to O2O commerce. Businesses are widely dispersed across sprawling and congested communities. Consumers need some means to bring efficiency and convenience to their shopping experience. The ubiquitous smartphone is becoming the communications device of choice in the Chinese society. Epsilon's China Consumer Experience Report indicates that 72% of Chinese consumers are online throughout the day.

A study completed by HSBC in Fall 2015 is becoming the de facto measure of the O2O market. HSBC valued the O2O market at $1.6 trillion per year. The report cited first half 2015 growth rate of 80% over the prior year, supporting the argument that the sector commands significant upside potential. China's State Council pegged the value of China's O2O market at $48 billion for the first half of 2015.

Recent data has revealed that Chinese women are disproportionately responding to O2O platforms. Baidu Nuomi, an e-commerce platform in China, recently published results of their survey that women account for over 60% of O2O revenue despite the fact that only 46% of Internet users are women. The gap between men and women is believed to have grown even further during the recent major holidays of New Years and Qixi, the Chinese equivalent of Valentine's Day. The study showed that women's spending online for products and services in physical stores is found across a number of categories from beauty to gyms, movies, hotels and restaurants. The inordinate amount of shopping by women might arise from the role of women as the family buyer and gift manager in Chinese society. Female online shoppers in China were estimated at 180 million at the end of 2015.

The dominance of women in O2O could be pivotal for the future of O2O platforms. Women are more likely to communicate and exchange feedback with each other regarding their shopping experiences. The attraction and retention of women to O2O platforms could be valuable since they are more likely to embrace the marketing and communications tools on which O2O relies. Coupon sharing is growing in popularity as family and friends seek to help each other in saving money. Red Envelopes, or hongbao, are gifts given during holidays and on special occasions in China and other parts of Asia. The 'digital' hongbao has gained acceptance and popularity.

No discussion of the O2O sector in China is complete without acknowledgement of 'tuango,' which mean succinctly 'buy together.' Young people in China in particular are attracted to possible discounts through group purchases. One of the largest sites offering 'tuango' is Meituan.com, which specializes in local products and services. The Meitun platform is owned by the Meitun-Dianping combination.

Table II: Industry Calendar

Date	Event	Location
Feb. 14-15, 2017	eCommerce Expo 2017	Tokyo, Japan
March 7-9, 2017	eTail Asia	Singapore
March 19-22, 2017	ShopTalk: nextgen commerce event	Las Vegas, USA
Sept. 6-7, 2017	Digital Marketing & Strategy Innovation Summit	Shanghai, China
Oct. 22-25, 2017	Money 20/20 Conference on Payments	Las Vegas, USA

Source: Corporate Websites

On-Demand CommerceTrend

Despite the much heralded advent of e-commerce with the attendant hype over special shopping days like 'Single's Day' in China and 'Black Friday' in the U.S., the predicted demise of brick and mortar stores has not materialized. According to eMarketer, an industry research firm, only about 7% of retail transactions around the world take place online. Industry analysts at eMarketer are predicting that online penetration of retail activity will increase to 9% by the year 2018.

The fact of the matter is that some services require human interaction that cannot be transferred to the virtual world. This reality is creating the opportunity for online-to-offline platform providers like Moxian. The O2O tactics are beginning to deliver credible results for local as well as national or even international brands. Anecdotal evidence suggests it is the unique ability of O2O platforms to create a seamless interaction between vendors and customers is resonating with local shoppers. Vendors are also finding that O2O creates enough efficiency in customer acquisition to justify the added expense of O2O platform services.

Exhibit I: Social Media and eCommerce Leaders

facebook	***Personal Social Network***	renren
	Micro-blogging	新浪微博 weibo.com
Google	***Search Engine***	Bai du 百度
YouTube	***Video Share***	YOUKU 优酷
LinkedIn	***Professional Network***	开心网 www.kaixin001.com
WhatsApp	***Mobile Voice & Text***	WeChat
WordPress	***Blogging Platform***	腾讯网 QQ.com
ebay	***Online Market***	淘宝网 Taobao.com

Sources: Crystal Equity Research

On-demand companies have sprouted like mushrooms over the past few years. Among the most visible is Über, the ride-sharing and taxi service that joins car owners with people near them who simply need to get from one place to another. It is a classic online-to-offline enterprise that leverages the Internet to make drivers and their cars in the physical world ‘virtually visible’ to passengers using mobile devices. The on-demand services concept has been extended to house cleaning, pet care, and household errands among other services related to common place chores.

Adoption Trends

Granted there are limitations to O2O success. Wireless transmissions, location services and shopper beacons (limited to iOS devices) all require the consumer to take action and ‘opt in’ to participate. Google is addressing this problem with its beacon-like technology called Eddystone that is supported on both Android and iOS devices. Eddystone can be updated by Google directly and requires no consumer action. Nonetheless, O2O appears poised to capture a significant share of the $2.4 trillion global retail market. Even the 200 basis point increase in e-commerce represents $48 billion in retail value, for which vendors are keen to gain a competitive edge.

Leveraging the Internet and mobile app sphere to attract new customers is a new strategy for many of these services providers. Most had previously used advertising in hard media such as newspapers or billboards to gain exposure. Like the food take-out and delivery services of the past, reliance on phone calls and fax machines have been a foundation for customer interaction. O2O is changing the dynamic, linking services with a defined physical presence such as a store of vehicle to customers via digital media. The links are much closer and more constant than allows by phone or fax numbers. The communication channel afforded by a mobile app remains open, offering the opportunity for continuous dialogue between service provider and customers through offers and coupons coming from the service provider and through ratings, reviews and feedback from the customer.

The Fifth Annual UPS study “UPS Pulse of Online Shopper” published in early June 2016, provided a plethora of interesting data regarding consumers and their shopping habits. The data points below provide a compelling argument for local businesses to adopt O2O tactics, such as a mobile app with discoverability in the various app stores, offering in-store pickup or offering inventory information in a format accessible by consumers.

- One in four consumers engage in digital search for local stores on a weekly basis.
- Nearly half of study respondents - 46% - said store locators were an important part of using their mobile devices
- Among those consumers that have used in-store pickup for an online purchase, 45% end of making additional purchases when they come into the store.
- As many as 58% of consumers want information on a store’s inventory before going to the store location.
- More than 29% of shoppers say they have made store purchases from a smartphone.

COMPETITION

China businesses are becoming savvy to the power of mobile marketing. Since Chinese consumers are increasing occupied on their mobile devices and have a preference for social media, China business must be involved to win customers and garner loyalty. The Chinese government exerts significant control of Internet usage in China. Foreign sites such as Facebook and Twitter are blocked and local networks such as Sina Weibo are frequently censored. Nonetheless, social media has flourished in China, with a variety of domestic counterparts to U.S. social networks.

Unlike the U.S. where social media participation is focused on a few networks, China has several networks which exceed 100 million active users. These social networks serve many different purposes, from messaging to gaming to communications. In our view, such diversity of usage creates opportunity for new entrants with a particular commerce or communications offering despite the existence of well-established platforms some of which are listed on page 14 of this report.

Major Players

Alibaba (BABA: Nasdaq) continues to be among the most frequently mentioned names in China's O2O sector. The company sold its stake in the Meituan-Dianping tie up, which created a combined online booking and discounts platform. Reportedly Alibaba intends to focus more closely on its Koubei platform, a joint venture with its subsidiary Ant Financial. After starting out as a food and beverage delivery service, Koubei has expanded its services to allow merchants to set up virtual stores, a feature that Moxian made part of its platform from inception. In June 2015, Alibaba announced that it would invest as much as US$480 million in Koubei with Ant Financial reportedly matching Alibaba's investment. The initial stake was apparently not enough to get Koubei off the ground. In October 2016, Alibaba announced plans to raise another $1 billion from outside investors to fund expansion of the Koubei platform.

Notably, Alibaba appears to have achieved success with another O2O project for mall operator Intime, in which Alibaba has an investment. The mall experienced increased foot traffic and 2.3% increase in revenue at dining and entertainment venues after embracing O2O channels.

The fascination with Alibaba's O2O endeavors might not be because it is the leader in the space. Indeed, some view Alibaba as well behind others in the O2O space and the chatter is simply fed by speculation on whether the supply chain giant can catch up with others. For example, the social media platform WeChat has enthusiastically embraced the idea of directing online customers to physical stores and quickly began touting its 650 million user base as a selling point for O2O services.

The well populated WeChat platform is offers fully integrated communications features such as instant messaging, chat and video calling, all of which are popular with China's consumers. Perhaps more importantly, WeChat has had a headstart in perfecting Location Based Services and eCommerce functions on its O2O platform. WeChat users can click within their own account on the name of an O2O participating store and WeChat will show all the locations of that store near the user's location. There is no need to visit the store website or conduct a search with a third-party mapping program or app.

Notably, the owner of WeChat, Internet services leader Tencent (TCEHY: OTC), recently made a strategic investment in the indoor mapping technology developer Sensewhere. Tencent has licensed the right to use Sensewhere's indoor positioning software in Tencent maps and will use Sensewhere for location-based advertising. Alibaba and Baidu already have made investments in competing mapping products. Alibaba holds a majority interest in AutoNavi and uses the AutoNavi technology in its map app to help users find nearby taxis and restaurants. Baidu Maps shows group-buying deals from its Nuomi platform.

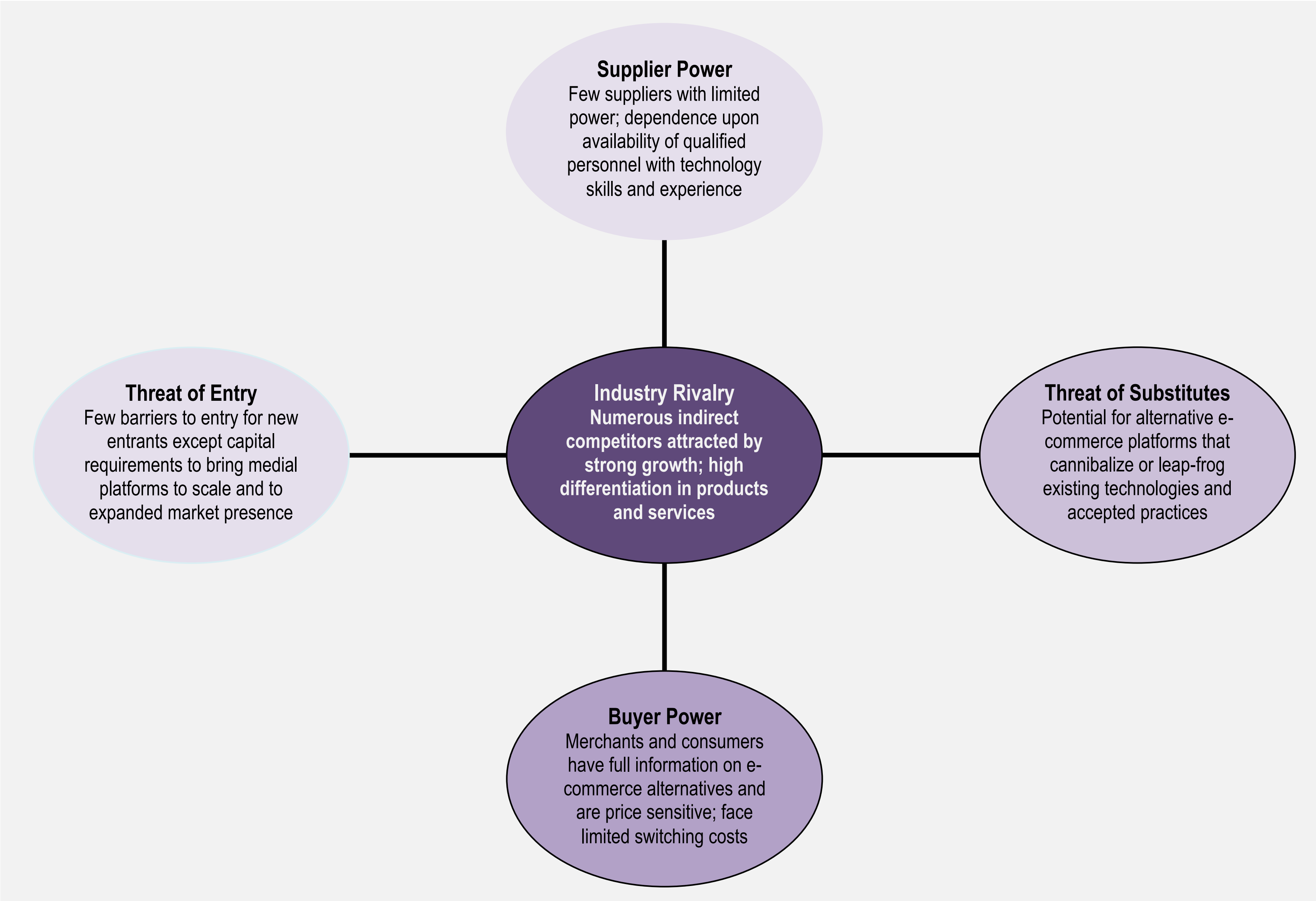
Yet in terms of sheer size, the Meitun-Dianping combination might still be the largest O2O player in China. In January 2016, during discussions for a $3.3 billion private placement, Meitun-Dianping claimed $25.8 billion in gross merchandise volume related to 10 million orders per day. By the end of 2015, the company had reached 150 million monthly active users. The capital raise pegged the company's value at $18 billion. Given its exceptional size and clear leadership in the popular group buying phenomenon, it is surprising that Alibaba was so quick to divest its interest Meitun-Dianping.

The next largest competitor to Meitun-Dianping is Baidu, an Internet content and search engine provider that claims one-fifth of the O2O online revenue in China. Baidu is trying to catch up to the rest of the O2O contenders and invested heavily over the past couple of years. Baidu reportedly invested 20 billion yuan (US$3.15 billion) in Baidu Nuomi, a hub for entertainment and dining options that allows users to click on a 'nearby' link in a map to find local restaurants, karaoke bars or movie theaters. The company disclosed in the year 2015 it had not yet earned a profit on its O2O endeavor, but claims it is still at an early stage.

We note that Moxian's *Mo-Talk* and *Mo-Zone* provide those critical social networking elements that seem to distinguish these fastest growing O2O platforms. *Mo-Talk*, which is incorporated in both the consumer and merchant apps, allows the consumer to share merchant messages with his/her inner circle of friends and family. *Mo-Zone* provides a platform for posting photos and videos about consumer experiences that could extend the marketing message of merchants with a strong referral or endorsement element.

Customer relationship management (CRM) is another element that distinguished the *Moxian+* platform. Other than WeChat, none of the O2O players put much emphasis into CRM, which in the end could be the ultimate O2O carrot. CRM tactics allow merchants to draw their customers closer, improving retention and increasing follow-on sales. CRM is typically lower cost than new customer acquisition per sales dollar.

PORTER ANALYSIS - MOBILE DIGITAL COMMERCE AND SOCIAL MEDIA PLATFORMS



MANAGEMENT AND LEADERSHIP

Besides the new financial capital from recent private and public offerings, Moxian is endowed with strong human capital. The management team has skills and experience in software development and mobile app architectures. The CEO is a successful entrepreneur and business strategist.

- **James Mengdong Tan**, was appointed **Chief Executive Officer and Chairman** of the Board of Directors in early 2015. Tan has an extensive background in executive management in both public and private companies. He was chief executive officer of Vashion Group and Vantage Corporation, both listed on the Singapore Stock Exchange. Tan also served on the board of directors of a Nasdaq listed company Board of Pacific Internet Ltd. until its sale to a private equity consortium. Tan is also the principal of 8i Capital Ltd., a corporate advisory firm based in Hong Kong and focused on Asian companies.

- In late July 2016, the Company appointed **Tan Wan Hong** as **Chief Financial Officer**. Tan has lengthy audit experience with major audit firms, including Grant Thornton in the United Kingdom and KPMG in Kuala Lumpur. Hong previously served as controller and other senior positions for Sime Darby, a diversified industrial company based in Malaysia.

- **Ng Kek Wee** is Moxian's **Chief Technology Officer**. He has extensive experience in early stage technology companies, and has been instrumental in commercializing new software platforms. Dr. Ng holds a doctorate in software engineering with a specialty in services oriented architectures.

- Moxian's **Vice President of Products** is **Clarence Luo Ziao Yun**. He has experience in software development and product development and previous worked with Nokia Siemens Networks and Motorola Global Services. Yun earned a bachelor degree in information sciences from Sun Yat Sen University, a master's degree in engineering from National University of Singapore and a master of business administration from Manchester University.

Over the past year there have been several additions to the board of directors.

- **Hao Qing Hu** is the general manager of the Company's Beijing subsidiary. He has extensive experience in operations management, including Shandong Debang Construction Technology Ltd. and Xinhua Huamei Investment Management Co., Ltd. He has degrees in Management and Business Administration and Mining Investment and Optimization Integration from Tsinghua University.

- **Yang Nan** is a certified public accountant in both China and the United States. She was previously senior manager of the audit department with KPMG Huazhen LLP and has extensive experience in audit, internal control and risk management. Yang received a Management and Business Administration degree from Peking University and a Bachelor of Economics from Renmin University of China. She is a certified public accountant in both the United States and China. Nan is the chairwoman of the audit committee and a member of the compensation and corporate governance committees.

- **Liew Kwong Yeow** joined the board in June 2015. Yeow has considerable experience in executive management in large companies, including Matsushita Denki, General Motors and Intel Corporation. He also has a successful track record in setting up new manufacturing operations and supply chains for Italy's Urmet Telecommunications in China and Singapore-based Aztech in China. He has a degree in electrical engineering from Singapore Polytechnics University. Yeow is classified as an independent director and is a member of the Company's audit and compensation committees. He is also chairman of the corporate governance and nominating committee.

- **Ajay Rajpal** was appointed as an independent director in June 2016. By training Rajpal is a chartered accountant. He has extensive investment banking, mergers and acquisitions experience in multinational business organizations operating in the United States, Europe, the Middle East and Asia. Rajpal is currently non-executive director of New Trend Lifestyle Group Plc And Zibao Metal Recycling Holdings Plc and non-executive chairman of MNC Strategic Investments Plc. Rajpal is a member of Moxian's audit committee and corporate governance committees. He is considered an independent director. He is also the chairman of the compensation committee.

Table III: Insider and Significant Ownership

Name	Position	Stock	Options	Experience/Education
Tan	CEO, Director	29.8 M	-0-	Executive Management
Hu	Director	4.1 M	-0-	Operations Management
Yeow	Director – 1, 2, 3, 4	-0-	-0-	Manufacturing Management
Nan	Director – 1, 2, 3, 4	-0-	-0-	Professional Accountant
Rajpal	Director – 1, 2, 3, 4	-0-	-0-	Investment Banking, Finance
Hong	Chief Financial Officer	-0-	-0-	Accounting, Finance
Wee	Chief Technology Officer	-0-	-0-	Software Development
Yun	Vice President of Products	-0-	-0-	Product Development

	Stock	Options	Percentage of Shares Outstanding
Offices and Directors as a Group	33.9 M	-0-	50.9%
5% Holders as a Group	21.5 M	-0-	32.3%

1 Independent Director
2 Audit Committee
3 Compensation Committee
4 Corporate Governance

Source: Company Reports and Crystal Equity Research Estimates

Table IV: Corporate Governance

Governance Issue	Comments
Board of Directors	
Separate board chair and CEO	Chairman duties largely carried out by CEO
Board independence	Three of five directors qualify as independent
Board elections	Elections held annually for director positions with one-year terms
Quality of directors	Background appropriate for media, technology products and services
Related-party relationships	Most related-party loans to the Company have been repaid
Management	
CEO/Executive pay	CEO receives no compensation
Stock based compensation	None through end of fiscal year 2016
Performance-based compensation	Sales personnel receive pay based on performance
Transparency, timeliness in reporting	Financial reports filed timely as required by U.S. and Hong Kong laws
Governance statement	Committee charters available on the corporate website
Code of ethics	Code of ethics available on corporate website
Shareholder Rights	
Cumulative voting	Yes
Confidential voting	Yes
Votes per share	One vote per share
Shareholder rights plans	None
Corporate structure changes	Not specified
Special meeting rights	Not specified
Written consent rights	Not specified
Shareholder proposals or nominations	None
Board or management veto	None
Re-incorporation strategies	Not specified
Common stock classes	One class
Composition of shareholders	50.9% insiders; 32.3% major holders; 16.8% individuals

Source: Company Reports and Crystal Equity Research

FINANCIAL PERFORMANCE

Accounting Quality

Revenue Recognition. Moxian expects to earn revenue from the sale of advertisements on the *Moxian+* mobile app platform, sponsorships by merchants and profit sharing arrangements with owners of mobile gaming apps. Additionally, the Company charges fees for transactions carried out on the platform based on percentage of the transaction value. The Company appears to take a fairly conservative view on revenue recognition, with a policy to record sales only when a transaction has been completed through delivery of a product or service.

Significant Accounting Estimates. The Company relies on estimates to determine values for intangible assets, inventory and property and equipment. The most significant recent valuation of intangible assets was completed in fiscal year 2016. The impairment charge is discussed in more detail below in the section entitled "Intangible Assets."

Accounts Receivable. Given Moxian's business model, which is based on electronic payments and its own electronic tokens called *Mo-Coin*, we do not expect the Company to record material amounts in accounts receivable. Accordingly, we expect the working capital interval to remain fairly short.

Inventories. The Company carries a modest inventory composed of merchandise for sale. The inventory valuation method is the lower of cost or market value.

Intangible Assets. Moxian's intangible assets consist of intellectual property rights and software related to the Company's online-to-offline ecommerce platform. By using estimates related to the potential for royalties from the use of certain intellectual property the Company determined that certain intangible assets were overvalued on the balance sheet. The impairment charge based on those estimates totaled $3.3 million and served to reduce operating results in the fiscal year 2016. As of September 30, 2016, the Company had $3.3 million in intangible assets on the balance sheet and will be subject to evaluation using royalty estimates in the future.

Employee Benefits. At the end of September 2016, the Company employed 160 people, of which 60 were part of the technology research and development team, 26 were involved in sales and marketing, 21 are in products development, and 17 provide customer services and technical support. The Company does not report salaries and benefits separately from other expenses. We believe such expenses are spread across several cost and expense categories, including cost of sales, research and development, and selling general and administrative.

Off-Balance Sheet Liabilities. Moxian has no off-balance sheet financing arrangements.

Extraordinary Items. The Company has reported no extraordinary costs or income in the last two years.

Customer Concentration. Since Moxian has been of late in a developmental stage, the customer base is still quite modest and exhibits no concentration in terms of business categories, demographics or geographic location. We expect that in the initial rollout of the *Moxian+* platform during 2017 and 2018, that there will be a concentration of customers in those metropolitan areas that are the initial targets for new sales teams. That said, we do not anticipate that this geographic concentration suggests a particular risk for the Company. There is some variance in the rate of economic growth from one region to another in China. However, at the present state of development of the online-to-offline market in general and Moxian's development in particular, we believe that low penetration rates offset any concern for local economic risks.

Related Party Transactions. Shareholders, directors and senior management have made loans to Moxian during its developmental stage either directly or through corporate entities over which the insiders have controlling interests. Borrowings by Moxian from related parties totaled $3.1 million in fiscal year 2016, net of repayments. This compares to $3.7 million in net borrowings in the previous fiscal year. Notably in fiscal year 2016, related party loans valued at $2.0 million were converted to common stock to be issued at the completion of the public offering of common stock.

At the end of September 2016, the Company reported $2.6 million in loans payable to related parties. Subsequent to the fiscal year end, Moxian reported borrowing an additional $2.5 million, of which $2.1 million was borrowed from Shenzhen Bayi Consulting, a shareholder with less than 5% interest in Moxian. We believe the borrowings were made necessary for working capital purposes while the Company moved toward completion of its public offering of common stock.

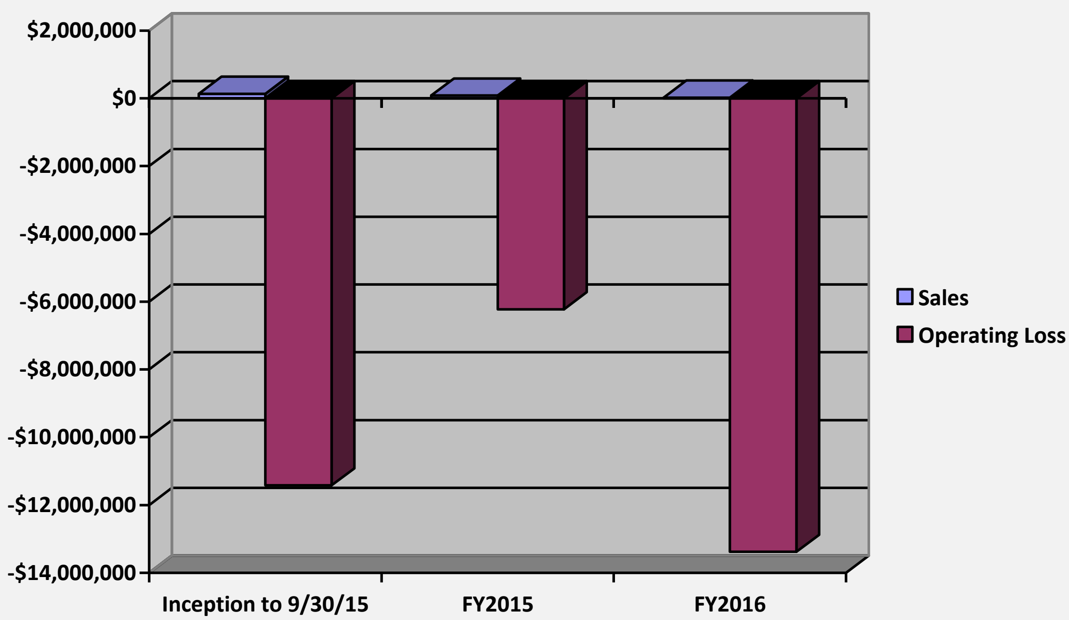
Since the quarter end the Company also paid down $4.6 million in loans payable to related parties. We estimate that at the end of December 2016, Moxian owed less than $100,000 on loans payable to related parties. We believe the repayment was made possible by the infusion of capital from the common stock offering.

<u>Profitability and Cash Flow Generation</u>

Moxian has been in a developmental change since inception in October 2010. Through the end of fiscal year 2015, the Company recorded a total of $139,992 in sales from the initial testing of its online-to-offline platform that began in fiscal year 2014. In the most recent fiscal year ending September 2016, the Company reported $21,479 in total sales, which were largely the residual income from relationships established during the network testing project.

T through the end the most recent fiscal year, the Company has invested significantly to refine and prove its mobile e-commerce platform. Research and development expenses totaled $1.5 million and $2.6 million in fiscal years 2015 and 2016, respectively. Additionally, selling, general and administrative expenses totaled $3.9 million and $4.9 million in those two years. Spending led to an operating loss of $6.2 million and $13.4 million in fiscal years 2015 and 2016, respectively.

Chart I: Historic Sales and Operating Income



Source: Company Reports

The most recent fiscal year ending September 2016, was also impacted by a one-time charge totaling $3.3 million for the impairment of intangible assets. Indeed, non-cash charges are a significant portion of operating expenses, making cash flow from operations a salient factor in evaluating Moxian's financial results. Cash used by operations totaled $7.6 million in fiscal year 2016, a dramatically lower amount that reported as the operating loss.

Balance Sheet and Capitalization

The Company reported slightly negative shareholder equity at the end of September 2016. Total assets of $5.93 million were composed primarily of intellectual and physical property, totaling $3.3 million and $1.5 million, respectively. Current liabilities totaled $5.94 million and were composed primarily of loans payable to related parties and a subscription payable to investors in common stock.

We believe the public offering of common stock that was completed in November 2016 and subsequent to the close of the fiscal year has had a dramatic impact on Moxian's balance sheet. We estimate that after repayment of certain related party loans, the Company now had approximately $6.5 million in cash available for working capital on a pro forma basis as of the end of September 2016. Shareholder equity would have been approximately $11.0 million, boosted by the issuance of common stock through the conversion of related party debt and the public offering.

Table V: Balance Sheet as Reported and Pro Forma

	9/30/16 as Reported	*Common Stock Issuance*	*Borrowings*	*Payments*	*9/30/16 Pro Forma*
Cash	$76,580	*$9,000,000*	*$2,252,800*	*$4,794,887*	*$6,534,493*
Total current assets	$1,015,986				*$6,973,899*
Total assets	$5,934,603				*$12,392,516*
Loans payable – related parties	$2,552,565		*$2,552,800*	*$4,794,887*	*$10,478*
Stock subscription payable	$2,000,000	*$2,000,000*			*-0-*
Total current liabilities	$5,944,765				*$1,402,678*
Shareholders' equity	($10,162)	*$11,000,000*	.		*$10,989,838*

Source: Company Reports and Crystal Equity Research Estimates

<u>Investment Requirements</u>

Management has detailed plans to invest significantly in sales and marketing infrastructure to support the rollout of its *Moxian*+ platform in major metropolitan areas of China. The Company intends to open regional sales offices in first and second tier cities in China that will require expenditures for offices leases and equipment as well as working capital for salaries and benefits for new employees. We expect the Company to require nearly all of the current cash resources for sales office infrastructure and working capital. However, management has also indicated interest in acquisitions of technology or complementary digital commerce businesses.

EARNINGS MODEL

<u>Sales and Profitability</u>

We expect the current fiscal year ending September 2017, to be a transition year for Moxian. We do not expect significant revenue much later in the fiscal year or the beginning of fiscal year 2018. The Company began deploying sales personnel in new offices near the end of the December 2016. The company is focusing on four primary metropolitan areas for the initial deployment of the *Moxian*+ platform, opening new offices and hiring new sales personnel. As sales personnel sign up merchants, we expect new transaction and advertising fees through its relationship with Xinhua New Media Culture Communications. The recent addition of the Game Channel is expected to be an important driver of consumer downloads of the *Moxian+ User* and *Merchant Apps* and subsequently of advertising revenue.

Revenue is expected to ramp as the number of merchants and consumers escalates. Moxian will receive fees from paid merchant accounts and value-added services, advertising and the sale of consumer data. We expect a somewhat slow rate of growth in the initial months of deployment in Shenzhen and Beijing, with acceleration in adoption rates beginning in 2017. Initial efforts have begun to extend operations into Shanghai and Guangzhou. We expect these cities and others to provide the backbone for growth in fiscal years 2017 and 2018.

Operating expenses are expected to increase in fiscal year 2017, primarily from the addition of new personnel. Management indicates there are plans to add an additional 20% to existing staff in fiscal year 2017 and another 50% increase in fiscal year 2018. Our estimates reflect an increase in operating expenses in all categories related to added personnel costs offset by savings in legal, professional and consulting fees associated with financing activities in the last two years.

The combined effects of our assumptions result in a modest increase in total revenue in fiscal year ending September 2017, to $160,000. We expect that once the sales teams achieve traction in their first markets sales of advertising in particular could lead to a dramatic increase in revenue. We demonstrate a doubling in sales in each quarter for the next two years.

We do not expect that Company to achieve profitability in this two year period. As shown in Tables VI on page 28 we expect costs and expenses to build through the next two years, resulting in an operating loss of $10.7 million and $9.1 million in fiscal years 2017 and 2018, respectively.

<u>Cash Flow and Balances</u>

To support operations in fiscal year 2017, we estimate the Company will require all the cash resources accumulated through the recent offering of common stock in November 2016. In our view, it will be necessary for the Company to carefully manage working capital accounts to avoid having to raise additional capital until the *Moxian+* platform achieves sufficient scale to support required technical and sales activities. However, as the platform scales with new merchants and consumers, we expect the Company to achieve breakeven on a cash flow basis as early as fiscal year 2018.

<u>Macro-Economic Exposure</u>

Interest and Inflation Rates. While costs of business remain relatively economical in China compared to advanced economies in North America and Western Europe, both real estate and labor costs have increased in recent years. China's inflation rate was 2.3% in November 2016, the most recent period for which data has been released.

Currency Rates. The Company is subject to the effects of changing currency rates. The risk is largely limited to translation risks as its functional currency, the Chinese renminbi, is translated into its reporting currency, the U.S. dollar.

OUTLOOK

The Company is moving from development to commercial stage as a sales team entered the Shenzhen market in January 2016. We do not believe that significant revenue will begin to flow until fourth quarter 2017 as Moxian is just beginning to mobilize its sales force targeting small- and medium-sized business in major metropolitan areas in China, including Beijing, Shanghai and Guangzhou. The need to wait a bit longer to see top-line growth might disappoint some investors, which could be reflected in near-term price and trading volume. With more time to consider the change in implied market capitalization, investors may also react to the recent cancellation in common shares outstanding and the completion of a successful common stock offering.

We note that a lengthy runway to achieve profitability is common in the e-commerce sector. For example, Alibaba has reported the Koubei platform, in which it has a 50% interest, remains deeply 'in the red' even after three years of operation. Robust platforms require intensive and costly design and development by specialized software engineers. Once constructed, these platforms run most economically at large scale, requiring intensive sales and marketing efforts. We do not expect Moxian's platform to be an exception.

It is worthwhile to observe that low constructive float possibly hampers price seeking activity in MOXC. Two insiders own 50.9% of the shares outstanding and shareholders with positions greater than 5% own another 32.3%. We expect the two insiders to hold their shares even after expiration of lock-up pledges made during the recent common stock offering. Furthermore, we do not believe that any of the significant shareholders trades shares with any frequency, if at all. This leaves a constructive float of 16.8% or 11.1 million shares. The price chart shown on page 3 of this report illustrates that trading volume has increased significantly since the follow-on offering of common shares in early November 2016. We believe this is an important development for achievement of fair value for MOXC.

We have set our price target at $5.25, which corresponds to the mode price or the price with the most significant volume since mid-2014. In our view, this price represents a potential line of resistance and could present a ceiling for price appreciation. That said, the stock could rise above this level with a sufficiently strong catalyst. A quarter financial report with better than expected news on penetration of the *Moxian+* platform in its target markets might be such a catalyst.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

Table VI: Historic and Projected Financial Results by Year

Fiscal year end September 30	2013	2014	2015	2016	*2017*	*2018*
Total revenue	$ -0-	$56,122	$83,870	$21,479	*$160,000*	*$2,250,000*
Cost of sales	-0-	15,514	25,269	4,845	*25,291*	*506,250*
Gross profit	-0-	40,608	58,601	16,634	*134,709*	*1,743750*
Operating expenses:						
Selling, general and administrative	31,411	2,176,963	3,919,956	4,912,502	*5,800,000*	*6,000,000*
Research and development	-0-	-0-	1,523,859	2,591,550	*2,985,000*	*2,700,000*
Depreciation and amortization	-0-	78,571	843,299	1,883,985	*1,400,000*	*1,200,000*
Other operating expenses	-0-	-0-	-0-	688,854	*685,000*	*937,500*
Impairment charge	-0-	2,600,315	-0-	3,321,665	*-0-*	*-0-*
Total operating expenses	31,411	4,855,849	6,227,810	13,398,556	*10,870,000*	*10,837,500*
Operating income (loss)	(31,411)	(4,815,241)	(6,228,513)	(13,381,922)	*(10,735,291)*	*(9,093,750)*
Other income (expenses), net	-0-	23,899	2,258	(481,526)	*-0-*	*-0-*
Income (loss) before income taxes	(31,411)	(4,791,342)	(6,226,255)	(13,863,448)	*(10,735,291)*	*(9,093,750)*
Provision for income taxes (benefit from)	-0-	-0-	(52,609)	(49,464)	*-0-*	*-0-*
Foreign currency translation adjustment	-0-	52,929	61,730	108,710	*-0-*	*-0-*
Net income (loss)	(31,411)	(4,738,413)	(6,111,916)	(13,705,274)	*(10,735,291)*	*(9,093,750)*
Net EPS (loss), available to shareholders	($0.00)	($0.05)	($0.06)	($0.17)	*($0.16)*	*($0.13)*
Weighted shares outstanding, diluted	99,150,000	99,150,000	81,021,012	81,021,012	*67,100,000*	*68,000,000*
CASH FLOW FROM OPERATIONS						
Net income		($4,738,413)	($6,173,646)	($13,813,984)	*($10,735,291)*	*($9,093,750)*
Depreciation and amortization		-0-	842,299	1,883,985	*1,400,000*	*1,200,000*
Other adjustments		-0-	(52,609)	(3,312,171)	*-0-*	*-0-*
Working capital sources, net		-0-	(34,317)	1,112,896	*3,484,016*	*8,189,608*
Cash used by operations		(4,738,413)	(5,417,273)	(7,504,932)	*(5,851,275)*	*295,858*
CASH FLOWS FOR INVESTING						
Purchase of property, plant and equipment		-0-	(2,931,838)	(333,176)	*(300,000)*	*(400,000)*
Acquisitions, net of cash acquired		-0-	(354,755)	(192,203)	*-0-*	*-0-*
Net cash used for investing		-0-	(3,286,593)	(593,351)	*(300,000)*	*(400,000)*
CASH FLOWS FROM FINANCING						
Net proceeds (payments) long-term debt, net		-0-	-0-	(1,930,479)	*-0-*	*-0-*
Related party loans proceeds (payments), net		-0-	3.730,113	5,076,636)	*(2,542,037)*	*-0-*
Issuance of share capital, net of costs		-0-	5,505,915	2,657,533	*9,025,000*	*-0-*
Net cash from financing		-0-	9,236,028	5,803,690	*6,482,963*	*-0-*

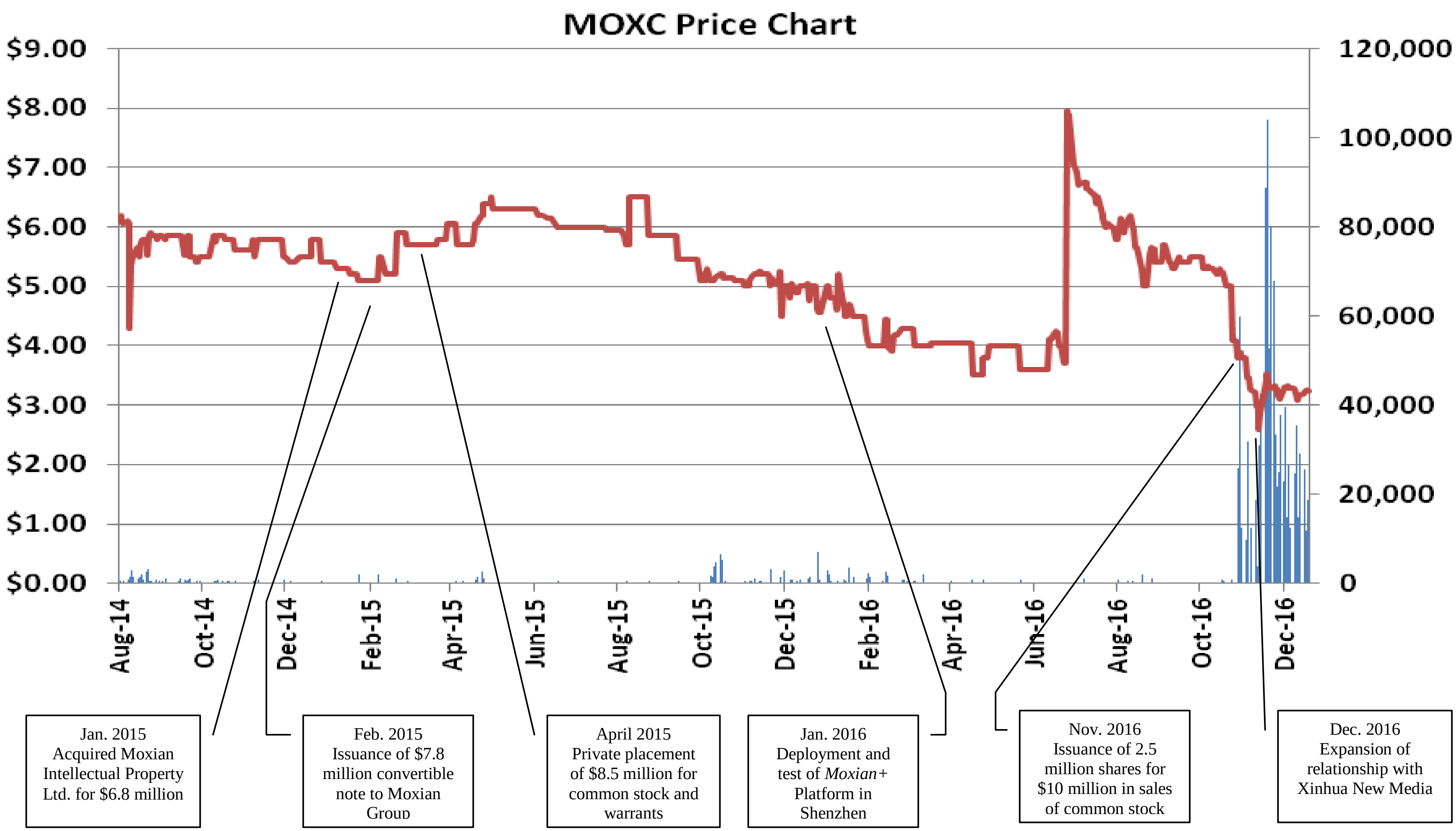
Table VII: Historic and Projected Financial Results by Year

Fiscal year end September 30	2014	2015	2016	*2017*	*2018*
ASSETS					
Cash	$1,770,196	$2,398,713	$76,580	*$408,268*	*$304,126*
Total current assets	2,511,841	3,479,750	1,015,986	*1,529,668*	*1,340,208*
Property, plant and equipment	348,669	2,941,662	1,508,743	*1,008,743*	*808,743*
Intangible assets	-0-	6,600,285	3,311,293	*2,711,293*	*2,111,293*
Total assets	2,860,510	13,074,206	5,934,603	*5,348,275*	*4,358,825*
LIABILITIES					
Payables	295,601	600,675	1,392,200	*3,034,920*	*5,568,750*
Loans to related parties	6,151,932	1,462,525	2,552,565	*10,528*	*10,528*
Subscription payable	5,505,915	2,000,000	-0-	*-0-*	*-0-*
Total current liabilities	7,447,533	7,759,115	5,944,765	*5,068,728*	*13,173,028*
EQUITY					
Common stock	198,300	214,667	64,006	*89,006*	*89,006*
Paid-in-capital	162,914	16,350,577	24,691,259	*35,691,259*	*35,691,259*
Accumulated deficit	52,929	114,659	223,369	*223,369*	*223,369*
Retained earnings (deficit)	(5,001,166)	(11,174,812)	(24,988,796)	*(35,724,087)*	*(44,817,837)*
Total shareholders' equity	(4,587,023)	5,505,091	(10,162)	*279,547*	*(8,814,203)*
Total liabilities and shareholders' equity	2,860,510	13,074,206	5,934,603	*5,348,275*	*4,358,825*

Selected asset and liability accounts; do not sum to totals

Source: Company Reports and Crystal Equity Research Estimates

Exhibit II: Corporate History and Stock Price Movement



Source: Company Reports and Stockcharts.com

Table VIII: Comparable Stocks - Internet and eCommerce Products and Services

COMPANY	SYM	OPERATIONS	RECENT PRICE	TRLNG REV Mill	OPER MARGIN	DEBT / EQUITY	ROE	MARKET CAP Mill
JM WOWO	WOWO	Online B2B platform for food services	$3.29	na	na	na	na	na
MeetMe, Inc.	MEET	Social network on mobile platform	$5.38	$66.8	27.9%	0.19	34.0%	$316.7
Moko Social Media, Ltd.	MOKO	Mobile apps for social, commerce	$0.003	$0.1	nm	nm	nm	$5.0
SpendSmart Networks	SSPC	Digital engagement and marketing	$0.02	$4.9	nm	nm	nm	$0.1
TechTarget, Inc.	TTGT	Online content for marketing	$8.44	$109.4	8.7%	41.51	3.1%	$234.8
RenRen	RENN	Social networking platform in China	$1.70	$46.5	nm	11.97	nm	$578.4
		Small-company Group Averages			18.3%	31.52	18.5%	
TenCent Holdings Ltd.	TCEHY	Internet, mobile value-added services	$25.20	$19,950.0	35.4%	52.87	26.8%	$241,510.0
Facebook, Inc.	FB	Social network and advertising platform	$123.41	$24,670.0	42.9%	-	15.7%	$355,690.0
Twitter, Inc.	TWTR	Micro-blogging platform	$17.40	$2,520.0	-11.5%	35.73	-8.5%	$12,180.0
Alphabet, Inc.	GOOG	Search engine, online advertising	$806.15	$85,540.0	26.3%	2.94	15.2%	$561,170.0
Baidu, Inc.	BIDU	Internet search engine in China	$176.38	$10,230.0	16.1%	42.53	42.0%	$61,190.0
Weibo Corporation	WB	Social media for Chinese content	$44.75	$592.1	17.4%	-	12.5%	$9,650.0
Alibaba Group Holding	BABA	Internet and mobile commerce platform	$93.89	$18,030.0	28.7%	30.46	1.25%	$234,720.0
		Large-company Group Averages			22.2%	23.50	16.6%	
Moxian, Inc.	**MOXC**	**Online-to-offline mobile commerce**	**$3.23**	**$0.1**	**nm**	**nm**	**nm**	**$214.8**

Prices and market measures of 1/6/17

Source: Bloomberg LP

TableVIII continued:

COMPANY	SYM	OPERATIONS	RECENT PRICE	PRICE/ SALES	PRICE/ CSHFLW	PRICE/ EPS	PRICE/ BK VAL	MARKET CAP Mill
JM WOWO	WOWO	Online B2B platform for food services	$3.29	nm	nm	nm	nm	na
MeetMe, Inc.	MEET	Social network on mobile platform	$5.38	4.74	14.66	10.98	0.02	$316.7
Moko Social Media, Ltd.	MOKO	Mobile apps for social, commerce	$0.003	58.70	neg	neg	1.50	$5.0
SpendSmart Networks	SSPC	Digital engagement and marketing	$0.02	0.16	neg	neg	nm	$0.1
TechTarget, Inc.	TTGT	Online content for marketing	$8.44	12.44	neg	neg	0.79	$234.8
RenRen	RENN	Social networking platform in China	$1.70	2.15	10.43	22.81	1.96	$578.4
		Small-company Group Averages		15.57	17.17	25.87	3.37	
TenCent Holdings Ltd.	TCEHY	Internet, mobile value-added services	$25.20	12.11	26.42	43.83	9.99	$241,510.0
Facebook, Inc.	FB	Social network and advertising platform	$123.41	14.42	28.27	23.82	7.01	$355,690.0
Twitter, Inc.	TWTR	Microblogging platform	$17.40	4.83	18.29	28.15	2.72	$12,180.0
Alphabet, Inc.	GOOG	Search engine, online advertising	$806.15	6.56	17.17	19.68	4.14	$561,170.0
Baidu, Inc.	BIDU	Internet search engine in China	$176.38	5.98	22.75	31.22	4.80	$61,190.0
Weibo Corporation	WB	Social media for Chinese content	$44.75	16.30	78.78	35.52	13.66	$9,650.0
Alibaba Group Holding	BABA	Internet and mobile e-commerce platform	$93.98	13.02	26.68	22.90	6.53	$234,720.0
		Large-company Group Averages		10.46	31.05	29.30	6.98	
Moxian, Inc.	**MOXC**	**Online-to-offline mobile commerce**	**$3.23**	**nm**	**neg**	**neg**	**nm**	**$214.8**

Prices and market measures of 1/6/17

Source: Bloomberg LP

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Buy	Price appreciation expected 10% or more over a 12-month period.
Hold	Price appreciation/depreciation expected between 10% and –10% over 12 months.
Sell	Price depreciation expected 10% or more over a 12-month period.

CRYSTAL RESEARCH UNIVERSE

Buys	20%
Holds	40%
Sells	40%
Total	100%

HISTORICAL RECOMMENDATIONS AND TARGET PRICE: MOXIAN, INC. / MOXC

Report	Date	Price	Rating	Target Price
Initial*	1/10/17	$3.23	Speculative Buy	$5.25

**Initial report in CER Reports series follows earlier coverage under the Focus Report series also published by Crystal Equity Research.*

DISCLOSURES

Name	Symbol: Exchange	Disclosures
Moxian, Inc.	MOXC: Nasdaq	D, G

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