

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended September 30, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 000-55017

MOXIAN, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or Other Jurisdiction of
Incorporation or Organization)

27-3729742

(I.R.S. Employer
Identification No.)

Units 9B&C, Block D, Fuhua Tower, 8
Chaomenyang North Street,
Chaoyang District, Beijing 100027, China

(Address of Principal Executive Offices and Zip Code)

Tel: +86 (0) 010 5332 0602

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act: None

Securities registered pursuant to Section 12(g) of the Securities Exchange Act: Common Stock, par value \$0.001

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes
 No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of
the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be
submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for
such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained
herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth Company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

The aggregate market value of the voting common equity held by non-affiliates based upon the price at which Common Stock was last sold as of March 31, 2018, the last business day of the registrant’s most recently completed second fiscal quarter was approximately \$46 million.

As of December 19, 2018, the number of shares of the registrant’s common stock outstanding was 67,357,222.

FORM 10-K

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections. We may use words such as “anticipate,” “expect,” “intend,” “plan,” “believe,” “foresee,” “estimate” and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted. These risks and uncertainties include the following:

- The availability and adequacy of our cash flow to meet our requirements;
- Changes or developments in laws, regulations or taxes in our industry;
- Competition in our industry;
- The loss of or failure to obtain any license or permit necessary or desirable in the operation of our business;
- Changes in our business strategy, capital improvements or development plans;
- The availability of additional capital to support capital improvements and development; and
- Other risks identified in this report and in our other filings with the Securities and Exchange Commission or the SEC.

This report should be read completely and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements included in this report are made as of the date of this report and should be evaluated with consideration of any changes occurring after the date of this report. We will not update forward-looking statements even though our situation may change in the future and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Use of Defined Terms

Except as otherwise indicated by the context, references in this report to:

- The “Company,” “we,” “us,” “our” or “Moxian” are references to the combined business of
 - (i) Moxian, Inc., a company incorporated under the laws of Nevada,
 - (ii) Moxian CN Group Limited, a company incorporated under the laws of Independent State of Samoa (“Moxian CN Samoa”),
 - (iii) Moxian Intellectual Property Limited, a company incorporated under the laws of Independent State of Samoa (“Moxian IP Samoa”);
 - (iv) Moxian Group Limited, a company incorporated under the laws of the British Virgin Islands (“Moxian BVI”),
 - (v) Moxian (Hong Kong) Limited, a limited liability company incorporated under the laws of Hong Kong (“Moxian HK”),
 - (vi) Moxian Technologies (Shenzhen) Co., Ltd., a company incorporated under the laws of People’s Republic of China (“Moxian Shenzhen”),
 - (vii) Moxian Malaysia Sdn. Bhd. (“Moxian Malaysia”), a company incorporated under the laws of Malaysia (“Moxian Malaysia”),
 - (viii) Moxian Technologies (Beijing) Co., Ltd., a company incorporated under the laws of People’s Republic of China (“Moxian Beijing”),

- (ix) Moxian Technologies (Shanghai) Co. Ltd., a company under the laws of the People's Republic of China ("Moxian Shanghai") and
 - (x) Shenzhen Moyi Technologies Co. Ltd., a contractually controlled affiliate of Moxian Shenzhen formed under the laws of People's Republic of China ("Moyi").
- "Common Stock" refers to the Company's common stock, par value \$0.001;
 - "PRC" refers to the People's Republic of China;
 - "HK" refers to Hong Kong;

- “U.S. dollar,” “\$” and “US\$” refer to the legal currency of the United States;
- “Securities Act” refers to the Securities Act of 1933, as amended; and
- “Exchange Act” refers to the Securities Exchange Act of 1934, as amended.

Unless otherwise noted, all currency figures in this filing are in U.S. dollars. References to “yuan” or “RMB” are to the Chinese yuan (also known as the Renminbi).

PART I

ITEM 1. BUSINESS

Corporate History and Corporate Structure

Moxian, Inc. (“the Company”) was incorporated in the State of Nevada on October 12, 2010 and was formerly known as SECURE NetCheckIn Inc. in the business of offering a cloud-based scheduling and notification product for the medical industry. The Company changed its name to Moxian China, Inc. on December 13, 2013 and to Moxian, Inc. on July 19, 2015.

On February 17, 2014, the Company incorporated Moxian CN Samoa under the laws of Samoa.

On February 21, 2014, the Company acquired Moxian BVI, together with its subsidiaries, Moxian HK, Moxian Shenzhen, and Moxian Malaysia through its wholly owned subsidiary, Moxian CN Samoa from Rebel Group, Inc. (“REBL”), a company incorporated in the State of Florida and of which our then Chief Executive Officer, James Mengdong Tan, was a promoter as the term is defined under Rule 405 of Regulation C promulgated under the Securities Act, by entering into a License and Acquisition Agreement (the “License and Acquisition Agreement”) in consideration of \$1,000,000 (“Moxian BVI Purchase Price”).

As a result, Moxian BVI, together with its subsidiaries, Moxian HK, Moxian Shenzhen, and Moxian Malaysia, became our subsidiaries. Under the License and Acquisition Agreement, REBL also agreed to grant us the exclusive right to use REBL’s intellectual property rights (collectively, the “IP Rights”) in Mainland China, Malaysia, and other countries and regions where REBL conducts its business (the “Licensed Territory”), and the exclusive right to solicit, promote, distribute and sell REBL products and services in the Licensed Territory for five years (the “License,”) and in consideration of such License, the Company agreed to pay to REBL (i) \$1,000,000 as license maintenance royalty each year commencing on the first anniversary of the date of the License Agreement; and (ii) 3% of the gross profits resulting from the distribution and sale of the products and services on behalf of the Company as an earned royalty.

Moxian BVI was incorporated on July 3, 2012 under the laws of the British Virgin Islands.

Moxian HK was incorporated on January 18, 2013 and became Moxian BVI’s subsidiary on February 14, 2013.

Moxian Shenzhen was incorporated on April 8, 2013 as a wholly-owned subsidiary of Moxian HK and is engaged in the business of internet technology, computer software, and commercial information consulting.

Moxian Malaysia was incorporated on March 1, 2013 and became Moxian HK’s subsidiary on April 2, 2013.

Shenzhen Moyi Technologies Co., Ltd. (“Moyi”) was incorporated on July 19, 2013 under the laws of the People’s Republic of China. On July 15, 2014, Moxian Shenzhen entered into a series of agreements with Shenzhen Moyi Technologies Co., Ltd., a company incorporated under the laws of People’s Republic of China (“Moyi”), and its shareholders which permit us to operate Moyi and the right to purchase all of its equity interests from its shareholders as described below (the “Moyi Agreements”).

On December 18, 2017, the Company entered into a Tripartite Agreement with the original shareholders of Moyi and the new shareholders of Moyi wherein the Company agrees to the transfer of the equity interests of Moyi and all related rights, liabilities and obligations under the Moyi Agreements such that the new shareholders stand in place of the old shareholders in all aspects of the Moyi Agreements.

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. Under the Moyi Agreements, Moyi will be treated as a variable interest entity in which the Company does not have direct or controlling equity interest but the historical financial results of such entity will be consolidated in our financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

Due to the transfer of interests from the Original Moyi Shareholders to the New Moyi Shareholders, the Company’s Board of Directors determined that it was appropriate to terminate such Moyi Agreements as the original Moyi Agreements had executed and to execute substantially similar Moyi Agreements with the New Moyi Shareholders. Because the Exclusive Business Cooperation Agreement did not include the Original Moyi Shareholders as a party, it has not been terminated. The Share Pledge Agreement, Power of Attorney and Exclusive Option Agreement were officially terminated as to the Original Moyi Shareholders as of January 8, 2018 and new Share Pledge Agreement, Power of Attorney and Exclusive Option Agreement were entered into with the New Moyi Shareholders at the same date. The parties’ intent throughout has been to maintain control of Moyi by Shenzhen Moxian and, by extension, the Company.

Moxian Technologies (Beijing) Co., Ltd. (“Moxian Beijing”) was incorporated on December 10, 2015 under the laws of the People’s Republic of China as a wholly-owned subsidiary of Moxian Shenzhen. Moxian Beijing is engaged in the business of internet technology, computer software, and commercial information consulting.

On February 17, 2014, Moxian IP Samoa was incorporated in Samoa as a wholly-owned subsidiary of REBL. On February 19, 2014, Moxian HK and Moxian Shenzhen entered into an Assignment and Assumption Agreement with Moxian IP Samoa, whereby Moxian HK and Moxian Shenzhen assigned and transferred all of the intellectual property rights that they respectively owned in connection with the Moxian business to Moxian IP Samoa in consideration of \$1,000,000.

On January 30, 2015, the Company entered into an Equity Transfer Agreement (the “Equity Transfer Agreement,” such transaction, the “Equity Transfer Transaction”) with REBL, to acquire from REBL 100% of the equity interests of Moxian IP Samoa for \$6,782,000 (the “Moxian IP Samoa Purchase Price”). 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. As a result of the Equity Transfer Transaction, Moxian IP Samoa became a wholly-owned subsidiary of the Company.

In addition, under the Equity Transfer Agreement, the Company and REBL agreed to terminate the License and Acquisition Agreement. Immediately prior to the execution of the Equity Transfer Agreement, the Moxian BVI Purchase Price was not yet paid and no license maintenance royalty or earned royalty under the License and Acquisition Agreement had accrued.

Under the Equity Transfer Agreement, the Company and REBL agreed to extinguish all of the Company's liabilities owed to REBL under the License and Acquisition Agreement, other than the Moxian BVI Purchase Price.

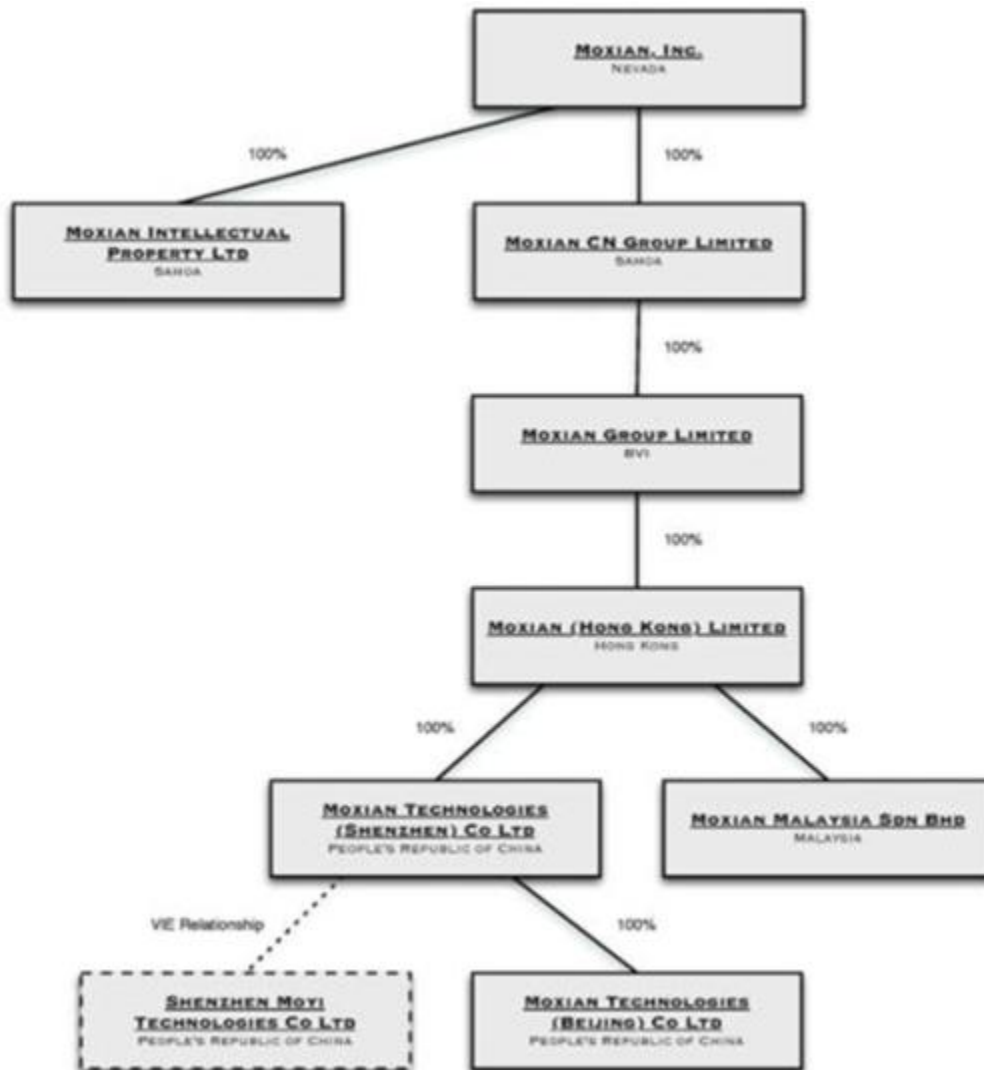
The Company agreed to issue to REBL a convertible promissory note for \$7,782,000 (the "Rebel Note"), representing the sum of the Moxian IP Samoa Purchase Price and the Moxian BVI Purchase Price. The Rebel Note was due and payable on October 30, 2015 without any interest. The Company had the option to cause REBL to convert any and all amounts due under the Rebel Note into shares of the Company's Common Stock at the conversion price of \$1.00 per share (the "Conversion Price"), if the volume weighted average price (the "VWAP") of the Company's Common Stock for a period of 30 trading days immediately prior to the date of conversion was higher than the Conversion Price. The Company also had a right of first refusal to purchase the shares issuable upon conversion of the Rebel Note at the price of 80% of the VWAP for 30 trading days immediately prior to the date of the proposed repurchase by the Company.

On August 14, 2015, the VWAP of the Company's Common Stock for 30 trading days prior to August 14, 2015 was higher than \$1.00, which triggered the conversion of the Rebel Note. The Company notified REBL that it elected to cause it to convert \$3,891,000 of the Rebel Note into 3,891,000 shares of its Common Stock (the "August Conversion"). As a result of the August Conversion, the remaining amount of the Rebel Note was \$3,891,000.

On September 30, 2015, the Company notified REBL that it elected to cause it to convert the remainder of the Rebel Note into 3,891,000 shares of the Company's Common Stock (the "September Conversion"). After the August Conversion and September Conversion, the entire balance of the Rebel Note was converted into a total of 7,782,000 shares of the Company's Common Stock.

On November 14, 2016, the Company announced the completion of a public offering of 2,501,250 shares of its common stock at a public offering price of \$4.00 per share. The net proceeds from the offering were approximately \$8.5 million after deducting placement agents' commissions and other estimated offering expenses. In connection with the offering, the Company's common stock began trading on the NASDAQ Capital Market on November 15, 2016 under the symbol "MOXC".

The following diagram sets forth the structure of the Company as of the date of this report:



Our web site address is www.moxian.com. Information contained on our web site is not part of this report on Form 10-K or our other filings with the Securities and Exchange Commission (“SEC”).

Overview

We are in the O2O (“Online-to-Offline”) business. While there are many definitions of O2O, with respect to our business, O2O means providing an online platform for small and medium sized enterprises (“SMEs”) with physical stores to conduct business online, interact with existing customers and obtain new customers. We refer to our customers as “Merchant Clients” and the existing and potential users of our platform as “Users.” Through our platform and the products and services offered through it, we seek to create interaction between our Users and Merchant Clients by allowing Merchant Clients to study consumer behavior. Our products and services are designed to allow Merchant Clients to conduct targeted advertising campaigns and promotions which are more effective because they are geared for those customers that a Merchant Client wishes to reach. Our platform is designed to encourage Users to return and to recruit new Users, each of which is a potential customer for our Merchant Clients.

We believe we are different from other companies in that our plan is to sign up merchants first and build our user base utilizing their customers.

The current version of our platform is called “Moxian+” which consists of our user mobile application (“App”) called the Moxian+ User App and a separate App for our Merchant Clients called the Moxian+ Business App. Both versions of the App are currently available in the Google Play Store and the Apple App Store and can be downloaded free of charge. We also have a website that can be accessed at www.moxian.com where either App can also be downloaded.

Moxian principally operates in Shenzhen and Beijing.

As of September 30, 2018, and September 30, 2017, our accumulated deficiency was approximately \$47.3 million and \$38.6 million, respectively. We have not generated any significant recurrent revenue since we started operations and our losses have grown to a level where the Company is unlikely to continue operations unless we have a fresh injection of capital or new funding.

Going Concern

In assessing the Company's liquidity and its ability to continue as a going concern, the Company monitors and analyzes its cash and cash equivalents and its operating and capital expenditure commitments. The Company's liquidity needs are to meet its working capital requirements, operating expenses and capital expenditure obligations. As of September 30, 2018, the Company's current liabilities exceeded the current assets by approximately \$10 million. The Company has stopped its sales operations for the time being while it reviews its options going forward.

In November 2016, the Company completed its initial public offering, ("IPO") with net proceeds of \$8.5 million but by September 30, 2017 it had substantially utilized these proceeds and had to resort to further funding.

On November 10, 2017, the Company and Ms. Liu Shu Juan ("Ms. Liu"), a director of the Company, entered into a convertible loan agreement for a line of credit of \$1,000,000 or RMB equivalent. In March 2018, pursuant to the loan agreement, Moxian issued an unsecured convertible promissory note, bearing interest at the rate of 4.75% per annum, which note Ms. Liu converted in May 2018. She converted the total outstanding due to her of \$1,008,008 into 350,003 ordinary shares of common stock at a conversion price of \$2.88 per share.

In May 2018, Ms. Liu granted a further US\$4 million facility to the Company bearing interest at the rate of 4.75% per annum and repayable after two years. and due in two years. In the course of fiscal 2018, the Company has principally relied on a draw-down of this facility to continue its operations.

Ms. Liu is the controlling shareholder of Shanghai Shewn Wine Co. Ltd. ("Shanghai Shewn") which is in the business of distributing red wine and related accessories to retailers in various provinces in China. In November 2017, Ms. Liu seconded her General Manager, Yin Yi Jun ("Ethan Yin") to work with Moxian in integrating the products and operations of both companies. Ethan Yin was appointed the Chief Executive Officer of Moxian in February 2018.

By the end of September 2018, although a \$5.0 million loan had been approved by the Board, Ms. Liu did not proceed with further funding and Ethan Yin resigned as the CEO a month later in November 2018. The \$4 million facility has been fully utilized and the Company is in need for further funding in order to continue its normal operations. Because certain staff have not been paid their salary arrears and long-service compensation, they reported their claims to the Shenzhen Labor Tribunal. As a result, the licenses of the Shenzhen Moxian and Moyi have been suspended by the Commerce Bureau and their bank accounts have been frozen. This matter has now been resolved. See Note 11 and 12 in the accompanying notes to the financial statements for further details.

If the Company is unable to obtain the additional funding in the immediate future, it will have to cease operations on a permanent basis. The consolidated financial statements for the years ended September 30, 2018 and 2017 have been prepared on a going concern basis and do not include any adjustments to reflect the possible future effects on the recoverability and classifications of assets or the amounts and classifications of liabilities that may result from the inability of the Company to continue as a going concern.

Market Opportunities

The Company is in the business of mobile applications.

It is estimated that China currently has more than 850 million users actively utilizing mobile applications as a result of the growth of the use of smart-phones, largely due to the availability of low-cost models produced by home-grown manufacturers such as Huawei, Vivo and Oppo.

O2O platforms link online users to physical stores and incorporate mobile payments as a key feature of their applications. Mobile payments are increasingly more popular and prevalent, with many consumers bypassing the use of debit and credit cards. As a result, store-based O2O commerce has experienced rapid growth with total sales of over \$100 billion in 2017 and is projected to exceed US\$140 billion by 2019.

Moxian has existed on the basis that the mobile application it has developed will be able to capture a share of this market by concentrating on the small and medium-sized enterprises in China that have limited budgets for advertising and marketing and may find that an online platform offers many advantages.

Products and Services

Moxian+ Business App Merchant Clients

The Moxian+ Business App is solely for use by Merchant Clients. The Moxian+ Business App allows them to manage their presence within the Moxian+ platform, plan a campaign, offer discounts, manage payments and receive analytics.

Our Targeted Marketing tools allow our Merchant Clients to send messages, promotions and advertisements to a specific group of Users and receive detailed analysis regarding buying patterns and customer preferences.

Moxian+ User App for Users

Our Users are referred to as “MO-Pals” within the User App. When they sign up for a Moxian+ account, they have to provide basic information and can then invite friends and family members to join Moxian+ as well.

The Moxian+ User App has a variety of features to attract and retain Users. The Moxian+ User App also provides access to a social media platform with a package of services to provide interaction with other Users and Merchant Clients. These services include MO-Talk, News Center with daily updates under “Hot Topics,” , Game Center and MO-Shake, which allows Users to win vouchers, discounts etc by shaking their phones.

Our Platform

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.

Social Media Engine

Our data use policy governs the use of information that users have chosen to share and present. We also design our products to include robust safety tools. We have worked with online safety experts to offer protection for all users, particularly teenagers. We work with law enforcement to help promote the safety of our users as required by law. To the extent permissible, and with prior consent from the Users, we analyze User’s information to understand the User’s behavior.

E-Commerce

Utilizing our e-commerce features, Merchant Clients are able to conduct business by posting products, offering coupons and sales as well as creating events and blogs through the Moxian+ Business App. On the other hand, Users can shop at the Merchant Clients' shops like at any other e-commerce platform by ordering online and receiving the products by express delivery.

Rewards

Users are rewarded with MO-Points.. MO-Points are points granted to Users when they shop at Merchant Clients, play games on our platform or engage in other activities sponsored by the Merchant Clients. MO-Points can be redeemed at the Merchant Clients' shops as determined by the Merchant Clients, or can be redeemed for MO-Coins which are a form of virtual currency and can be used at any Merchant Client's stores.

MO-Points and MO-Coins are traceable and trackable on the Moxian+ platform through designated serial number so that we can see exactly what Users do with them and use that information to assist our Merchant Clients to determine customer behaviors.

From time to time, we may also give away MO-Points or MO-Coins as a promotion to increase our User base. We also plan to have our own "shopping mall" with merchandise that Users can purchase with MO-Points and MO-Coins in the upcoming year.

Gamification

Together with outside contractors, we develop games for Users to earn MO-Points and MO-Coins and other rewards which may be specific to a certain Merchant Client. Users can use MO-Points to play games offered in our game center.

Analytical Engine

Moxian provides analytics to each Merchant Client for the consumer behavior Moxian learns through its platform to assist our Merchant Clients to better design their promotions and reach their target audience. We analyze consumer behavior through "likes" of posts by certain merchants or the places they tend to "check-in" to, to determine their usual hang out.

Advertisements

On December 31, 2015, the Company entered into an Exclusive Partnership Agreement with Xinhua New Media Culture Communication Co. Ltd. ("Xinhua New Media"). Xinhua New Media is part of the Xinhua News Agency, the official news agency of the Peoples' Republic of China. It has developed an App that has a user population in the region of 120 million, many of whom are government employees and senior executives of quasi-government bodies and agencies.

Under the Agreement, the Company has the exclusive rights to operate the gaming channel on the Xinhua New Media app and can sell advertisement space on any part of the app.

The revenue from the sale of advertisement space forms the second part of our revenue.

Competition

In China, competition is stiff with industry giants like Baidu, Alibaba and Ten Cent that have well-established positions and are constantly upgrading their products. In addition, the growth of the O2O industry in recent years has seen the sprouting of many platform-based companies offering products for businesses and consumers. Such competitors, including Shou Qian Ba, La Shou and Le Hui have had varying degrees of success.

However, we believe that China is a huge market and there remain many opportunities for other players, particularly those catering for small and medium-sized enterprises or those that have specialized industry verticals.

Foreign Operations

All our business operations are in Mainland China. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in the PRC. For example, our business activities subject us to a number of Chinese laws and regulations, such as anti-corruption laws, tax laws, foreign exchange controls and cash repatriation restrictions, data privacy and security requirements, labor laws, intellectual property laws, privacy laws, and anti-competition regulations, which have uncertainties. Any failure to comply with the PRC laws and regulations could subject us to fines and penalties, make it more difficult or impossible to do business in China and harm our reputation.

Operating in foreign countries also subjects us to risk from currency fluctuations. Our primary exposure to movements in foreign currency exchange rates relates to non-U.S. dollar denominated sales and operating expenses. The weakening of foreign currencies relative to the U.S. dollar adversely affects the U.S. dollar value of our foreign currency-denominated sales and earnings.

Research and Development

Our research and development department is responsible for developing and improving the mobile application, Moxian platform and customer experience in using our products. The Company has invested heavily in research and development efforts, spending over \$2 million in each of the years ended September 30, 2018 and September 2017.

Employees

As of September 30, 2018, we had a total of 34 employees. Because of a shortage of funds, the Company has been unable to pay the salaries of some of its employees. They have since gone to report their cases to the Labor Tribunal in Shenzhen for arbitration. Please refer to Note 12 to the accompanying financial statements for details.

PRC Law

Overview

The telecommunications and internet industry in China is highly regulated through various government agencies such as the Ministry of Industry and Information Technology (“MIIT”) and the State Administration of Press, Publication, Radio, Film and Television (“SAPPRFT”), the State Council Information Office (“SCIO”), the General Administration for Press and Publication (“GAPP”), and the Ministry of Public Security.

Among all the regulations, the Telecommunications Regulations of the People’s Republic of China, promulgated on September 25, 2000, is the primary governing law. The Telecom Regulations set out the general framework under which domestic Chinese companies such as the Company’s subsidiaries and VIE may engage in various types of telecommunications services in the PRC. They reiterate the long-standing principle that telecommunications service providers need to obtain operating licenses as a mandatory precondition to begin operation.

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. Many of these requirements mirror Internet content restrictions that have been announced previously by PRC measures such as the MIIT and the SAPPRFT that derive their authority from the State Council.

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

Online Privacy

Chinese law does not prohibit internet service providers from collecting and analyzing personal information from their users if the users agree to do so. The PRC government, however, has the power and authority to order internet service providers to submit personal information of an internet user if such user posts any prohibited content or engages in illegal activities on the internet.

Under the Several Provisions on Regulating the Market Order of Internet Information Services (“Order”) promulgated by the MIIT which became effective on March 15, 2012, internet service providers may not, without a user’s consent, collect the user’s personal information that can be used, alone or in combination with other information, to identify the user, and may not provide any user’s personal information to third parties without the prior consent of the user. Internet service providers may only collect users’ personal information necessary to provide their services and must expressly inform the users of the method, scope and purpose of the collection and processing of such information. They are also required to ensure the proper security of users’ personal information, and take immediate remedial measures if such information is suspected to have been inappropriately disclosed. When a User registers to our application, we require our users to accept a user agreement whereby they agree to provide certain personal information to us. We will take other measures as necessary to comply with these provisions.

ICPs are also required to establish and publish their rules relating to personal information collection or use, keep any collected information strictly confidential, and take technological and other measures to maintain the security of such information. ICP operators are required to cease any collection or use of the user personal information, and de-register the relevant user account, when a given user stops using the relevant Internet service. ICP operators are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such information unlawfully to other parties. In addition, if an ICP operator appoints an agent to undertake any marketing and technical services that involve the collection or use of personal information, the ICP operator is still required to supervise and manage the protection of the information. As to penalties, in very broad terms, the Order states that violators may face warnings, fines, and disclosure to the public and, in most severe cases, criminal liability.

Currently, our collection of the information from the Users is agreed to by the Users when they sign up. In addition, any data mining or analyzing of the user data is for internal use only. We also take steps to ensure that the data collected is stored securely.

Internet Publishing

On February 4, 2016, the SAPPRFT and MIIT jointly issued the Rules for the Administration for Internet Publishing Services, or the Internet Publishing Rules, which took effect on March 10, 2016, to replace the Provisional Rules for the Administration of Internet Publishing that had been jointly issued by the SAPPRFT and MIIT on June 27, 2002. The Internet Publishing Rules define “Internet publications” as digital works that are edited, produced or processed to be published and provided to the public through the Internet, including (a) original digital works, such as pictures, maps, games and comics; (b) digital works with content that is consistent with the type of content that, prior to the Internet age, typically was published in media such as books, newspapers, periodicals, audio-visual products and electronic publications; (c) digital works in the form of online databases compiled by selecting, arranging and compiling other types of digital works; and (d) types of digital works identified by the SAPPRFT. Under the Internet Publishing Rules, Internet operators distributing such Internet publications via information network are required to apply for an Internet publishing license with the relevant governmental authorities and submit the application, if approved, to the SAPPRFT for approval before distributing Internet publications. Moxian plans to apply for an Internet publishing license.

Online Games

On May 10, 2003, the Provisional Regulations for the Administration of Online Culture were issued by the Ministry of Culture (“MCPRC”) and went into effect on July 1, 2003 (these regulations were revised by MCPRC on July 1, 2004). According to these regulations, commercial entities are required to apply to the relevant local branch of MCPRC for an Online Culture Operating Permit to engage in online games services.

On July 27, 2004, GAPP and the State Copyright Bureau jointly promulgated the Notice on Carrying out the Decision from the State Council Regarding the Approval of Electronic and Online Games Publications, or the Games Notice. According to the Games Notice, the Internet Publications Distribution License is required for publishing online games.

From year 2004 to 2016, MCPRC had issued several measures or regulations regulating the Online Games industry and thus we are subject to more strict regulations.

Currently, Moxian holds the appropriate license that was issued by the Administration of Online Culture on November 25, 2015.

Encryption Software

On October 7, 1999, the State Encryption Administration Commission published the Regulations for the Administration of Commercial Encryption, followed by the first Notice of the General Office of the State Encryption Administration Commission on November 8, 1999. Both these regulations address the use of software in China with encryption functions. According to these regulations, purchase of encryption products must be reported. Violation of the encryption regulations may result in a warning, penalty, confiscation of the encryption product, or criminal liabilities.

On March 18, 2000, the Office of the State Commission for the Administration of Cryptography issued a public announcement regarding the implementation of those regulations. The announcement clarifies the encryption regulations as below:

- Only specialized hardware and software, the core functions of which are encryption and decoding, fall within the administrative scope of the regulations as “encryption products and equipment containing encryption technology.” Other products such as wireless telephones, Windows software and browsers do not fall within the scope of this regulation.
- The PRC government has already begun to study the laws in question in accordance with WTO rules and China’s external commitments, and will make revisions wherever necessary. The Administrative Regulations on Commercial Encryption will also be subject to such scrutiny and revision.

In late 2005, the Administration Bureau of Cryptography further issued a series of regulations to regulate the development, production and sales of commercial encryption products, which all came into effect on January 1, 2006.

We believe that the Company is in proper compliance with these requirements.

Foreign Exchange

Foreign exchange regulation in China is primarily governed by the following regulations:

- Foreign Exchange Administration Rules, or the Exchange Rules of the PRC, promulgated by the State Council on January 29, 1996, which was amended on January 14, 1997 and on August 5, 2008 respectively; and
- Administration Rules of the Settlement, Sale and Payment of Foreign Exchange, or the Administration Rules promulgated by China People’s Bank on June 20, 1996.

Under the Exchange Rules of the PRC, Renminbi is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct investment, loans, securities investment and repatriation of investment, however, is still generally subject to the approval or verification of SAFE.

Under the Administration Rules, enterprises may only buy, sell or remit foreign currencies at banks that are authorized to conduct foreign exchange business after the enterprise provides valid commercial documents and relevant supporting documents and, in the case of certain capital account transactions, after obtaining approval from SAFE or its competent local branches. Capital investments by enterprises outside of China are also subject to limitations, which include approvals by the Ministry of Commerce, SAFE and the National Development and Reform Commission, or their respective competent local branches.

On October 21, 2005, SAFE issued the Circular on Several Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investments via Overseas Special Purpose Companies, or Circular No. 75, which went into effect on November 1, 2005. Circular No. 75 provides that if PRC residents use assets or equity interests in their PRC entities to establish offshore companies or inject assets or equity interests of their PRC entities into offshore companies for the purpose of overseas capital financing, they must register with local SAFE branches with respect to their investments in offshore companies. Circular No. 75 also requires PRC residents to file changes to their registration if their special purpose companies undergo material events such as capital increase or decrease, share transfer or exchange, merger or division, long-term equity or debt investments, provision of guaranty to a foreign party, etc. SAFE further promulgated the Implementing Rules for Circular No. 75, or Circular No. 106, clarifying and supplementing the concrete operating rules that shall be followed during the implementation and application of Circular No. 75.

On August 29, 2008, the Notice of the General Affairs Department of the State Administration of Foreign Exchange on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises, or the Improvement Notice, was promulgated by SAFE. Pursuant to the Improvement Notice, the foreign currency capital of Foreign Investment Entities, after being converted to Renminbi, can only be used for doing business within the business scope approved by relevant governmental authorities, and shall not be used for domestic equity investment except as otherwise explicitly provided by laws and regulations.

On July 14, 2014, SAFE issued a new Circular on Several Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Investing and Financing and in Return Investments via Overseas Special Purpose Companies, or Circular No. 37, which enlarges the definition of SPV comparing to the Circular No. 75, which can invest in China under Circular No. 37. The method of investment include forming a new entity in China and through merging or acquiring a domestic company in China.

In March 2015, SAFE released the Circular on Reforming the Management Approach regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprises, or FIEs, or the Foreign Exchange Capital Settlement Circular, which became effective from June 1, 2015. This circular replaced SAFE's previous related circulars, including the Circular on Issues Relating to the Improvement of Business Operation with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign Invested Enterprises. The Foreign Exchange Capital Settlement Circular clarifies that FIEs may settle a specified proportion of their foreign exchange capital in banks at their discretion, and may choose the timing for such settlement. The proportion of foreign exchange capital to be settled at FIEs' discretion for the time being is 100% and the SAFE may adjust the proportion in due time based on the situation of international balance of payments. The circular also stipulates that FIEs' usage of capital and settled foreign exchange capital shall comply with relevant provisions concerning foreign exchange control and be subject to the management of a negative list. The FIEs' capital and Renminbi capital gained from the settlement of foreign exchange capital may not be directly or indirectly used for expenditure beyond the business scope of the FIEs or as prohibited by laws and regulations of the PRC. Such capital also may not be directly or indirectly used for issuing Renminbi entrusted loans except as permitted by the business scope of the FIE, for repaying inter-enterprise borrowings including any third party advance, or for repaying the bank loans denominated in RMB that have been sub-lent to a third party.

On June 9, 2016, SAFE issued the Circular on Reform and Regulating of the Administrative Policy of the Settlement under Capital Accounts, or SAFE Circular 16, which became effective on the same date. Pursuant to SAFE Circular 16, FIEs may either continue to follow the current payment-based foreign currency settlement system or choose to follow the "conversion-at-will" system for foreign currency settlement. Where a foreign-invested enterprise elects the conversion-at-will system for foreign currency settlement, it may convert, in part or in whole, the amount of the foreign currency in its capital account into Renminbi at any time. The converted Renminbi will be kept in a designated account labeled as settled but pending payment, and if such FIE needs to make payment from such designated account, it does not need to go through a lengthy approval process, but instead is only required to declare its intended use for such converted Renminbi. Although Circular 16 effectively simplifies the administrative process for converting foreign currencies into Renminbi for settlement of capital account items, the Notice on Further Promoting the Reform of

Foreign Exchange Administration and Improving Authenticity and Compliance Review (Hui Fa [2017] No.3), or the Notice of No.3, released by SAFE on January 26, 2017, requires a domestic company to provide explanations to the banks through which it seeks to exchange currency of the sources of funds for investment and the intended use of such funds. Under Notice No.3, submission of relevant corporate documents, including board resolutions and relevant contracts is also required to support a domestic company's claim of intended use.

Hong Kong Law





Our website is maintained through a server in the Special Administrative Region of Hong Kong (“HKSAR”). Therefore, our data usage policy and regular terms of service for both our users and merchants must comply with the applicable rules and regulations in HKSAR. As information from our Merchant Clients and Users are preserved in the HKSAR, the law applicable to the Company is the Hong Kong Personal Data (Privacy) Ordinance (Cap 486). Non-compliance of such rules in Hong Kong may result in a fines of up to HKD 500,000. Directors of Moxian Hong Kong may also be personally liable for the Company’s violation of Hong Kong Personal Data (Privacy) Ordinance.

We believe we are in compliance with the laws in the HKSAR.

Intellectual Property

Trademarks

We have registered or applied to register the following trademarks in Mainland China, Hong Kong, and the U.S.:

<u>Mark</u>	<u>Country of Registration</u>	<u>Application Number</u>	<u>Class/Description</u>	<u>Current Owner</u>	<u>Status</u>
	Hong Kong	302534274	Class 9: Magnetic data carries, recording discs, data processing equipment and computers Class 35: Advertising, business management, business administration Class 38: Telecommunications Class 40: Treatment of materials Class 41: Entertainment Class 42: Design and development of computer hardware and software	Moxian (Hong Kong) Limited	Registered
	America	85931344	Class 009: Magnetic data carries, recording discs, data processing equipment and computers Class 035: Advertising, business management, business administration Class 038: Telecommunications Class 040: Treatment of materials Class 041: Entertainment Class 042: Design and development of computer hardware and software	Moxian (Hong Kong) Limited	Registered
	China	13460852	Class 9: Magnetic data carries, recording discs, data processing equipment and computers	Moxian Shenzhen Technologies Co Ltd	Registered
魔线	China	13461178	Class 38: Telecommunications	Moxian Shenzhen Technologies Co Ltd	Registered
	China	13460714	Class 42: Design and development of computer hardware and software	Moxian Shenzhen Technologies Co Ltd	Registered



China

10624504

Class 42: Design and development
of computer hardware and software

Moxian
Shenzhen
Technologies Co
Ltd

Registered

Patents

The Company has terminated its applications for the patents which have previously been reported.

Available Information

The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Exchange Act, are filed with the SEC. The Company is subject to the informational requirements of the Exchange Act and files or furnishes reports, proxy statements, and other information with the SEC. Such reports and other information filed by the Company with the SEC are available via the Company's website at www.moxian.com when such reports are available on the SEC's website at www.sec.gov. The public may read and copy any materials filed by the Company with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The contents of these websites are not incorporated into this filing. Further, the Company's references to the URLs for these websites are intended to be inactive textual references only.

Executive Office

Our principal executive offices are located at Units 9B&C, Block D, Fuhua Tower, 8 Chaomenyang North Street, Chaoyang District, Beijing 100027, China. We maintain a website at www.moxian.com. The information contained on our website is not, and should not be interpreted to be, a part of this report.

ITEM 1A. RISK FACTORS

Disclosure in response to this item is not required of a smaller reporting company.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Disclosure in response to this item is not required of a smaller reporting company. Nevertheless, the Company does not have any unresolved Staff comments as of the date of this report.

ITEM 2. PROPERTIES

The Company currently does not own any real property. We are currently renting office space in Beijing. The total monthly rent is RMB 144,000 (approximately \$21,000 per month). The Company believes that such office space is sufficient for its current needs.

ITEM 3. LEGAL PROCEEDINGS

As of the date hereof, we know of no material pending legal proceedings to which we, or any of our subsidiaries, are a party other than as disclosed under "Staff Relations" and in Note 12 to the accompanying notes to the financial statements.

There are no proceedings in which any of our directors, executive officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest. From time to time, we may be subject to various claims, legal actions and regulatory proceedings arising in the ordinary course of business.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock was quoted under the symbol "MOXC" on the OTCQB until November 14, 2016. The Company's common stock began trading on the NASDAQ Capital Market on November 15, 2016 under the symbol "MOXC".

For the periods indicated, the following table sets forth the high and low prices per share of common stock. For the period when our common stock was quoted on the OTCQB, the quotations reflect the high and low bids for our shares of common stock based on inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

Fiscal Year 2018	High	Low
First Quarter	\$ 3.81	\$ 2.41
Second Quarter	\$ 3.85	\$ 2.45
Third Quarter	\$ 3.27	\$ 1.70
Fourth Quarter	\$ 2.60	\$ 0.76

Fiscal Year 2017	High Bid	Low Bid
First Quarter *	\$ 4.51	\$ 2.60
Second Quarter	\$ 3.30	\$ 2.53
Third Quarter	\$ 3.69	\$ 2.17
Fourth Quarter	\$ 3.83	\$ 2.67

Holders

As of September 30, 2018 and 2017, we had 67,357,222 and 67,007,199 shares of our common stock issued and outstanding, respectively. There were approximately 400 registered owners of our common stock as December 19, 2018.

Transfer Agent

The transfer agent for our capital stock is Island Stock Transfer, located at 15500 Roosevelt Boulevard, Suite 301, Clearwater, FL 33760. Their telephone number is 727-289-0010 and fax number is 727-289-0069.

Dividend Policy

Any future determination as to the declaration and payment of dividends on shares of our Common Stock will be made at the discretion of our board of directors out of funds legally available for such purpose. We are under no contractual obligations or restrictions to declare or pay dividends on our shares of Common Stock. In addition, we currently have no plans to pay such dividends. Our board of directors currently intends to retain all earnings for use in the business for the foreseeable future.

Equity Compensation Plan Information

Currently, there is no equity compensation plan in place.

Unregistered Sales of Equity Securities

On May 8, 2018, we issued in aggregate 350,003 shares of our common stock upon conversion of the US\$1 million promissory note due to Ms. Liu. Because the shares were issued in exercise of the notes, we did not receive any proceeds from the sale but instead saw a cancellation of the related debt as a result. The above issuances were made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act and/or Regulation S promulgated under the Securities Act.

Purchases of Equity Securities by the Registrant and Affiliated Purchasers

We have not repurchased any shares of our common stock during the fiscal year ended September 30, 2018.

ITEM 6. SELECTED FINANCIAL DATA

Disclosure in response to this item is not required of a smaller reporting company.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the notes to those consolidated financial statements appearing elsewhere in this report.

Certain statements in this report constitute forward-looking statements. These forward-looking statements include statements, which involve risks and uncertainties, regarding, among other things, (a) our projected sales, profitability, and cash flows, (b) our growth strategy, (c) anticipated trends in our industry, (d) our future financing plans, and (e) our anticipated needs for, and use of, working capital. They are generally identifiable by use of the words “may,” “will,” “should,” “anticipate,” “estimate,” “plan,” “potential,” “project,” “continuing,” “ongoing,” “expects,” “management believes,” “we believe,” “we intend,” or the negative of these words or other variations on these words or comparable terminology. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. You should not place undue reliance on these forward-looking statements.

The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by federal securities laws, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events.

The “Company,” “we,” “us,” “our” or “Moxian” are references to the combined business of the (i) Moxian, Inc., a company incorporated under the laws of Nevada; (ii) Moxian CN Group Limited, a company incorporated under the laws of Independent State of Samoa (“Moxian CN Samoa”), (iii) Moxian Intellectual Property Limited, a company incorporated under the laws of Independent State of Samoa (“Moxian IP Samoa”); (iv) Moxian Group Limited, a company incorporated under the laws of British Virgin Islands (“Moxian BVI”), (v) Moxian (Hong Kong) Limited, a limited liability company incorporated under the laws of Hong Kong (“Moxian HK”), (vi) Moxian Technologies (Shenzhen) Co., Ltd., a company incorporated under the laws of People’s Republic of China (“Moxian Shenzhen”), (vii) Moxian Malaysia Sdn.Bhd. (“Moxian Malaysia”), a company incorporated under the laws of Malaysia (“Moxian Malaysia”), (viii) Moxian Technologies (Beijing) Co., Ltd., a company incorporated under the laws of People’s Republic of China (“Moxian Beijing”), (ix) Moxian Technologies (Shanghai) Co. Ltd., (“Shanghai Moxian”) and (x) Shenzhen Moyi Technologies Co. Ltd., a contractually controlled affiliate of Moxian Shenzhen formed under the laws of People’s Republic of China (“Moyi”).

Overview

The current version of our platform is called “Moxian+” which consists of our user mobile application (“App”) called the Moxian+ User App and a separate App for our Merchant Clients called the Moxian+ Business App. Both versions of the App are currently available in the Google Play Store and the Apple App Store and can be downloaded free of charge. We also have a website that can be accessed at www.moxian.com where either App can also be downloaded.

Moxian principally operates in Shenzhen and Beijing.

Financial Condition

As of September 30, 2018, and September 30, 2017, our accumulated deficiency was approximately \$47.3 million and \$38.6 million, respectively. The consolidated financial statements for the years ended September 30, 2018 and 2017 have been prepared on a going concern basis. They do not include any adjustments to reflect the possible future effects on the recoverability and classifications of assets, or the amounts and classifications of liabilities that may result from the inability of the Company to continue as a going concern.

Results of Operations

For the year ended September 30, 2018 compared with the year ended September 30, 2017

Overview

In November 2017, the Company entered into a convertible loan agreement with Ms. Liu, who is a non-independent director of the Company and also the controlling shareholder of Shanghai Shewn. Shanghai Shewn has an established operation based in Shanghai which distributes red wine and related accessories to the neighboring provinces. Shanghai Shewn and Moxian were to collaborate in their marketing and research and development efforts to promote each other's products for a greater penetration into the market, especially in the provinces of Jiangsu, Zhejiang, Hunan and Guangdong.

Shanghai Shewn seconded Yin Yi Jun ("Ethan Yin") to work with Moxian, initially as a manager but was appointed as the Chief Executive Officer in February 2018 to spearhead these efforts. Over the course of the fiscal year 2018, Ethan Yin began to integrate the research and development efforts of the two companies and concentrated on marketing efforts in the Shanghai Metropolitan region where Shanghai Shewn has a strong base. To enable better coordination between the marketing and the payment of suppliers, some staff were based in the offices of Shanghai Shewn in the Bund area in Shanghai.

A new company, Shanghai Moxian was also incorporated in January 2018.

Gross Revenues

The Company had sales of \$339,947 for the year ended September 30, 2018 compared to \$92,205 in the year ended September 30, 2017. The higher level of revenue reflects the new sales exposure in Shanghai where the Shewn operations has an established base of small retailers. There was also a maiden contribution of about \$52,000 from the sale of advertising space in the Moxian platform.

Operating Expenses

Operating expenses for the years ended September 30, 2018 and 2017 were \$8.9 million and \$13.7 million, respectively and comprised two major items: research and development expenses and selling, general and administrative charges. In 2017, there was also a charge of \$3.0 million taken for the impairment in intangible assets.

Research and development expenses in 2018, at \$2.2 million, were marginally higher than the \$2.1 million recorded in 2017. In 2018, the Company made a conscious effort to deploy outside consultants to accelerate the development work instead of relying on local full-time staff. This has the advantage of a quicker response to the market but also increased related costs in travelling as the outside consultants are based in the United States.

Selling, general and administrative costs in 2018 amounted to \$4.8 million lower than the \$6.6 million charge as a result of a reduction in advertisement agency fees payable to Xinhua New Media. In fiscal year 2018, the Company shifted its primary focus on sales to research and development as Shanghai Shewn already had a strong sales force so those counterparts in Shenzhen were gradually released through voluntary attrition. In 2017, there were also one-off

costs relating to investor relations and the IPO in the first quarter of that fiscal year which explained part of the reduction.

Also of note for the decrease in operating expenses were the lower \$0.7 million charge for depreciation and amortization against the \$1.1 million taken in 2017. This is due to the fact that many of the fixed assets in Shenzhen have been gradually fully provided for as the Company has been in business for more than three years since it commenced its operations inception.

Net Loss

The Company registered a net loss of \$8.5 million in 2018 against \$13.6 million in 2017. While this apparently reflects an improvement, the revenue base is still weak and cannot sustain the operating costs of the Company even at this lower level.

The O2O landscape in China is extremely competitive and developing at an accelerated level with major players, having established a stronger footing in the market over the last three years, can deliver the momentum in both the merchants' expectations and the consumers' demand. It is increasingly difficult for start-up operations to keep pace with industry changes.

Liquidity and Capital Resources

Net cash provided by financing activities for the year ended September 30, 2018 was approximately \$6.5 million compared with \$8.5 million for the year ended September 30, 2017. The Company obtained a \$4.0 million credit facility from Ms. Liu in May 2018 and over the course of the next few quarters, drew down on this facility. In addition, the Company also converted the previous \$1.0 million convertible loan into equity.

During the year ended September 30, 2017, the Company completed a public offering with gross proceeds of approximately \$10 million. After deducting placement agents' commissions and other offering expenses of approximately \$1.0 million, the net proceeds was \$9.0 million, of which \$500,000 was placed in an indemnification escrow account. In addition, during the year ended September 30, 2017, the Company also received proceeds of approximately \$5.8 million from various related party loans and repaid the bulk of such related party loans of approximately \$5.9 million with the IPO proceeds.

As of the date of this report, the Company is relying on financial support from its shareholders and a related party. The Company does not envisage a significant improvement in financial condition and is exploring various strategic options which may involve issuing more securities to public or private investors.

If the Company is unable to obtain the necessary additional capital on a timely basis and on acceptable terms, it will have to cause a temporary halt in its operations. Such an action will have a material adverse effect on its business, prospects, financial condition and results of operations and cast substantial doubts about the ability of the Company to continue as a going concern. The accompanying audited consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Foreign Operations

All our business operations are in Mainland China. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in the PRC. Operating in the PRC involves substantial risk. For example, our business activities subject us to a number of Chinese laws and regulations, such as anti-corruption laws, tax laws, foreign exchange controls and cash repatriation restrictions, data privacy and security requirements, labor laws, intellectual property laws, privacy laws, and anti-competition regulations. Any of these could change and with immediate effect. A failure to comply with the PRC laws and regulations could subject us to fines and penalties, make it more difficult or impossible to do business in China and harm our reputation.

Critical Accounting Policies and Estimates

Fair value of financial instruments

The Company follows the provisions of ASC 820, "Fair Value Measurements and Disclosures." ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs other than quoted prices that are observable for the asset or liability in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs that reflect management's assumptions based on the best available information.

The carrying value of cash and cash equivalents, prepayments, deposits and other receivables, accruals and other payables, loans from related parties and unrelated party approximate their fair values because of the short-term nature of these instruments.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the accompanying consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates required to be made by management include but not limited to, useful lives of property and equipment, intangible assets valuation, inventory valuation and deferred tax assets. Actual results could differ from those estimates.

Deferred offering costs

Deferred offering costs consisted principally of legal, underwriting and registration costs in connection with the IPO of the Company's ordinary shares. Such costs are deferred until the closing of the offering, at which time the deferred costs are offset against the offering proceeds.

Impairment of long-lived Assets

The Company classifies its long-lived assets into: (i) computer and office equipment; (ii) furniture and fixtures, (iii) leasehold improvements, and (iv) finite – lived intangible assets.

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be fully recoverable. It is possible that these assets could become impaired as a result of technology, economy or other industry changes. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, relief from royalty income approach, quoted market values and third-party independent appraisals, as considered necessary.

The Company makes various assumptions and estimates regarding estimated future cash flows and other factors in determining the fair values of the respective assets. The assumptions and estimates used to determine future values

and remaining useful lives of long-lived assets are complex and subjective. They can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as the Company's business strategy and its forecasts for specific market expansion.

Revenue recognition

The Company currently recognizes revenue from the sale of merchandise through its online platforms. Revenue is recognized when persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the price is fixed or determinable; and collectability is reasonably assured. Revenue was recorded on a gross basis, net of surcharges and value added tax (“VAT”) of gross sales. The Company recorded revenue on a gross basis because the Company has the following indicators for gross reporting: it is the primary obligor of the sales arrangements, is subject to inventory risks of physical loss, has latitude in establishing prices, has discretion in suppliers’ selection and assumes credit risks on receivables from customers.

Revenue from advertising is recognized as advertisements are displayed. Revenue from software development services comprises revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed. Revenue on fixed price contracts is recognized in accordance with percentage of completion method of accounting.

Foreign currency transactions and translation

The reporting currency of the Company is United States Dollars (the “USD”). The functional currency of Moxian Shenzhen, Moyi and Moxian Beijing is the Renminbi (the “RMB”). The functional currency of Moxian HK is Hong Kong Dollar (the “HKD”), and the functional currency of Moxian Malaysia is Malaysia Ringgit (the “RM”).

For financial reporting purposes, the financial statements of Moxian Shenzhen, Moyi, Moxian Beijing, Moxian HK and Moxian Malaysia, which are prepared using their respective functional currencies, are translated into the reporting currency, United States dollar (“U.S. dollar”) so to be consolidated with the Company’s. Monetary assets and liabilities denominated in currencies other than the reporting currency are translated into the reporting currency at the rates of exchange ruling at the balance sheet date. Revenues and expenses are translated using average rates prevailing during the reporting period. Adjustments resulting from the translation are recorded as a separate component of accumulated other comprehensive loss in stockholders’ deficiency. A translation loss of \$42,522 and a translation gain of \$108,710 are recognized in the statements of operations and comprehensive loss for the year ended September 30, 2017 and 2016, respectively.

The exchange rates applied are as follows:

Balance sheet items, except for equity accounts	September 30, September 30,	
	2018	2017
RMB:USD	6.8686	6.6549
HKD:USD	7.8259	7.8116
RM:USD	4.1370	4.2225

Items in the statements of operations and comprehensive loss, and statements cash flows

	Years Ended	
	September 30,	
	2018	2017
RMB:USD	6.5368	6.8135
HKD:USD	7.8324	7.7799
RM:USD	4.0288	4.3418

Recently Issued Accounting Pronouncements

On October 2, 2017, the FASB has issued Accounting Standards Update (ASU) No. 2017-13, “Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments.” The ASU adds SEC paragraphs to the new revenue and leases sections of the Codification on the announcement the SEC Observer made at the 20 July 2017 Emerging Issues Task Force (EITF) meeting. The SEC Observer said that the SEC staff would not object if entities that are considered public business entities only because their financial statements or financial information is required to be included in another entity’s SEC filing use the effective dates for private companies when they adopt ASC 606, Revenue from Contracts with Customers, and ASC 842, Leases. This would include entities whose financial statements are included in another entity’s SEC filing because they are significant acquirees under Rule 3-05 of Regulation S-X, significant equity method investees under Rule 3-09 of Regulation S-X and equity method investees whose summarized financial information is included in a registrant’s financial statement notes under Rule 4-08(g) of Regulation S-X. The ASU also supersedes certain SEC paragraphs in the Codification related to previous SEC staff announcements and moves other paragraphs, upon adoption of ASC 606 or ASC 842. The Company does not expect that the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

On November 22, 2017, the FASB ASU No. 2017-14, “Income Statement—Reporting Comprehensive Income (Topic 220), Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606): Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 116 and SEC Release 33-10403.” The ASU amends various paragraphs in ASC 220, Income Statement — Reporting Comprehensive Income; ASC 605, Revenue Recognition; and ASC 606, Revenue From Contracts With Customers, that contain SEC guidance. The amendments include superseding ASC 605-10-S25-1 (SAB Topic 13) as a result of SEC Staff Accounting Bulletin No. 116 and adding ASC 606-10-S25-1 as a result of SEC Release No. 33-10403. The Company does not expect that the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, “Reclassification of Certain Tax Effects From Accumulated Other Comprehensive Income.” The ASU amends ASC 220, Income Statement — Reporting Comprehensive Income, to “allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act.” In addition, under the ASU, an entity will be required to provide certain disclosures regarding stranded tax effects. The ASU is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company does not expect that the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In March 2018, the FASB issued ASU 2018-05 — Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 (“ASU 2018-05”), which amends the FASB Accounting Standards Codification and XBRL Taxonomy based on the Tax Cuts and Jobs Act (the “Act”) that was signed into law on December 22, 2017 and Staff Accounting Bulletin No. 118 (“SAB 118”) that was released by the Securities and Exchange Commission. The Act changes numerous provisions that impact U.S. corporate tax rates, business-related exclusions, and deductions and credits and may additionally have international tax consequences for many companies that operate internationally. The Company does not believe this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In July 2018, the FASB issued ASU 2018-10, “Codification Improvements to Topic 842, Leases.” The ASU addresses 16 separate issues which include, for example, a correction to a cross reference regarding residual value guarantees, a clarification regarding rates implicit in lease contracts, and a consolidation of the requirements about lease classification reassessments. The guidance also addresses lessor reassessments of lease terms and purchase options, variable lease payments that depend on an index or a rate, investment tax credits, lease terms and purchase options, transition guidance for amounts previously recognized in business combinations, and certain transition adjustments, among others. For entities that early adopted Topic 842, the amendments are effective upon issuance of this Update, and the transition requirements are the same as those in Topic 842. For entities that have not adopted Topic 842, the effective date and transition requirements will be the same as the effective date and transition requirements in Topic 842. The Company does not believe this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In July 2018, the FASB issued ASU 2018-11 - Leases (Topic 842): Targeted Improvements. The ASU simplifies transition requirements and, for lessors, provides a practical expedient for the separation of nonlease components from lease components. Specifically, the ASU provides: (1) an optional transition method that entities can use when adopting ASC 842 and (2) a practical expedient that permits lessors to not separate nonlease components from the associated lease component if certain conditions are met. For entities that have not adopted Topic 842 before the issuance of this Update, the effective date and transition requirements for the amendments in this Update are the same as the effective date and transition requirements in Update 2016-02. For entities that have adopted Topic 842 before the issuance of this Update, the transition and effective date of the amendments in this Update are as follows: 1) The practical expedient may be elected either in the first reporting period following the issuance of this Update or at the original effective date of Topic 842 for that entity. 2) The practical expedient may be applied either retrospectively or prospectively. All entities, including early adopters, that elect the practical expedient related to separating components of a contract in this Update must apply the expedient, by class of underlying asset, to all existing lease transactions that qualify for the expedient at the date elected. The Company does not believe this guidance will have a material impact on its unaudited condensed consolidated financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

Off-Balance Sheet Arrangements

As of September 30, 2018, we did not have any off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Disclosure in response to this item is not required of a smaller reporting company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company’s consolidated financial statements, together with the report of the independent registered public accounting firm thereon and the notes thereto, are presented beginning at page F-1. The Company’s balance sheets as of September 30, 2018 and the related statements of operations and comprehensive loss, changes in stockholders’ deficiency and cash flows for the years then ended have been audited by Centurion ZD CPA & Co. The financial statements for the year ended September 30, 2017 were audited by Friedman LLP. Both Centurion ZD CPA & Co. and Friedman LLP are independent registered public accounting firms. These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to Regulation S-K as promulgated by the Securities and Exchange Commission and are included herein pursuant to Part II, Item 8 of this Form 10-K. The consolidated financial statements have been prepared assuming the Company will continue as a going concern.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Effective November 30, 2018, the Company appointed Centurion ZD CPA & Co as the Company's independent registered public accounting firm for the quarter ending December 31, 2018 and the fiscal year ended September 30, 2018.

Friedman LLP served as the Company's independent registered public accounting firm for the fiscal years ended December 31, 2017 and 2016. On November 30, 2018, Friedman LLP resigned. Friedman LLP's report on the Company's financial statements did not contain an adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope, or accounting principles. During the period of Friedman LLP's engagement by the Company, there were no disagreements with Friedman LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to the satisfaction of Friedman LLP, would have caused it to make a reference to the subject matter of the disagreement(s) in connection with its reports covering such periods. In addition, no "reportable events," as defined in Item 304(a)(1)(v) of Regulation S-K, occurred within the period of Friedman LLP's engagement and the subsequent interim period preceding Friedman LLP's dismissal.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of September 30, 2018, our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the year covered by this report. Disclosure controls and procedure include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. Our Management is responsible for monitoring the process pursuant to which information is gathered and analyzing such information to determine the extent to which such information requires disclosure, in the reports filed with the Securities and Exchange Commission.

Based on such evaluation, our CEO and CFO have concluded that as of September 30, 2017, the Company's disclosure controls and procedures were ineffective due to the Company's lacks of formal documented controls and procedures applicable to all officers and directors to disclose the required information under the Exchange Act.

The Company has begun adopting some formal documented controls and anticipates all of them to be in place by the fiscal year end of 2018. We have appointed outside independent directors, established board committees, strengthened the financial personnel and introduced written policies and procedures.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act. It is a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel. The objective is to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by the internal controls over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of September 30, 2018, management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in by the Committee of Sponsoring Organizations of the Treadway Commission's 2013 Internal Control Integrated Framework and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect the inappropriate application of US GAAP rules. This was primarily due to deficiencies that existed in the design or operation of our internal controls over financial reporting that adversely affected our internal controls. These deficiencies may be considered to be material weaknesses.

Identified Material Weakness

A material weakness in internal control over financial reporting is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Management identified the following material weaknesses during its assessment of internal controls over financial reporting as of September 30, 2018:

- (1) Too frequent changes in board composition as independent directors resign over a slow settlement of their fees even though they have no major disagreements with the Company
- (2) Lack of timely communication between the CEO and the Board of Directors
- (3) There are no written policies and procedures covering such operational activities such as sales and procurement due to a lack of staff stability, especially at senior management levels
- (4) The CEO did not have a comprehensive understanding of the NASDAQ Listing Rules and SEC Reporting Requirements and did not spend sufficient time at the Company's principal place of business in Shenzhen as he was based in Shanghai

As a result of the material weaknesses described above, management has concluded that the Company did not maintain effective internal control over financial reporting as of September 30, 2018 based on criteria established in Internal Control—Integrated Framework issued by COSO (2013 framework). However, management does not believe that any of our annual or interim financial statements issued to date contain a material misstatement as a result of the aforementioned weaknesses in our internal control over financial reporting.

Management's Remediation Initiatives

To mediate the identified material weaknesses and other deficiencies, we have introduced the following measures:

- (1) Replaced the CEO on November 17, 2018 with a senior director more experienced and well-versed in good corporate governance issues
- (2) Ensure that the Audit Committee meets regularly and review all related party transactions to ensure that they are in the best interest of the Company.
- (3) Hold quarterly board meetings.
- (4) Started a program to review document several key operating cycles of the Company, ensuring that there are sufficient internal controls at key points and segregation of important duties.
- (5) Designed and monitored controls over financial reporting, including the introduction of a proper checklist of cut-off procedures to ensure proper accounting of accruals and payables.
- (6) Continued to provide training to financial staff on U.S. GAAP and educate management staff and directors on NASDAQ Listing Rules and SEC Reporting Requirements.

Changes in internal controls over financial reporting

There have been no changes in our internal controls over financial reporting that occurred during the period covered by this Report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

This annual report does not include an attestation report of the Company's registered independent public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered independent public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report on Form 10-K.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name and position of our current executive officers and directors.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Hao Qinghu	57	Chief Executive Officer and Non-Independent Director
Tan Wanhong	65	Chief Financial Officer
Liu Tao	57	Chairman of the Board and Non-Independent Director
Choong Khuat Leok, Lionel	56	Independent Director and Chair of Audit Committee
Dr. Yu Lin	32	Independent Director and Chair of Compensation Committee
Wang Yingjie, Wendy	42	Independent Director and Chair of Corporate Governance and Nominating Committee

Mr. Hao Qinghu has served as a director of the Company since January 1, 2016. Mr. Hao has more than 20 years of experience in managing business operations and business strategy. Since September, 2015 he has been the General Manager of Moxian Beijing — a subsidiary of Moxian, Inc., in charge of Moxian Beijing’s overall operations. From June 2014 until September 2015, Mr. Hao was a Deputy General Manager of Xinhua Huamei Investment Management Co., Ltd. From 2005 until May 2014, Mr. Hao was a General Manager of Shandong Debang Construction Science and Technology Co., Ltd, where he was responsible for day-to-day operations and business development. Mr. Hao received his EMBA from Tsinghua University. Mr. Hao was a board appointee of Xinhua Huifeng Equity Centre (Limited Partnership). The Board of Directors reached a conclusion that Mr. Hao should serve as a Director of the Company based on his extensive experience in PRC Company management.

Mr. Tan Wanhong has served as our Chief Financial Officer since July 25, 2016. Mr. Tan trained with Grant Thornton in Liverpool, UK and was admitted as an Associate of the Institute of Chartered Accountants (England and Wales) in 1980. He started his career with KPMG Kuala Lumpur in 1981 and in July that year, was promoted to be the Resident Manager of the Penang Office. In 1983, Mr. Tan joined a listed client as the Group Financial Controller before leaving for Sime Darby, Malaysia’s largest Asian-based conglomerate in 1986 as the Group Chief Accountant. He had a successful career with Sime Darby, holding various senior positions over a span of 18 years but left in 2004 following a reorganization of the group. In 2007, Mr. Tan joined Hong Leong Asia, Singapore on a specific assignment in China which he completed in 2009. He then took the post of Head of Investor Relations with 361 Degrees International, a Mainland sportswear group listed on the Stock Exchange of Hong Kong, where he stayed for a further six years.

Mr. Choong Khuat Leok , Lionel, has over 33 years of working experience in accounting, auditing, internal control, corporate finance and corporate governance. Mr. Choong started his working career with BDO Binder Hamlyn (“BDO”) in London in 1984 where he was later promoted as the supervisor and manager for the banking and financial services team which managed various projects in structured finance as well as consultation projects for BDO’s client’s initial public offerings. During his term with BDO, Mr. Choong gained the Institute of Chartered Accountants in England and Wales (ICAEW) Certification as a certified accountant.

In 1992, Mr. Choong joined Deloitte & Touche (“Deloitte”) as a manager of assurance and advisory department where he was responsible for consulting and audit work for clients. Mr. Choong was then promoted to principal and later partner of Deloitte where he focused on public company capital raising and mergers and acquisitions (“M&A”). In 2002, Deloitte & Touche Corporate Finance Ltd was established to provide strategic M&A advisory services, at which Mr. Choong was responsible for business development.

In 2003, Mr. Choong left Deloitte to provide corporate advisory services to the major shareholder of Byford International Ltd (“Byford”), the global brand owner of Byford, Baby-Q and related trademarks, where he first served as a non-executive director and was later appointed as executive director, Chief Financial Officer (“CFO”), company secretary and authorised representative of Byford to the Stock Exchange of Hong Kong Ltd (“HKX”). During his three years of services with Byford, Mr. Choong has facilitated the listing of Byford on the Growth Enterprise Market of the HKX, the acquisition of Byford by Roly International Holdings Ltd (“Roly”), a company listed on the main board of Singapore Exchange Securities Trading Limited, as well as the post-acquisition integration of Byford with Roly.

Dr. Yu Lin was appointed as a director of the Company on January 4, 2019. Previously he was a director from August 15, 2017 to January 4, 2018. He obtained a Master’s Degree in Management from the School of Economics and Management of Beijing Jiatong University in 2009 and a Doctorate degree in Industrial Economics from Wuhan University of Technology in 2016. In 2009, Dr. Yu joined the Telecommunication Research Institute, a national think-tank, under the Ministry of Industry and Information Technology. The Board of Directors believes that Dr. Yu should serve as an Independent Director of the Company based on his extensive experience in corporate governance.

Ms Wang Yingjie, Wendy was appointed a director of the Company on January 4, 2019. Previously she was a director from September 28, 2017 to January 4, 2018. She has been the President and Chief Executive Officer of Wetland Media, Inc. since July 2016. She is also a director of Dinghaoyicheng Technology (Shanghai) Ltd. Co. Ms Wang was the Chief Executive Officer of BZM Innovation Technology, a Fin-tech company from November 2014 to June 2016. From October 2011 to October 2014, Ms. Wang was a business partner at Shiatang Technology where she was responsible for operational and business strategies. Ms Wang received her Master’s degree in Scientific, Technical and Medical Translation and Translation Technology from Imperial College, London in 2004 and her Bachelor’s degree in Foreign Languages, Literature and International Business from Tianjin Foreign Languages University in 1998. The Board of Directors believes that Ms Wang should serve as an Independent Director of the Company based on her experience.

Mr. Liu Tao was appointed a director of the Company on September 28, 2018. He obtained a degree in industrial accounting at the Beijing Commercial College in 1998. Since 2017 Mr. Liu has been the chair of the board of Chengdu Boyatang Cultural Media Co., Ltd, a company that focuses on modern science and technology in branding and marketing. Previously, from January 2003 to July 2017, Mr. Liu was in charge of the financial, logistics, supply, marketing and media departments of PetroChina Jilin Petrochemical Co Ltd Jilin, a branch of China National Petroleum Corporation, a major Chinese national oil and gas corporation of and one of the largest integrated energy groups in the world. During that period, Mr. Liu specialized in internal management and long-term development planning.

None of the events listed in Item 401(f) of Regulation S-K has occurred during the past ten years that is material to the evaluation of the ability or integrity of any of our directors, director nominees or executive officers.

Board of Directors

All directors hold office until the next annual meeting of shareholders or until their successors have been duly elected and qualified. Directors are elected at the annual meetings to serve for one-year terms.

Executive Officers are elected by, and serve at the discretion of, the board of directors.

As a smaller reporting company under the NASDAQ rules, we are only required to maintain a board of directors comprised of at least 50% independent directors, and an audit committee of at least two members, comprised solely of independent directors who also meet the requirements of Rule 10A-3 under the Securities Exchange Act of 1934.

Pursuant to the terms of the Subscription Agreement with Xinhua Huifeng Investment Center Co., Ltd. (Beijing), or Xinhua, upon the completion of the subscription, Xinhua had the right to nominate one member to the Board of Directors. Mr. Hao Qing Hu, who is a nominee of Xinhua, was appointed the Chairman and Chief Executive Officer on September 29, 2017.

Director Independence

The Board of Directors has reviewed the independence of our directors, applying the NASDAQ independence standards. Based on this review, the Board of Directors determined that each of Lionel Choong, Dr. Yu Lin and Wendy Wang are independent within the meaning of the NASDAQ rules. In making this determination, our Board of Directors considered the relationships that each of these non-employee directors has with us and all other facts and circumstances our Board of Directors deemed relevant in determining their independence. As required under applicable NASDAQ rules, we anticipate that our independent directors will meet on a regular basis as often as necessary to fulfill their responsibilities, including at least annually in executive session without the presence of non-independent directors and management.

Board Committees

Our Board of Directors has established standing committees in connection with the discharge of its responsibilities. These committees include an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Our Board of Directors has adopted written charters for each of these committees. All our three independent directors are members of the board committees. Copies of the charters are available on our website. Our Board of Directors may establish other committees as it deems necessary or appropriate from time to time.

Audit Committee

The Audit Committee will be responsible for, among other matters:

- appointing, compensating, retaining, evaluating, terminating, and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm the independence of its members from its management;
- reviewing with our independent registered public accounting firm the scope and results of their audit;
- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC;
- reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls, and compliance with legal and regulatory requirements;
- coordinating the oversight by our board of directors of our code of business conduct and our disclosure controls and procedures;
- establishing procedures for the confidential and/or anonymous submission of concerns regarding accounting, internal controls or auditing matters; and
- reviewing and approving related-party transactions.

Our Board of Directors has affirmatively determined that each of the members of the Audit Committee meets the definition of “independent director” for purposes of serving on an Audit Committee under Rule 10A-3 of the Exchange Act and NASDAQ rules. In addition, our Board of Directors has determined that Lionel Choong qualifies as an “audit committee financial expert” as such term is currently defined in Item 407(d)(5) of Regulation S-K and meets the financial sophistication requirements of the NASDAQ rules.

Compensation Committee

The Compensation Committee will be responsible for, among other matters:

- reviewing and approving, or recommending to the board of directors to approve the compensation of our CEO and other executive officers and directors;
- reviewing key employee compensation goals, policies, plans and programs;
- administering incentive and equity-based compensation;
- reviewing and approving employment agreements and other similar arrangements between us and our executive officers; and
- appointing and overseeing any compensation consultants or advisors.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee will be responsible for, among other matters:

- selecting or recommending for selection candidates for directorships;
- evaluating the independence of directors and director nominees;
- reviewing and making recommendations regarding the structure and composition of our board and the board committees;
- developing and recommending to the board corporate governance principles and practices;
- reviewing and monitoring the Company's Code of Business Conduct and Ethics; and
- overseeing the evaluation of the Company's management.

Board Oversight

The Board of Directors will oversee a company-wide approach to risk management. Our Board of Directors will determine the appropriate risk level for us generally, assess the specific risks faced by us and review the steps taken by management to manage those risks. While our Board of Directors will have ultimate oversight responsibility for the risk management process, its committees will oversee risk in certain specified areas.

Specifically, our Compensation Committee will be responsible for overseeing the management of risks relating to our executive compensation plans and arrangements, and the incentives created by the compensation awards it administers. Our Audit Committee will oversee management of enterprise risks and financial risks, as well as potential conflicts of interests. Our Board of Directors will be responsible for overseeing the management of risks associated with the independence of our Board of Directors.

Code of Business Conduct and Ethics

On September 7, 2016, our Board of Directors adopted a code of business conduct and ethics that applies to our directors, officers and employees. A copy of this code is available on our website. We intend to disclose on our website any amendments to the Code of Business Conduct and Ethics and any waivers of the Code of Business Conduct and Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer and executive officers.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than 10% of our common stock, to file reports of ownership and changes in ownership with the SEC. They are also required under the SEC Regulations to furnish to the Company copies of all Section 16(a) forms they file.

To the best of our knowledge, based solely upon review of the copies of such reports received or written representations from the reporting persons, we believe that during our 2018 fiscal year, our directors and executive officers who owned more than 10% of our common stock complied with Section 16(a) filing requirements. We do not however, believe that all other such persons who own more than 10% of our common stock complied with Section 16(a).

ITEM 11. EXECUTIVE COMPENSATION

Set forth below is information regarding the compensation paid during the year ended September 30, 2018 and 2017 to our principal executive officer, principal financial officer and certain of our other executive officers, who are collectively referred to as “named executive officers” elsewhere in this annual report.

Name and Principal Position	Year	Salary (\$)	Total (\$)
Hao Qinghu CEO	2018	Nil	Nil
	2017	Nil	Nil
Tan Wanhong CFO	2018	73,430	73,430
	2017	63,920	63,920

Outstanding Equity Incentive Awards At Fiscal Year-End

None.

DIRECTORS' COMPENSATION

Name	Period Served		Fees Earned or Paid in Cash (\$)
	Appointed	Resigned	
Hao Qinghu	09-28-17	*	60,000
Chan Fook Meng	08-15-17	09-28-17	Nil
Liu Shu Juan	08-15-17	09-28-17	Nil
Dr. Yu Lin	08-15-17	01-31-18	13,500
	04-01-19	*	
James Tan		09-28-17	
Lin Kuan Liang, Nicolas	09-28-17	10-31-18	36,000
Wang Yingjie, Wendy	09-28-17	03-27-18	18,000
	01-04-19	*	
Yang Nan	09-28-17	01-31-18	20,000
Lam Mun Tong	05-02-18	10-31-18	9,000
Sun Cai Di	05-02-18	11-18-18	18,000
Choong Khuat Leok, Lionel	05-11-18	*	13,500
Ajay Rajpal	09-28-17	06-30-18	36,000
Lim Yew Seng	09-28-18	12-26-18	Nil
Liu Tao	09-28-18	*	Nil

- Current member of the Board

DIRECTOR COMPENSATION

Compensation Committee Interlocks and Insider Participation

None of our officers currently serves, or has served during the last completed fiscal year, on the compensation committee or board of directors of any other entity that has one or more officers serving as a member of our board of directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of December 19, 2018, certain information concerning the beneficial ownership of our common stock by (i) each stockholder known by us to own beneficially five percent or more of our outstanding common stock; (ii) each director; (iii) each named executive officer; and (iv) all of our executive officers and directors as a group, and their percentage ownership and voting power.

The information presented below regarding beneficial ownership of our voting securities has been presented in accordance with the rules of the Securities and Exchange Commission and is not necessarily indicative of ownership for any other purpose. Under these rules, a person is deemed to be a “beneficial owner” of a security if that person has or shares the power to vote or direct the voting of the security or the power to dispose or direct the disposition of the security. A person is deemed to own beneficially any security as to which such person has the right to acquire sole or shared voting or investment power within sixty (60) days through the conversion or exercise of any convertible security, warrant, option, or other right. More than one (1) person may be deemed to be a beneficial owner of the same securities. The percentage of beneficial ownership by any person as of a particular date is calculated by dividing the number of shares beneficially owned by such person, which includes the number of shares as to which such person has the right to acquire voting or investment power within sixty (60) days, by the sum of the number of shares outstanding as of such date. Consequently, the denominator used for calculating such percentage may be different for each beneficial owner. Except as otherwise indicated below and under applicable community property laws, we believe that the beneficial owners of our common stock listed below have sole voting and investment power with respect to the shares shown.

The column entitled “Percentage of Shares Beneficially Owned” is based on a total of 67,357,222 shares of our common stock outstanding as of December 19, 2018.

Name of Beneficial Owner ⁽¹⁾	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
Officers and Directors		
Liu Tao Director	Nil	0%
Hao Qinghu Director	4,095,010	6.11%
Wang Yingjie, Wendy Independent Director	Nil	0%
Choong Khuat Leok, Lionel Independent Director	Nil	0%

Dr. Yu Lin Independent Director	Nil	0%
Tan Wanhong Chief Financial Officer	Nil	0%
All officers and directors as a group (8 persons named above)	4,095,010	6.11%

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% Securities Holders		
Good Eastern Investment Holding Limited ⁽¹⁾ 10 Anson Road #35-11 International Plaza Singapore 079903	9,990,000	14.91%
Low Mei Chiek 147-C, Taman Pringgit Jaya, Melaka, 75400 Malaysia	9,915,000	14.80%
Global Innovative Investment Group Limited 228 Park Ave. South, #82217, New York, NY 10003	9,915,000	14.80%
Beijing Xinhua Huifeng Equity Investment Centre (Limited Partnership) ⁽²⁾ Beijing City, Haiding District, Zhongguan Village, 66 North Road, Block 1, Level 2, Room 05-079	4,095,010	6.11%
Rebel Group, Inc. ⁽³⁾ 7500A Beach Road, Unit 12-313, The Plaza, 199591	3,891,000	5.81%

(1) Mr. Tan, a former CEO of the company, is a sole member and director of Good Eastern Investment Holding Limited and is deemed to have sole voting and dispositive power over the shares.

(2) Includes 4,095,010 shares of Common Stock that Beijing Xinhua Huifeng Equity Investment Centre (Limited Partnership) owns, of which Mr. Hao is a partner

(3) Mr. Leong Khien Kiee and Mr. Leong Aan Yee, are the directors of Rebel Group, Inc. and are deemed to share voting and dispositive power over the shares.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE

The following is a description of transactions since October 1, 2016, in which the amount involved in the transaction exceeded or will exceed the lesser of \$120,000 or one percent of the average of our total assets as at the year-end for the last two completed fiscal years, and to which any of our directors, executive officers or beneficial holders of more than 5% of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest.

Our policy is that a contract or transaction either between the Company and a director, or between a director and another company in which he is financially interested is not necessarily void or void-able if the relationship or interest is disclosed or known to the board of directors and the stockholders are entitled to vote on the issue, or if it is fair and reasonable to our company

Related Party Transaction with Shareholders

For the year ended September 30, 2018, the Company made borrowings aggregating \$5,032,760 from Ms. Liu. There were no repayments to any related party.

During the year to September 30, 2017, details of the related party transactions are as follows:

Bayi

	<u>Borrowings</u>	<u>Repayments</u>
Moxian Shenzhen	\$3,928,164 (RMB 26,764,695)	\$3,328,102 (RMB 22,676,148)
Moyi	\$96,866 (RMB 660,000)	\$96,866 (RMB 660,000)
Moxian HK	\$190,233 (HKD 1,479,990)	

The loans and advances made by the related parties to Moxian HK, Moxian Shenzhen and Moyi are unsecured, interest free and due on various dates specified on the loan agreements.

As of September 30, 2018 and 2017, the loan payable balance to Bayi was \$1,310,772 and \$1,347,055 respectively. Bayi was no longer a related party of the Company since it ceased to be a shareholder of the Company as of September 30, 2017. The loan payable is disclosed as other loan payable in the consolidated balance sheets.

Vertical Venture

	<u>Borrowings</u>	<u>Repayments</u>
Moxian HK	\$552,298 (HKD 4,296,810)	\$1,335,990 (HKD10,393,844)
Moxian SZ	\$987,739 (RMB 6,730,000)	

As of September 30, 2017 and 2016, the loan payable balance to Vertical Venture was \$1,133,228 and \$914,014, respectively.

Moxian China Limited

During the year ended September 30, 2017, Moxian Malaysia received a repayment from Moxian China Limited in aggregate of \$97,138 (RM 421,750). In addition, Moxian HK repaid \$271,822 (HKD 2,114,739) to Moxian China Limited. As of September 30, 2017 and 2016, the loan payable balance to Moxian China Limited was \$Nil and \$170,714, respectively.

Jet Key

During the year ended September 30, 2017, Moyi repaid \$74,851 (RMB 510,000) to Jet Key and Moxian Malaysia repaid \$124,132 (RM 538,950) to Jet Key. As of September 30, 2017 and 2016, the balance due to Jet Key was \$Nil and \$206,780, respectively. The balance bears no interest and is due on demand. As of September 30, 2017, Jet Key was no longer a related party of the Company due to Jet Key is no longer a shareholder of the Company.

Xinhua

During the year ended September 30, 2017, Moxian Beijing repaid \$108,607 (RMB 740,000) to Xinhua and Moxian Shenzhen repaid \$374,255 (RMB 2,550,000) to Xinhua. As of September 30, 2018 and 2017, the Company had loan receivable balance of \$. The balance bears no interest and is due on demand.

Liu Shu Juan

On May 8, 2018, the Company and Ms. Liu Shu Juan, a director of the Company, entered into loan agreement for a line of credit of \$4,000,000 or its RMB equivalent.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The following table sets forth the aggregate fees billed to the Company by its independent registered public accounting firm, for the fiscal years indicated.

ACCOUNTING FEES AND SERVICES	2018	2017
Audit fees	\$ 198,000	\$ 220,000
Audit-related fees	-	-
Tax fees	-	-
All other fees	-	-
Total	\$ 198,000	\$ 220,000

The category of “Audit fees” (excluding out of pocket expenses) includes fees for our annual audit, quarterly reviews and services rendered in connection with regulatory filings with the SEC, such as the issuance of comfort letters and consents.

The category of “Audit-related fees” includes employee benefit plan audits, internal control reviews and accounting consultation.

On November 8, 2018 Friedman LLP resigned as the independent auditors of the Company and on November 30, 2018, Centurion ZD CPA & Co were appointed.

All above audit services and audit related services were pre-approved by the Board of Directors and Audit Committee for the fiscal years ended September 30, 2018 and 2017, which concluded that the provision of such service by each of Centurion ZD CPA & Co. and Friedman LLP respectively were compatible with maintenance of the firm’s independence in the conduct of its audits.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

The following are filed as part of this report:

Financial Statements

The following financial statements of Moxian, Inc. and Reports of Independent Registered Public Accounting Firms are presented in the “F” pages of this report:

	<u>PAGES</u>
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	F-2
CONSOLIDATED BALANCE SHEETS	F-3
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS	F-4
CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ DEFICIENCY	F-5
CONSOLIDATED STATEMENTS OF CASH FLOWS	F-6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	F-7 – F-23

(b) Exhibits

The following exhibits are filed or “furnished” herewith:

Exhibit Number	Description
3.1	Restated Articles of Incorporation of the Company filed on May 2, 2011 (incorporated by reference herein to Exhibit 3.1 to the Company’s Registration Statement on Form S-1 filed with the SEC on May 9, 2011).
3.2	Certificate of Amendment to the Company’s Articles of Incorporation filed on December 9, 2013 (incorporated by reference herein to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed with the SEC on December 19, 2013).
3.4	Bylaws (incorporated by reference herein to Exhibit 3.2 to the Company’s Registration Statement on Form S-1 filed with the SEC on March 30, 2011).
4.1	Specimen Stock Certificate of Common Stock of Moxian, Inc. (incorporated by reference herein to Exhibit 4.1 to the Company’s Annual Report on Form 10-K filed with the SEC on December 22, 2015).
10.1	Subscription Agreement dated as of April 24, 2015 by and between the Company and Zhongtou Huifeng Investment Management (Beijing) Co. Ltd. (incorporated by reference herein to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 15, 2015).

- [10.2](#) [Form of Termination Agreement dated as of June 4, 2015 by and between the Company and Zhongtou Huifeng Investment Management \(Beijing\) Co. Ltd. \(incorporated by reference herein to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 14, 2015\).](#)
- [10.3](#) [Form of Subscription Agreement dated as of June 4, 2015 by and between the Company and Xinhua Huifeng Investment Center Co., Ltd. \(Beijing\). \(incorporated by reference herein to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 14, 2015\).](#)
- [10.4](#) [Form of Amendment Agreement dated as of August 14, 2015 by and between the Company and Xinhua Huifeng Investment Center Co., Ltd. \(Beijing\) Co. Ltd. \(incorporated by reference herein to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 14, 2015\)](#)
- [10.5](#) [Form of Second Amendment Agreement dated as of December 16, 2015 by and between the Company and Xinhua Huifeng Investment Center Co., Ltd. \(Beijing\) Co. Ltd. \(incorporated by reference herein to Exhibit 10.5 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 22, 2015\).](#)
- [10.6](#) [Loan Agreement dated May 4, 2015 by and between Jet Key Limited and Moxian Malaysia SDN BHD \(incorporated by reference herein to Exhibit 10.6 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 22, 2015\).](#)
- [10.7](#) [Loan Agreement dated May 4, 2016 by and between Jet Key Limited and Moxian Malaysia SDN BHD \(incorporated by reference herein to Exhibit 10.7 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 22, 2016\).](#)
- [10.8](#) [Loan Agreement by and between the Moxian Technologies \(Shenzhen\) Co., Ltd., and Shenzhen Bayi Consulting Co. Ltd. dated June 30, 2015 \(incorporated by reference herein to Exhibit 10.7 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 22, 2015\).](#)
- [10.9](#) [Loan Agreement by and between Moxian Technologies \(Shenzhen\) Co., Ltd., and Shenzhen Bayi Consulting Co. Ltd. dated September 30, 2015 \(incorporated by reference herein to Exhibit 10.8 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 22, 2015\).](#)
- [10.10](#) [Exclusive Business Cooperation Agreement by and between Moxian Shenzhen and Moyi, dated July 15, 2014 \(incorporated by reference herein to Exhibit 10.3 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 31, 2014\).](#)
- [10.11](#) [Loan Agreement by and among Moxian Shenzhen, Zhang Guo Hui and Guan Fen Sheng, dated July 15, 2014 \(incorporated by reference herein to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 31, 2014\).](#)
- [10.12](#) [Share Pledge Agreement by and among Moxian Shenzhen, Zhang Guo Hui and Guan Fen Sheng, dated July 15, 2014 \(incorporated by reference herein to Exhibit 10.5 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 31, 2014\).](#)
- [10.13](#) [Exclusive Option Agreement by and among Moxian Shenzhen, Zhang Guo Hui and Guan Fen Sheng, dated July 15, 2014 \(incorporated by reference herein to Exhibit 10.7 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 31, 2014\).](#)
- [10.14](#) [Moxian Technologies \(Shenzhen\) Co., Ltd. Oracle Product Supply Contract, by and between Moxian Technologies \(Shenzhen\) Co., Ltd. and Guangzhou SIE Consulting Co., Ltd., dated April 27, 2015](#)

(incorporated by reference herein to Exhibit 10.13 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 16, 2016)

- [10.15](#) [Share Cancellation Agreement by and among Moxian, Inc., and each of Good Eastern Investments Holdings, Moxian China Limited and Stellar Elite Limited, dated February 22, 2016 \(incorporated by reference herein to Exhibit 10.14 to the Company's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on June 17, 2016\).](#)
- [10.16](#) [Independent Director Agreement by and between Moxian, Inc. and Yang Nan, dated January 1, 2016 \(incorporated by reference herein to Exhibit 10.15 to the Company's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on August 12, 2016\).](#)
- [10.17](#) [Independent Director Agreement by and between Moxian, Inc. and Liew Kwong Yeow, dated January 1, 2016 \(incorporated by reference herein to Exhibit 10.16 to the Company's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on September 9, 2016\).](#)
- [10.18](#) [Lease Agreement by and between Moxian Technologies \(Shenzhen\) Co., Ltd. and Cai Bingquan, dated July 22, 2015 \(incorporated by reference herein to Exhibit 10.17 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 16, 2016\).](#)
- [10.19](#) [Lease Agreement by and between Moxian Technologies \(Beijing\) Co., Ltd. and Beijing Zhongjia Real Estate Broker Co., Ltd., dated August 27, 2015. \(incorporated by reference herein to Exhibit 10.20 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 16, 2016\).](#)
- [10.20](#) [Director Agreement by and between Moxian, Inc. and Hao Qing Hu, dated January 1, 2016 \(incorporated by reference herein to Exhibit 10.21 to the Company's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on September 19, 2016\).](#)
- [10.21](#) [Employment Agreement by and between Moxian \(Hong Kong\) Limited and Mr. Luo Xiaoyuan, dated October 1, 2014, as amended on March 1, 2016 \(incorporated by reference herein to Exhibit 10.22 to the Company's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on June 17, 2016\).](#)
- [10.22](#) [Advertising Sole Agency Agreement of Xinhua New Media Culture Communication Co., Ltd., dated December 31, 2015 \(incorporated by reference herein to Exhibit 10.24 to the Company's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on August 12, 2016\).](#)
- [10.23](#) [Employment Agreement by and between Moxian \(Hong Kong\) Limited and Mr. Tan Wan Hong, dated July 25, 2016 \(incorporated by reference herein to Exhibit 10.25 to the Company's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on August 12, 2016\).](#)
- [10.24](#) [Independent Director Agreement by and between Moxian, Inc. and Ajay Rajpal \(incorporated by reference herein to Exhibit 10.26 to the Company's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on September 9, 2016\).](#)
- [10.25](#) [Note Conversion Agreement by and between Moxian, Inc. and the note holders named therein, dated September 7, 2016 \(incorporated by reference herein to Exhibit 10.29 to the Company's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on September 19, 2016\).](#)
- [10.26](#) [Loan Agreement by and between the Moxian Technologies \(Shenzhen\) Co., Ltd. and Shenzhen Bayi Consulting Co. Ltd. dated December 25, 2015 \(Incorporated by reference herein to Exhibit 10.26 to the Company's Registration Statement on Form 10-K filed with the Securities and Exchange Commission on December 22, 2016\).](#)

- 10.27 Schedule of Loan Agreements substantially identical in all material respects to the Loan Agreement filed as Exhibit 10.26 to this Annual Report on Form 10-K, pursuant to Instruction 2 To Item 601 of Regulation S-K (Incorporated by reference herein to Exhibit 10.27 to the Company's Registration Statement on Form 10-K filed with the Securities and Exchange Commission on December 22, 2016).
- 10.28 Tripartite Agreement by and among Moxian Shenzhen, Zhang Guo Hui, Guan Fen Sheng, Liu Shu Juan and Yin Yi Jun, dated December 18, 2017 (incorporated by reference herein to Exhibit 99.1 to the Company's filing on Form 8-K, filed with the Securities and Exchange Commission on January 8, 2018).

- [10.29](#) [Share Pledge Agreement by and among Moxian Shenzhen, Liu Shu Juan and Yin Yi Jun, dated January 8, 2018 \(incorporated by reference herein to Exhibit 99.2 to the Company's filing on Form 8-K, filed with the Securities and Exchange Commission on January 8, 2018\).](#)
- [10.30](#) [Power of Attorney granted to Moxian Shenzhen by Liu Shu Juan and Yin Yi Jun, dated January 8, 2018 \(incorporated by reference herein to Exhibit 99.3 to the Company's filing on Form 8-K, filed with the Securities and Exchange Commission on January 8, 2018\).](#)
- [10.31](#) [Exclusive Option Agreement by and among Moxian Shenzhen, Liu Shu Juan and Yin Yi Jun, dated January 8, 2018 \(incorporated by reference here in to Exhibit 99.4 to the Company's filing on Form 8-K, filed with the Securities and Exchange Commission on January 8, 2018\).](#)
- [14.1](#) [Code of Ethics of Moxian, Inc. Applicable To Directors, Officers And Employees \(incorporated by reference herein to Exhibit 14.1 to the Company's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on September 9, 2016\).](#)
- [21.1](#) [List of Subsidiaries \(incorporated by reference herein to Exhibit 21.1 to the Company's Annual Report on Form 10-K filed with the SEC on December 22, 2015\).](#)
- [31.1*](#) [Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-14\(a\), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- [31.2*](#) [Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14\(a\), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- [32.1*](#) [Certification of Principal Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- [32.2*](#) [Certification of Principal Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS XBRL Instance Document.*
- 101.SCH XBRL Taxonomy Extension Schema Document.*
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.*
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.*
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.*

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOXIAN, INC.

Date: January 15, 2019

By: /s/ Hao Qinghu
Name: Hao Qinghu
Title: Chief Executive Officer

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOXIAN, INC.

Date: January 15, 2019

By: /s/ Tan Wanhong
Name: Tan Wanhong
Title: Chief Financial Officer

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

MOXIAN, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017
(Stated in US Dollars)

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中正達會計師事務所
Centurion ZD CPA & Co.
Certified Public Accountants (Practising)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM To the Board of Directors and Stockholders of Moxian, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Moxian, Inc. (the “Company”) as of September 30, 2018, and the related consolidated statements of operations and comprehensive loss, stockholders’ equity and cash flows for the year ended September 30, 2018, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2018, and the results of its operations and its cash flows for year ended September 30, 2018 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included

examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Centurion ZD CPA & Co.
Centurion ZD CPA & Co.
Hong Kong, 15 January 2019

We have served as the Company's auditor since 2018

MOXIAN, INC.
CONSOLIDATED BALANCE SHEETS

	As of	
	September 30, 2018	September 30, 2017
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 129,737	\$ 18,494
Restricted cash	170,000	-
Inventories		3,130
Prepayments, deposits and other receivables, net	-	152,548
Total current assets	299,737	174,172
Restricted cash, long-term	-	500,000
Property and equipment, net	-	686,296
TOTAL ASSETS	\$ 299,737	\$ 1,360,468
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES		
Accruals and other payables	\$ 3,381,152	\$ 1,861,519
Loan payable, other	1,310,772	1,347,035
Loans payable, related parties	5,989,371	1,110,884
	-	-
Total current liabilities	10,681,295	4,319,438
Commitments and contingencies		
STOCKHOLDERS' DEFICIENCY		
Preferred stock, \$0.001 par value, authorized 100,000,000 shares. Nil shares issued and outstanding	-	-
Common stock, \$0.001 par value, authorized: 250,000,000 shares, 67,357,222 and 67,007,199 shares issued and outstanding as of September 30, 2018 and 2017, respectively	67,357	67,007
Additional paid-in capital	36,483,440	35,475,722
Accumulated deficit	(47,277,960)	(38,682,546)
Accumulated other comprehensive income	345,605	180,847
Total stockholders' deficiency	(10,381,558)	(2,958,970)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	\$ 299,737	\$ 1,360,468

See accompanying notes to consolidated financial statements

MOXIAN, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the Year Ended September 30, 2018	For the Year Ended September 30, 2017
Revenues	\$ 339,947	\$ 92,205
Cost of revenues	(8,328)	(16,117)
Gross profit	331,619	76,088
Depreciation and amortization	681,596	1,097,046
Research and development	2,247,170	2,146,508
Advertising agency fee	1,145,519	830,755
Impairment charge on intangible assets	-	3,009,732
Selling, general and administrative	4,796,788	6,603,091
Loss from operations	(8,539,454)	(13,611,044)
Finance expense	(60,657)	(102)
Interest income	160	2,082
Foreign exchange loss	(1,789)	-
Other income (expenses)	6,326	11,821
Loss before income tax	(8,595,414)	(13,597,243)
Income tax (provision) benefit	-	(96,507)
Net loss	(8,595,414)	(13,693,750)
Other comprehensive income (loss)		
Foreign currency translation adjustments	164,758	(42,522)
Comprehensive loss	<u>\$ (8,430,656)</u>	<u>\$ (13,736,272)</u>
Basic and diluted loss per common share	<u>\$ (0.13)</u>	<u>\$ (0.21)</u>
Basic and diluted average number of common shares outstanding	<u>67,357,222</u>	<u>66,576,911</u>

See accompanying notes to consolidated financial statements

MOXIAN, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY

For the years ended September 30, 2018 and 2017

	Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Total
	Shares	Amount				
Balance, September 30, 2016	64,005,949	\$ 64,006	\$24,691,259	\$ (24,988,796)	\$ 223,369	\$ (10,162)
Issuance of shares	2,501,250	2,501	8,784,963	-	-	8,787,464
Conversion of related party debt	500,000	500	1,999,500	-	-	2,000,000
Net loss				(13,693,750)	-	(13,693,750)
Foreign currency translation adjustment	-	-	-	-	-	(42,522)
Balance, September 30, 2017	<u>67,007,199</u>	<u>\$ 67,007</u>	<u>\$35,475,722</u>	<u>\$ (38,682,546)</u>	<u>\$ 180,407</u>	<u>\$ (2,958,970)</u>
Issuance of shares for convertible debt	350,023	350	1,007,718			1,008,068
Net loss	-	-	-	(8,595,414)	-	(8,595,414)
Foreign currency translation adjustment	-	-	-	-	164,758	164,758
Balance, September 30, 2018	<u>67,357,222</u>	<u>\$ 67,357</u>	<u>\$36,483,440</u>	<u>\$ (47,277,960)</u>	<u>\$ 345,605</u>	<u>\$ (10,381,558)</u>

See accompanying notes to consolidated financial statements

MOXIAN, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended September 30, 2018	For the Year Ended September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (8,595,414)	\$ (13,693,750)
Adjustments to reconcile net loss to cash used in operating activities		
Depreciation and amortization	701,816	1,097,046
Impairment charge on intangible assets	-	3,009,732
Disposition of property and equipment		36,356
Bad debt provision	(25,916)	14,677
Inventory provision		
Deferred tax benefits (expenses)		96,507
Changes in operating assets and liabilities:		
Restricted cash		64,210
Inventories		6,567
Prepayments, deposits and other receivables	166,912	388,307
Deferred offering costs	-	
Accruals and other payables	1,620,087	431,442
Net cash used in operating activities	<u>(6,130,332)</u>	<u>(8,548,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment)	(48,274)
Purchase of intangible assets)	(20,215)
Net cash used in investing activities	<u>)</u>	<u>(68,489)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from related party loans	5,152,534	5,784,137
Repayments of related party loans	-	(5,897,869)
Issuance of shares to related party	1,008,068	
Releases from IPO Escrow Account, restricted cash	330,000	(500,000)
Gross proceeds from Initial Public Offering – stock issuance	-	10,005,000
Direct costs disbursed from Initial Public Offering proceeds	-	(927,302)
Net cash provided by financing activities	<u>6,490,602</u>	<u>8,463,966</u>
Effect of exchange rates on cash and cash equivalents	<u>(249,027)</u>	<u>95,343</u>
Net decrease in cash and cash equivalents	111,243	(58,086)
Cash and cash equivalents, beginning of year	18,494	76,580
Cash and cash equivalents, end of year	<u>\$ 129,237</u>	<u>\$ 18,494</u>
Supplemental cash flow disclosures:		
Cash paid for interest expense	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Non-cash investing and financing activities:		
Issuance of shares for subscription payable	\$	\$ 2,000,000
Reclassification of deferred Initial Public Offering costs to additional paid in capital	\$	\$ 290,234

Warrants issued to placement agents in connection with the Company's Initial Public Offering	\$	\$	280,042
		-	
		-	
		-	

See accompanying notes to consolidated financial statements

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and nature of operations

Moxian, Inc. (formerly known as Moxian China, Inc., hereinafter referred as “Moxian,” together with its subsidiaries and variable interest entity, the “Company”), was incorporated under the laws of the State of Nevada on October 12, 2010. The Company, through its subsidiaries and variable interest entity, engages in the business of operating a social network platform that integrates social media and business into one single platform. The Company is currently devoting its efforts to develop mobile application and online platform that facilitate the small to medium size businesses to attract more clients. The Company’s ability to generate sufficient funds to meet its working capital requirements is dependent upon its ability to develop additional sources of capital, develop apps and websites, generate servicing income, and ultimately, achieve profitable operations (see Note 2).

On February 17, 2014, the Company incorporated Moxian CN Group Limited (“Moxian CN Samoa”) under the laws of Samoa.

On February 21, 2014, Moxian acquired Moxian Group Limited (“Moxian BVI”), together with its subsidiaries, Moxian (Hong Kong) Limited (“Moxian HK”), Moxian Technology (Shenzhen) Co., Ltd. (“Moxian Shenzhen”), and Moxian Malaysia Sdn. Bhd. (“Moxian Malaysia”) through our wholly owned subsidiary, Moxian CN Samoa from Rebel Group, Inc. (“REBL”), a company incorporated in the State of Florida and of which our previous Chief Executive Officer, Tan Meng Dong, is a promoter as the term is defined under Rule 405 of Regulation C promulgated under the Securities Act, by entering into a License and Acquisition Agreement (the “License and Acquisition Agreement”) in consideration of \$1,000,000 (“Moxian BVI Purchase Price”). As a result, Moxian BVI, together with its subsidiaries, Moxian HK, Moxian Shenzhen, and Moxian Malaysia, became the Company’s subsidiaries. Under the License and Acquisition Agreement, REBL also agreed to grant us the exclusive right to use REBL’s intellectual property rights (collectively, the “IP Rights”) in Mainland China, Malaysia, and other countries and regions where REBL conducts its business (the “Licensed Territory”), and the exclusive right to solicit, promote, distribute and sell REBL products and services in the Licensed Territory for five years (the “License,”) and in consideration of such License, the Company agreed to pay to REBL (i) \$1,000,000 as license maintenance royalty each year commencing on the first anniversary of the date of the License Agreement; and (ii) 3% of the gross profits resulting from the distribution and sale of the products and services on behalf of the Company as an earned royalty.

Moxian BVI was incorporated on July 3, 2012 under the laws of British Virgin Islands. REBL owned 100% equity interests of Moxian BVI prior to the closing of the License and Acquisition Agreement, among the Company, Moxian BVI and REBL.

Moxian HK was incorporated on January 18, 2013 and became Moxian BVI’s subsidiary since February 14, 2013. Moxian HK is currently engaged in the business of online social media. Moxian HK operates through two wholly owned subsidiaries: Moxian Shenzhen and Moxian Malaysia.

Moxian Shenzhen was invested and wholly owned by Moxian HK. Moxian Shenzhen was incorporated on April 8, 2013 and is engaged in the business of internet technology, computer software, commercial information consulting

Moxian Malaysia was incorporated on March 1, 2013 and became Moxian HK’s subsidiary since April 2, 2013. Moxian Malaysia was previously in the business of IT services and media advertising but have ceased operations since June 2015..

Shenzhen Moyi Technologies Co., Ltd. (“Moyi”) was incorporated on July 19, 2013 under the laws of the People’s Republic of China and became a variable interest entity (“VIE”) of Moxian Shenzhen since July 15, 2014. Moxian Shenzhen controls Moyi through arrangement that absorbs operations risk, as if Moyi is a wholly owned subsidiary of Moxian Shenzhen.

On December 18, 2017, the Company entered into a Tripartite Agreement with the original shareholders of Moyi and the new shareholders of Moyi wherein the Company agrees to the transfer of the equity interests of Moyi and all related rights, liabilities and obligations under the Moyi Agreements such that the new shareholders stand in place of the old shareholders in all aspects of the Moyi Agreements.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and nature of operations (continued)

Moxian Technologies (Beijing) Co., Ltd. (“Moxian Beijing”) was incorporated on December 10, 2015 under the laws of the People’s Republic of China and is a wholly owned subsidiary of Moxian Shenzhen. Moxian Shenzhen made the capital injection of RMB 10 million (approximately USD \$1.5 million) to Moxian Beijing during the year ended September 30, 2017.

On January 30, 2015, the Company entered into an Equity Transfer Agreement (the “Equity Transfer Agreement,” such transaction, the “Equity Transfer Transaction”) with REBL, to acquire from REBL 100% of the equity interests of Moxian Intellectual Property Limited, a company incorporated under the laws of Samoa and a wholly owned subsidiary of REBL (“Moxian IP Samoa”) for \$6,782,000 (the “Moxian IP Samoa Purchase Price”) (see Note 9). 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. As a result of the Equity Transfer Transaction, Moxian IP Samoa became a wholly owned subsidiary of the Company.

As of September 30, 2018, only Moxian Shenzhen, Moyi and Moxian Beijing have business operations. The other companies are all dormant.

On November 14, 2016, the Company announced the completion of a public offering of 2,501,250 shares of its common stock at a public offering price of \$4.00 per share. The gross proceeds from the offering were approximately \$10,005,000 before deducting placement agents’ commissions and other offering expenses, resulting in net proceeds of approximately \$8.5 million. In connection with the offering, the Company’s common stock began trading on the NASDAQ Capital Market beginning on November 15, 2016 under the symbol “MOXC”.

On January 30, 2018, a wholly-owned subsidiary of Moxian Shenzhen, Moxian Information Technologies (Shanghai) Co. Ltd. (“Moxian Shanghai”) was incorporated under the laws of the People’s Republic of China.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of principal accounting policies

Basis of presentation and consolidation

The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and reflect the activities of the following subsidiaries and VIE: Moxian CN Samoa, Moxian BVI, Moxian HK, Moxian Shenzhen, Moxian Malaysia, Moyi, Moxian Beijing and Moxian IP Samoa. All intercompany transactions and balances have been eliminated in the consolidation.

On May 24, 2016, the Board of approved a reverse stock split of the Company’s issued and outstanding shares of common stock, par value \$0.001 per share (the “Common Stock”), at a ratio of 1-for-2 (the “Reverse Stock Split”). The Reverse Stock Split was effective on June 20, 2016 (the “Effective Date”). Simultaneously with the Reverse Stock Split, the number of shares of the Company’s authorized Common Stock was reduced from 500,000,000 shares to 250,000,000 shares without changes in par value per share. The Company has retroactively restated all shares and per share data for all the periods presented.

In accordance with U.S. GAAP, variable interest entities (“VIEs”) are generally entities that lack sufficient equity to finance their activities without additional financial support from other parties or whose equity holders lack adequate decision making ability. All VIEs with which the Company is involved must be evaluated to determine the primary beneficiary of the risks and rewards of the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

Accounting Standards Codification (“ASC”) 810-10 “Consolidation” addresses whether certain types of entities referred to as VIEs, should be consolidated in a company’s consolidated financial statements. Pursuant to an Exclusive Business Cooperation Agreement by and between Moxian Shenzhen and Moyi, dated July 15, 2014, Moxian Shenzhen has the exclusive right to provide to Moyi technical and systems support, marketing consulting services, training for technical personnel and technical consulting services. As payment for these services, Moyi has agreed to pay Moxian Shenzhen a service fee equal to 100% Moyi’s pre-tax profit. In addition, Moxian Shenzhen will also absorb losses from Moyi, if any, based on the service agreement. In accordance with the provisions of ASC 810, the Company has determined that Moyi is a VIE of Moxian Shenzhen and that the Company is the primary beneficiary, and accordingly, the financial statements of Moyi are consolidated into the results of the Company.

The following assets and liabilities of the VIE are included in the accompanying consolidated financial statements of the Company as of September 30, 2018 and 2017:

	September 30, 2018	September 30, 2017
Current assets	\$ -	\$ 3,082
Non-current assets	-	-
Total assets	<u>\$ -</u>	<u>\$ 3,082</u>
Current liabilities	\$ 2,043,779	\$ 732,910
Non-current liabilities	-	-
Total liabilities	<u>\$ 2,043,779</u>	<u>\$ 732,910</u>

As of September 30, 2018 the Commerce Bureau of the Shenzhen Government has suspended the licenses of Shenzhen Moxian and Moyi because certain ex-employees have reported that their claims for salary arrears and long-service

compensation have not been paid. As of September 30, 2018, the Company is in the process of resolving these through arbitration. (See Note 12)

Going Concern

In assessing the Company's liquidity and its ability to continue as a going concern, the Company monitors and analyzes its cash and cash equivalents and its operating and capital expenditure commitments. The Company's liquidity needs are to meet its working capital requirements, operating expenses and capital expenditure obligations. As of September 30, 2018, the Company's current liabilities exceeded the current assets by approximately \$10 million, its accumulated deficit was approximately \$47.3 million and the Company has incurred losses since inception.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of principal accounting policies (continued)

Going Concern (continued)

On November 14, 2016, the Company completed its initial public offering (“IPO”) with net proceeds of \$8.50 million after deducting placement agents’ commission and other offering costs, which helped the Company’s cash flow in fiscal 2017. However, as of the date of this report, the Company has utilized all of the IPO proceeds and is not generating sufficient revenue to support its operations. The Company hopes to fund its cash flow shortfalls as follows:

- Financial support commitments from the Company’s major stockholders
- Seeking additional public and/or private issuance of securities.

On November 10, 2017, the Company and Ms. Liu Shu Juan, a director of the Company, entered into a convertible loan agreement of \$1,000,000 or its RMB equivalent. Pursuant to the loan agreement, the Company issued an unsecured convertible promissory note, carrying an interest rate of 4.75% per annum and due in one year. On May 8, 2018, Liu converted the total outstanding of \$1,008,068 into 350,023 shares of the Company’s common stock at a price of \$2.88 per share. The conversion price was calculated using the price of daily volume weighted average price per share for the 20 consecutive business days prior to the conversion.

On May 11, 2018, the Company and Ms. Liu entered into a loan agreement for a line of credit of \$4,000,000 or its RMB equivalent, bearing interest of 4.75% per annum and due in two years. As of September 30, 2018, the line has been fully drawn down and the total outstanding to Ms. Liu is \$ 5,032,760. This amount exceeded the agreed loan of \$4,000,000 and is not covered by any agreement.

If the Company is unable to obtain the necessary additional capital on a timely basis and on acceptable terms, it will be unable to implement its current plans for expansion, repay debt obligations or respond to competitive pressures. Any of these factors would have a material adverse effect on its business, prospects, financial condition and results of operations and raise substantial doubts about the ability of the Company to continue as a going concern. The consolidated financial statements for the years ended September 30, 2018 and 2017 have been prepared on a going concern basis and do not include any adjustments to reflect the possible future effects on the recoverability and classifications of assets or the amounts and classifications of liabilities that may result from the inability of the Company to continue as a going concern.

Risks and Uncertainties

The Company’s operations are substantially carried out in the PRC. Accordingly, the Company’s business, financial condition and results of operations maybe substantially influenced by the political, economic and legal environments in the PRC, and by the general state of the PRC’s economy. The Company’s operations in the PRC are subject to specific considerations and significant risks not typically associated with companies in North America These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange. The Company’s results may be adversely affected by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Fair value of financial instruments

The Company follows the provisions of ASC 820, “Fair Value Measurements and Disclosures.” ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs other than quoted prices that are observable for the asset or liability in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs that reflect management's assumptions based on the best available information.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of principal accounting policies (continued)

Fair value of financial instruments (continued)

The carrying value of cash and cash equivalents, prepayments, deposits and other receivables, accruals and other payables, loans from related parties and unrelated party approximate their fair values because of the short-term nature of these instruments.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the accompanying consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates required to be made by management include but not limited to, useful lives of property and equipment, provision for doubtful accounts, intangible assets valuation, inventory valuation, value added recoverable valuation and deferred tax assets valuation. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less to be cash equivalents. As of September 30, 2018 and 2017, substantially all of the Company's cash and cash equivalents were deposited in financial institutions located in the PRC. To limit exposure to credit risk relating to bank deposits, the Company primarily places bank deposits with large financial institutions in the PRC with acceptable credit rating.

Restricted cash

Restricted cash represented cash held by depository banks in order to comply with the provisions of certain debt agreements, as well as the cash held in an indemnification escrow account pursuant to the financing agreement signed with the placement agents.

Under the terms of the placement agreement, the cash of \$500,000 in the escrow account must be kept for a period of two years after the completion of the IPO, therefore, recorded as restricted cash, long-term as of September 30, 2017. On November 9, 2017, \$330,000 was released from this account with the approval of the placement agents and the escrow agents. On January, the balance of \$170,000 was released.

Inventories

Inventories consist of merchandise and are stated at the lower of cost or market value, and cost is calculated on the moving weighted average basis. The cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present condition. As of September 30, 2018 and 2017, there was no lower of cost or market adjustment because the carrying value of the Company's inventories was lower than the current and expected market price.

Prepayments, deposits and other receivables

Prepayments and deposits represent amounts advanced to suppliers. The suppliers usually require advance payments or deposits when the Company makes purchase or orders service and the prepayments and deposits will be utilized to

offset the Company's future payments. Other receivables mainly consist of various cash advances to employees for business needs. These amounts are unsecured, non-interest bearing and generally short-term in nature.

Allowances are recorded when utilization and collection of amounts due are in doubt. Delinquent prepayments, deposits and other receivables are written-off after management has determined that the likelihood of utilization or collection is not probable and known bad debts are written off against the allowances when identified.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of principal accounting policies (continued)

Deferred offering costs

Deferred offering costs consisted principally of legal, underwriting and registration costs in connection with the IPO of the Company's ordinary shares. Such costs are deferred until the closing of the offering, at which time the deferred costs are offset against the offering proceeds.

Property and Equipment, net

Property and equipment are recorded at cost less accumulated depreciation and amortization. Significant additions or improvements extending useful lives of assets are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives as follows:

Electronic equipment	3-6 years
Furniture and fixtures	3-6 years
Leasehold improvements	Shorter of estimated useful life or term of lease

Intangible assets, net

Intangible assets, comprising Intellectual property rights ("IP rights") and software, which are separable from property and equipment, are stated at cost less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives of 3- 10 years.

Impairment of long-lived Assets

The Company classifies its long-lived assets into: (i) computer and office equipment; (ii) furniture and fixtures, (iii) leasehold improvements, and (iv) finite – lived intangible assets.

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be fully recoverable. It is possible that these assets could become impaired as a result of technology, economy or other industry changes. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, relief from royalty income approach, quoted market values and third-party independent appraisals, as considered necessary.

The Company makes various assumptions and estimates regarding estimated future cash flows and other factors in determining the fair values of the respective assets. The assumptions and estimates used to determine future values and remaining useful lives of long-lived assets are complex and subjective. They can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as the Company's business strategy and its forecasts for specific market expansion.

Due to the continuing losses from operations with minimal revenues, the Company recognized impairment losses of \$3,009,732 for the IP rights and other intangible assets during the years ended September 30, 2017 resulting in a nil value as of September 30, 2018 and 2017.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of principal accounting policies (continued)

Revenue recognition

The Company currently recognizes revenue from the sale of merchandise through its online platforms. Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and collectability is reasonably assured. Revenue is recorded on a gross basis, net of surcharges and value added tax (“VAT”). The Company recorded revenue on a gross basis because the Company has the following indicators for gross reporting: it is the primary obligor of the sales arrangements, is subject to inventory risks of physical loss, has latitude in establishing prices, has discretion in suppliers’ selection and assumes credit risks on receivables from customers.

Revenue from advertising is recognized as advertisements are displayed. Revenue from software development services comprises revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed. Revenue on fixed price contracts is recognized in accordance with percentage of completion method of accounting.

Income taxes

The Company utilizes ASC Topic 740 (“ASC 740”) “Income taxes”, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 “Income taxes” clarifies the accounting for uncertainty in tax positions. This interpretation requires that an entity recognizes in the financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the consolidated statements of operations. The Company evaluate the level of authority for each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of September 30, 2018 and 2017, the Company did not have any unrecognized tax benefits. The Company does not anticipate any significant increase to its liability for unrecognized tax benefit within the next 12 months.

As of September 30, 2018, the tax years ended December 31, 2011 through to December 31, 2017 for the Company’s PRC entities remain open for statutory examination by the PRC tax authorities.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of principal accounting policies (continued)

Foreign currency transactions and translation

The reporting currency of the Company is United States Dollars (the “USD”) and the functional currency of Moxian Shenzhen, Moyi and Moxian Beijing is Renminbi (the “RMB”). The functional currency of Moxian HK is Hong Kong Dollar (the “HKD”), and the functional currency of Moxian Malaysia is Malaysia Ringgit (the “RM”).

For financial reporting purposes, the financial statements of Moxian Shenzhen, Moyi, Moxian Beijing, Moxian HK and Moxian Malaysia, which are prepared using their respective functional currencies, are translated into the reporting currency, USD so to be consolidated with the Company’s. Monetary assets and liabilities denominated in currencies other than the reporting currency are translated into the reporting currency at the rates of exchange ruling at the balance sheet date. Revenues and expenses are translated using average rates prevailing during the reporting period. Adjustments resulting from the translation are recorded as a separate component of accumulated other comprehensive income in stockholders’ deficiency. Translation gain of \$164,758 and a translation loss of \$42,522 are recognized in the statements of operations and comprehensive loss for the years ended September 30, 2018 and 2017, respectively.

The exchange rates applied are as follows:

Balance sheet items, except for equity accounts	September 30,	September 30,
	2018	2017
RMB:USD	6.8686	6.6549
HKD:USD	7.8259	7.8116
RM:USD	4.1370	4.2225

Items in the statements of operations and comprehensive loss, and statements cash flows:

	Years Ended	
	September 30,	
	2018	2017
RMB:USD	6.5368	6.8135
HKD:USD	7.8324	7.7799
RM:USD	4.0288	4.3418

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of principal accounting policies (continued)

Research and Development

Research and development expenses include payroll, employee benefits, stock-based compensation expense, and other related expenses associated with product development. Research and development expenses also include third-party development, programming costs, and localization costs incurred to translate software for local markets. Such costs related to software development are included in research and development expense until the point that technological feasibility is reached. Once technological feasibility is reached, such costs are capitalized and amortized as part of the cost of revenue over the estimated lives of the products.

Loss per share

Basic loss per share is based on the weighted average number of common shares outstanding during the period while the effects of potential common shares outstanding during the period are included in diluted earnings per share.

FASB Accounting Standard Codification Topic 260 (“ASC 260”), “Earnings Per Share,” requires that employee equity share options, non-vested shares and similar equity instruments granted to employees be treated as potential common shares in computing diluted earnings per share. Diluted earnings per share should be based on the actual number of options or shares granted and not yet forfeited, unless doing so would be anti-dilutive. The Company uses the “treasury stock” method for equity instruments granted in share-based payment transactions provided in ASC 260 to determine diluted earnings per share. Antidilutive securities represent potentially dilutive securities which are excluded from the computation of diluted earnings or loss per share as their impact was antidilutive. Due to the Company’s net loss for the years ended September 30, 2018 and 2017, the basic and diluted loss per share are same for the years ended September 30, 2018 and 2017.

Recent accounting pronouncements

On October 2, 2017, The FASB has issued Accounting Standards Update (ASU) No. 2017-13, “Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments.” The ASU adds SEC paragraphs to the new revenue and leases sections of the Codification on the announcement the SEC Observer made at the 20 July 2017 Emerging Issues Task Force (EITF) meeting. The SEC Observer said that the SEC staff would not object if entities that are considered public business entities only because their financial statements or financial information is required to be included in another entity’s SEC filing use the effective dates for private companies when they adopt ASC 606, Revenue from Contracts with Customers, and ASC 842, Leases. This would include entities whose financial statements are included in another entity’s SEC filing because they are significant acquirees under Rule 3-05 of Regulation S-X, significant equity method investees under Rule 3-09 of Regulation S-X and equity method investees whose summarized financial information is included in a registrant’s financial statement notes under Rule 4-08(g) of Regulation S-X. The ASU also supersedes certain SEC paragraphs in the Codification related to previous SEC staff announcements and moves other paragraphs, upon adoption of ASC 606 or ASC 842. The Company does not expect that the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

On November 22, 2017, the FASB ASU No. 2017-14, “Income Statement—Reporting Comprehensive Income (Topic 220), Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606): Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 116 and SEC Release 33-10403.” The ASU amends various paragraphs in ASC 220, Income Statement — Reporting Comprehensive Income; ASC 605, Revenue Recognition; and ASC 606, Revenue From Contracts With Customers, that contain SEC guidance. The amendments

include superseding ASC 605-10-S25-1 (SAB Topic 13) as a result of SEC Staff Accounting Bulletin No. 116 and adding ASC 606-10-S25-1 as a result of SEC Release No. 33-10403. The Company does not expect that the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, “Reclassification of Certain Tax Effects From Accumulated Other Comprehensive Income.” The ASU amends ASC 220, *Income Statement — Reporting Comprehensive Income*, to “allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act.” In addition, under the ASU, an entity will be required to provide certain disclosures regarding stranded tax effects. The ASU is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company does not expect that the adoption of this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In March 2018, the FASB issued ASU 2018-05 — Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 (“ASU 2018-05”), which amends the FASB Accounting Standards Codification and XBRL Taxonomy based on the Tax Cuts and Jobs Act (the “Act”) that was signed into law on December 22, 2017 and Staff Accounting Bulletin No. 118 (“SAB 118”) that was released by the Securities and Exchange Commission. The Act changes numerous provisions that impact U.S. corporate tax rates, business-related exclusions, and deductions and credits and may additionally have international tax consequences for many companies that operate internationally. The Company does not believe this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In July 2018, the FASB issued ASU 2018-10, “Codification Improvements to Topic 842, Leases.” The ASU addresses 16 separate issues which include, for example, a correction to a cross reference regarding residual value guarantees, a clarification regarding rates implicit in lease contracts, and a consolidation of the requirements about lease classification reassessments. The guidance also addresses lessor reassessments of lease terms and purchase options, variable lease payments that depend on an index or a rate, investment tax credits, lease terms and purchase options, transition guidance for amounts previously recognized in business combinations, and certain transition adjustments, among others. For entities that early adopted Topic 842, the amendments are effective upon issuance of this Update, and the transition requirements are the same as those in Topic 842. For entities that have not adopted Topic 842, the effective date and transition requirements will be the same as the effective date and transition requirements in Topic 842. The Company does not believe this guidance will have a material impact on its unaudited condensed consolidated financial statements.

In July 2018, the FASB issued ASU 2018-11 - Leases (Topic 842): Targeted Improvements. The ASU simplifies transition requirements and, for lessors, provides a practical expedient for the separation of nonlease components from lease components. Specifically, the ASU provides: (1) an optional transition method that entities can use when adopting ASC 842 and (2) a practical expedient that permits lessors to not separate nonlease components from the associated lease component if certain conditions are met. For entities that have not adopted Topic 842 before the issuance of this Update, the effective date and transition requirements for the amendments in this Update are the same as the effective date and transition requirements in Update 2016-02. For entities that have adopted Topic 842 before the issuance of this Update, the transition and effective date of the amendments in this Update are as follows: 1) The practical expedient may be elected either in the first reporting period following the issuance of this Update or at the original effective date of Topic 842 for that entity. 2) The practical expedient may be applied either retrospectively or prospectively. All entities, including early adopters, that elect the practical expedient related to separating components of a contract in this Update must apply the expedient, by class of underlying asset, to all existing lease transactions that qualify for the expedient at the date elected. The Company does not believe this guidance will have a material impact on its unaudited condensed consolidated financial statements.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of principal accounting policies (continued)

Recent accounting pronouncements (continued)

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

3. Prepayments, deposits and other receivables, net

	<u>September 30,</u> <u>2018</u>	<u>September 30,</u> <u>2017</u>
Prepayments to suppliers	\$ 567,934	\$ 57,551
Rental and other deposits	341,674	107,040
Employee advances and others	<u>32,240</u>	<u>21,393</u>
Sub total	941,848	185,984
Less: allowance for doubtful accounts	<u>(941,848)</u>	<u>(33,436)</u>
Prepayments, deposits and other receivable, net	<u>\$ -</u>	<u>\$ 152,548</u>

The bad debt provision for the years ended September 30, 2018 and 2017 was \$ 908,412 and \$33,436 respectively.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Property and equipment, net

	September 30, 2018	September 30, 2017
Electronic equipment	\$ 2,319,545	\$ 2,333,401
Furniture and fixtures	70,596	80,780
Leasehold improvements	263,609	361,544
Total property and equipment	2,653,750	2,775,725
Less: Accumulated depreciation and amortization	(2,653,750)	(2,089,429)
Total property and equipment, net	<u>\$ -</u>	<u>\$ 686,296</u>

Depreciation and amortization for the years ended September 30, 2018 and 2017 were \$681,596 and \$1,097,046, respectively.

5. Intangible assets, net

As of September 30, 2018 and 2017, the Company has the following amounts related to intangible assets:

	September 30, 2018	September 30, 2017
IP rights	\$ 1,410,335	\$ 1,410,355
Other intangible assets	394,883	394,883
	1,805,218	\$ 1,805,218
Less: accumulated amortization	(1,805,218)	(1,805,218)
Net intangible assets	<u>\$ -</u>	<u>\$ -</u>

No significant residual value is estimated for these intangible assets. Amortization expense for the years ended September 30, 2018 and 2017 totaled Nil and \$278,158, respectively.

Due to the continuing losses from operations, the Company recognized an impairment loss of \$3,009,732 for the IP rights and other intangible assets for the year ended September 30, 2017.

6. Accruals and other payables

	September 30, 2018	September 30, 2017
Salary payable	\$ 403,986	\$ 379,902
Advances from customers	-	61,078
Other tax payable	-	28,625
Accrued expenses	2,691,684	1,275,466
Other payables	285,482	116,448
Total	<u>\$ 3,381,152</u>	<u>\$ 1,861,519</u>

7. Loan payable, other

On May 15, 2017, the Company and Shenzhen Bayi Consulting Co. Ltd. (“Bayi”) entered into a line of credit agreement. Pursuant to the agreement, Bayi agreed to provide a line of credit in the maximum amount of \$3 million to the Company on an as needed basis to support the Company’s working capital. Any withdrawal from this line is non-interest bearing and shall be repaid on demand and before the maturity date of the line of credit. The maturity date of the unsecured line of credit was May 15, 2018 but has been extended indefinitely. As of September 30, 2018 and 2017, the loan payable to Bayi was \$1,310,772 and \$1,347,035, respectively.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Related party transactions and balances

The table below sets forth the entities that are regarded as related parties having transactions for the year ended September 30, 2017 and of the balances as of September 30, 2018 and 2017, respectively.

<u>Name</u>	<u>Relationship with the Company</u>
Beijing Xinhua Huifeng Equity Investment Center A Shareholder of the Company Limited Partnership (“Xinhua”)	
Hao Qing Hu Vertical Venture Capital Group Limited	Chief Executive Officer and Director of the Company A below 5% shareholder of the Company
Liu Shu Juan	A less than 1% Shareholder of the Company, Ex-Director and Legal Representative of Shanghai Shewn Wine Co. Ltd.

Details of loans payable (receivable) – related parties are as follows:

<u>Loan payable (receivable)</u>	<u>September 30,2018</u>	<u>September 30, 2017</u>
Vertical Venture Capital Group Limited	\$ 979,907	\$ 1,133,228
Liu Shu Juan	5,032,760	(24,042)
Xinhua	(23,296)	1,698
	<u>5,989,371</u>	<u>1,110,884</u>

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Related party transactions and balances (continued)

Liu Shu Juan

On November 10, 2017, the Company and Ms. Liu Shu Juan, a director of the Company, entered into a convertible loan agreement of \$1,000,000 or its RMB equivalent. Pursuant to the loan agreement, the Company issued an unsecured convertible promissory note, carrying an interest rate of 4.75% per annum and due in one year. On May 8, 2018, Liu converted the total outstanding of \$1,008,068 into 350,023 shares of the Company's common stock at a price of \$2.88 per share. The conversion price was calculated using the price of daily volume weighted average price per share for the 20 consecutive business days prior to the conversion.

On May 11, 2018, the Company and Ms. Liu entered into a loan agreement for a line of credit of \$4,000,000 or its RMB equivalent, bearing interest of 4.75% per annum and due in two years. As of September 30, 2018, the line has been fully drawn down and the total outstanding to Ms. Liu \$ 5,032,760. This amount exceeded the agreed loan of \$4,000,000 and is not covered by any agreement.

The following details relate to the year ended September 30, 2017 and are only given for comparison purposes.

For the year ended September 30, 2017, the Company made repayments, net of borrowings, aggregating \$113,732 to related parties. .

The loans and advances made by the related parties to Moxian HK, Moxian Shenzhen, Moyi, Moxian Beijing and Moxian Malaysia and are unsecured, interest free and due on various dates specified on the loan agreements.

During the year to September 30, 2017, details of the related party transactions are as follows:

Bayi

	2018		2017	
	Borrowings	Repayments	Borrowings	Repayments
Moxian	-	-	\$3,928,164	\$3,328,102
Shenzhen			(RMB26,764,695)	(RMB 22,676,148)
Moyi	-	-	\$96,866	\$96,866
			(RMB 660,000)	(RMB 660,000)
Moxian HK	-	-	\$190,233	-
			(HKD 1,479,990)	

As of September 30, 2018 and 2017, the loan payable balance to Bayi was \$1,310,772 and \$1,347,035, respectively. As of September 30, 2017, Bayi was no longer a related party of the Company since Bayi is no longer a shareholder of the Company. As a result, the loan payable to Bayi was recorded separately on the Company's consolidated balance sheets (see Note 7).

Vertical Venture

	2018		2017	
	Borrowings	Repayments	Borrowings	Repayments
Moxian HK	\$4,976	-	\$552,298	\$1,335,990
	(HKD 38,945)		(HKD 4,296,810)	(HKD10,393,844)

Moxian SZ	-	-	\$987,739	-
			(RMB 6,730,000)	

As of September 30, 2018 and 2017, the loan payable balance to Vertical Venture was \$1,111,530 and \$1,133,228, respectively.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Capital stock

Note Conversion

On September 7, 2016, the Company entered into two note conversion agreements with Bayi and Moxian China Limited. The note conversion agreements permitted the conversion of promissory notes in the aggregate amount of \$2 million payable by the Company into shares of the Company's common stock at the IPO price. The Company announced a successful completion of its IPO on November 14, 2016 with an IPO price of \$4.00 per share. As of September 30, 2016, the Company included the \$2 million worth of shares to be issued as stock subscription payable in accordance with ASC 480-10-25-14. On January 3, 2017, the Company issued 500,000 shares of its common stock to Bayi and Moxian China Limited at a price of \$4.00 per share in full settlement of stock subscription payables in accordance to the note conversion agreements signed on September 7, 2016.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Capital stock (continued)

Public Offering Warrants

In connection with and upon closing of the Public Offering on November 14, 2016, the Company issued warrants equal to four percent (4%) of the shares issued in the Public Offering, totaling 100,050 units to the placement agents for the offering. The warrants carry a term of five years, and shall not be exercisable for a period of nine months from the closing of the Public Offering and shall be exercisable at a price equal to \$4.60 per share. Management determined that these warrants meet the definition of a derivative under ASC 815-40, however, they fall under the scope exception which states that contracts issued that are both a) indexed to its own stock; and b) classified in stockholders' equity are not considered derivatives. The warrants were recorded at their fair value on the date of grant as a component of stockholders' deficiency.

The aggregated fair value of the Public Offering Warrants on November 14, 2016 was \$280,042. The fair value has been estimated using the Black-Scholes pricing model with the following weighted-average assumptions: market value of underlying stock of \$4.09; risk free rate of 1.66%; expected term of 5 years; exercise price of the warrants of \$4.60; volatility of 90.7%; and expected future dividends of Nil. As of September 30, 2018, 100,060 shares of warrants were issued and outstanding; and none of the warrants has been exercised.

Stock reverse split

As of September 30, 2018, there were no warrants or options outstanding to acquire any additional shares of Common Stock of the Company.

10. Income taxes

The Company and its subsidiaries file separate income tax returns.

The United States of America

Moxian is incorporated in the State of Nevada in the U.S. and is subject to U.S. federal corporate income taxes. The State of Nevada does not impose any state corporate income tax. As of September 30, 2018, future net operation losses of approximately \$8.9 million are available to offset future operating income through 2036.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Act") was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a U.S. corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. As the Company has a September 30 fiscal year-end, the lower corporate income tax rate will be phased in, resulting in a U.S. statutory federal rate of approximately 24.5% for our fiscal year ending September 30, 2018, and 21% for subsequent fiscal years. Accordingly, we have to remeasure our deferred tax assets on net operating loss carryforward in the U.S. at the lower enacted corporate tax rate of 21%. However, this re-measurement has no effect on the Company's income tax expenses as the Company has provided a 100% valuation allowance on its deferred tax assets previously.

Additionally, the Tax Act imposes a one-time transition tax on deemed repatriation of historical earnings of foreign subsidiaries, and future foreign earnings are subject to U.S. taxation. The change in rate has caused us to remeasure all U.S. deferred income tax assets and liabilities for temporary differences and net operating loss (NOL) carryforwards and recorded one time income tax payable to be paid in 8 years. However, this one-time transition tax

has no effect on the Company's income tax expenses as the Company has no undistributed foreign earnings prior to September 30, 2018, as the Company has cumulative foreign losses as of September 30, 2018.

British Virgin Islands

Moxian BVI is incorporated in the British Virgin Islands. Under the current laws of the British Virgin Islands, Moxian BVI is not subject to tax on income or capital gains. In addition, upon payments of dividends by Moxian BVI, no British Virgin Islands withholding tax is imposed.

Hong Kong

Moxian HK is incorporated in Hong Kong and Hong Kong's profits tax rate is 16.5%. Moxian HK did not earn any income that was derived in Hong Kong for the years ended September 30, 2018 and 2017 and therefore, Moxian HK was not subject to Hong Kong profits tax.

Malaysia

Moxian Malaysia did not have taxable income for the years ended September 30, 2018 and 2017. The management estimated that Moxian Malaysia will not generate any taxable income in the future.

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Income taxes (continued)

PRC

Effective from January 1, 2008, the PRC's statutory income tax rate is 25%. The Company's PRC subsidiaries are subject to income tax rate of 25%, unless otherwise specified.

As of September 30, 2018, the Company had net operating loss carry forwards of approximately of \$20.2 million in PRC tax Jurisdiction, which expires in the years 2018 through 2022.

Moxian Shenzhen was incorporated in the People's Republic of China. Moxian Shenzhen did not generate taxable income in the People's Republic of China for the period from April 8, 2013 (date of inception) to September 30, 2018. Management estimated that Moxian Shenzhen will not generate any taxable income in the future.

Moyi was incorporated in the People's Republic of China. Moyi did not generate taxable income in the People's Republic of China for the period from July 19, 2013 (date of inception) to September 30, 2018.

Moxian Beijing was incorporated in the People's Republic of China. Moxian Beijing did not generate taxable income in the People's Republic of China for the period from December 10, 2015 (date of inception) to September 30, 2018.

The Company's effective income tax rates were 0% and 0.7% for the years ended September 30, 2018 and 2017, respectively. Income tax mainly consists of foreign income tax at statutory rates and the effects of permanent and temporary differences.

	September 30, 2018	September 30, 2017
U.S. statutory rate	34.0%	34.0%
Foreign income not registered in the U.S.	(34.0)%	(34.0)%
PRC statutory rate	25.0%	25.0%
Changes in valuation allowance and others	(25.0)%	(24.3)%
Effective tax rate	<u>0%</u>	<u>0.7%</u>

Because of the uncertainty regarding the Company's ability to realize its deferred tax assets, a 100% valuation allowance has been established as of September 30, 2017.

As of September 30, 2018 and 2017, the valuation allowance was approximately \$9.0 million, For the year ended September 30, 2018 and 2017, there was an increase of Nil and \$3,254,146 in the valuation allowance.

	September 30, 2018	September 30, 2017
Deferred tax asset from net operating loss and carry-forwards	\$ 9,032,129	\$ 9,032,129
Valuation allowance	(9,032,129)	(9,032,129)
Deferred tax asset, net	<u>\$ -</u>	<u>\$ -</u>

MOXIAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Commitments and contingencies

Operating Lease

The Company leases a number of properties under operating leases. Rental expenses under operating leases for the years ended September 30, 2018 and 2017 were \$652,315 and \$652,315 respectively. As of September 30, 2018, the Company was obligated under non-cancellable operating leases minimum rentals as follows:

Twelve months ended September 30,

2019	\$ 252,000
2020	231,000
Total minimum lease payments	<u>\$ 483,000</u>

Arrangement with Xinhua New Media Co., Ltd

The Company entered into an exclusive advertising agency agreement and sponsor agreement with Xinhua New Media Co., Ltd (“Xinhua New Media”). Pursuant to the agreements, the Company, as an exclusive agent, is authorized to operate and sell advertisements in the gaming channel of Xinhua New Media’s mobile application and sponsor related advertising events. The exclusive advertising agency agreement expires on December 31, 2020 and the sponsor agreement expired on December 31, 2017,

The Company entered into amendments with Xinhua New Media for both the agency agreement and sponsor agreement during the year ended December 31, 2017. The fees payable under the amended exclusive advertising agency agreement and sponsor agreement have been reduced. In April 2018, the Company further negotiated with Xinhua New Media and the fees for the year ended December 31, 2018 have been waived on the understanding that past arrears have to be made good.

Legal Proceeding

As of September 30, 2018, the Company is not aware of any material outstanding claim and litigation against them.

12. Subsequent events

Arbitration proceedings

Because certain ex-employees of Shenzhen Moxian and Moyi were not paid their salary arrears and long-service compensation, they reported their claims to the Shenzhen Labor Tribunal for arbitration. As a result, the licenses of these two companies have been suspended by the Commerce Bureau and their bank accounts frozen. On January 9, 2019, the Company settled the bulk of these claims in the amount of RMB 845,000 (approximately \$123,000) and will be applying for a lifting of the suspension.

I, Hao Qing Hu, certify that:

- (1) I have reviewed this Form 10-K of Moxian, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 15, 2019

/s/ Hao Qinghu

Hao Qinghu

Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

**Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
and Securities and Exchange Commission Release 34-46427**

I, Tan Wan Hong, certify that:

- (1) I have reviewed this Form 10-K of Moxian, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 15, 2019

/s/ Tan Wanhong
Tan Wanhong
Chief Financial Officer (Principal Financial
Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Form 10-K report of Moxian, Inc. for the period ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof and pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Hao Qing Hu, certify that:

(1) This report containing the financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the this period report fairly presents, in all material respects, the financial condition and results of operations of Moxian, Inc.

Date: January 15, 2019

/s/ Hao Qinghu

Hao Qinghu
Chief Executive Officer (Principal Executive
Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Form 10-K report of Moxian, Inc. for the period ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof and pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Tan Wan Hong, certify that:

(1) This report containing the financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the this period report fairly presents, in all material respects, the financial condition and results of operations of Moxian, Inc.

Date: January 15, 2019

/s/ Tan Wanhong

Tan Wanhong
Chief Financial Officer (Principal Financial
Officer)