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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of November 2023**

**Commission File Number: 333-256665**

**MOXIAN (BVI) INC**

**Room 2102, Block B, Jiahui Center, 6 Jiqing Li, Chaoyangmenwai Street  
Chaoyang District  
Beijing 100020, China  
(Address of principal executive offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

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## Explanatory Note

The Registrant is furnishing this Report on Form 6-K to provide its unaudited consolidated financial statements as of and for the period of six months ended June 30, 2023, which are attached as Exhibit 99.2 to this Form 6-K.

On November 8, 2023, the Company issued a press release announcing its unaudited financial results for the first six months of 2023, which press release is attached as Exhibit 99.3 to this Form 6-K.

### **Financial Statements and Exhibits.**

The following exhibits are attached.

#### Exhibit Index

- 99.1 [Management's Discussion and Analysis of Financial Condition and Results of Operations](#)
  - 99.2 [Unaudited Consolidated Financial Statements for the Six Months Ended June 30, 2023 and 2022](#)
  - 99.3 [Press release dated November 8, 2023, titled "Moxian \(BVI\) Inc Reports Unaudited Financial Results for the First Half of 2023"](#)
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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MOXIAN (BVI) INC**

Date: November 8, 2023

By: /s/ Deng Conglin

Name: Deng Conglin

Title: Chief Executive Officer

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## Management Discussion and Analysis of Results for the half-year to June 30, 2023

Following a very difficult year in 2022, when bitcoin prices to a low of about \$15,000, 2023 began with a more cheerful note. Bitcoin prices on average for the six months to June 2023 hover around the \$26,000 mark.

For the Company, the immediate priority was the location of a new permanent site for its bitcoin operations. The earlier site, Columbus in Georgia proved to be untenable following volatile electricity prices as a result of the outbreak of the Ukraine War. Following intensive site searches, the Company decided to buy an outright piece of barren land for \$1.2 million in April. Measuring about 1.8 acres and located in the town of Duff, near La Follette in the State of Tennessee, the site was chosen as its power supply was stable and prices competitive. Site clearance, levelling and preparation began in earnest in May, followed by the other major works, such as control room/office construction, electrical and plumbing works. An agreement with the local utility board was signed in August and by the end of September, a brand-new mining center was in place.

The Company also took the opportunity of a depressed market in 2022 to place an advance order for six units of supercomputing servers S19 XP for \$5.3 million to be delivered on a progressive basis from the last quarter of the year. This additional purchase, together with the earlier fleet of equipment shipped from China, will ensure that the Company had enhanced computing power for its mining activities when site mining begin in the last quarter of the year.

The financial analysis of the results of operations for the six months to June 30, 2023 as compared to the corresponding period have to be evaluated from an understanding that the operations in the two periods were largely different. In the period to June 30, 2022, the Company enjoyed about four months of operational activity before the effects of the skyrocketing electricity costs made it unprofitable to continue. In the current period to June 30, 2023, the Company's focus was on the construction of its new and permanent center and the results only comprise of a minor operation in Kazakhstan which started at the end of May. Only a meagre \$7,272 was reported as revenue against \$40,000 in the previous year.

As far as costs were concerned, the current year's total includes operational US-based staff which did not exist in the corresponding period last year. The net result was a loss for the six months to June 30, 2023 of \$3.5 million, compared to a loss of \$922,000 in the corresponding period in 2022.

In the Balance Sheet comparison, cash and cash equivalents saw a slight dip of just under a million, a large part of which was in payment of invoices for the construction work-in-progress which amount to \$1.5 million at the end of June 2023. Depreciation and other charges accounted for the net drop in total assets of the Company.

As of the date of this report, the new mining facility at Duff near La Follette, based on a new generation of hydro power, is virtually completed and the Company expects results going forward to be increasingly better.

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MOXIAN (BVI) INC.  
CONSOLIDATED BALANCE SHEETS

|  | Note | <u>As of</u><br><u>June 30, 2023</u><br><u>(Unaudited)</u> | <u>December 31, 2022</u> |
|--|------|--|--------------------------|
| <b>ASSETS</b>  |      |  |                          |
| <b>Current Assets</b>  |      |  |                          |
| Cash and cash equivalents  |      | \$ 1,538,831   | \$ 2,505,286             |
| Prepayments and other receivables  | 3    | 3,486,623  | 2,384,976                |
| Total current assets   |      | 5,025,454  | 4,890,262                |
| Digital assets   | 4    | 4,716,979  | 7,087,747                |
| Property, equipment and vehicles   | 5    | 9,736,152  | 12,553,408               |
| Construction-in-progress   | 6    | 1,522,949  | -                        |
| <b>TOTAL ASSETS</b>  |      | <b>21,001,534</b>  | <b>24,531,417</b>        |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |      |  |                          |
| Other payables and accruals  |      | \$ 541,356   | \$ 613,455               |
| <b>Stockholders' Equity</b>  |      |  |                          |
| Preferred stock, \$0.001010 par value, authorized; 50,000,000 shares, 5,000,000 shares issued and outstanding as of June 30, 2023 and December,31 2022 |      | \$ 5,050   | \$ 5,050                 |
| Common stock, \$0.001 par value, authorized: 50,000,000 shares. Issued and outstanding: 35,554,677 shares as of June 30, 2023 and December,31, 2022    |      | 35,554   | 35,554                   |
| Additional paid-in capital   |      | 89,290,193   | 89,290,193               |
| Accumulated deficit  |      | (68,811,550)   | (65,308,474)             |
| Accumulated other comprehensive income   |      | (59,069)   | (104,361)                |
| <b>Total Shareholders' Equity</b>  |      | <b>20,460,178</b>  | <b>23,917,962</b>        |
| <b>Total Liabilities and Shareholders' Equity</b>  |      | <b>\$ 21,001,534</b>                                       | <b>\$ 24,531,417</b>     |

See accompanying notes to consolidated financial statements

MOXIAN (BVI) INC.  
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

|   | <b>Six Months Ended<br/>June 30, 2023</b> | <b>Six Months Ended<br/>June 30, 2022</b> |
|---|---|---|
| Revenue   | \$ 7,272                                  | \$ 40,422                                 |
| Direct costs of revenue   | (14,666)                                  | (15,377)                                  |
| Other operating costs   | <u>(2,802,735)</u>                        | <u>(161,540)</u>                          |
| Loss from operations  | (2,810,129)                               | (136,495)                                 |
| General and administrative expenses                             | <u>(692,947)</u>                          | <u>(785,579)</u>                          |
| Other income  |   |   |
| Loss before tax   | (3,503,076)                               | (922,074)                                 |
| Income tax  | -   | -   |
| Loss after tax  | <u>(3,503,076)</u>                        | <u>(922,074)</u>                          |
| Foreign exchange adjustment                                     | 45,292                                    | -   |
| Comprehensive loss for the period                               | <u>\$ (3,457,784)</u>                     | <u>\$ (922,074)</u>                       |
| Basic and diluted loss per ordinary share                       | <u>\$ (0.097)</u>                         | <u>\$ (0.026)</u>                         |
| Basic and diluted average number of ordinary shares outstanding | <u>35,554,677</u>                         | <u>35,554,677</u>                         |

See accompanying notes to consolidated financial statements

MOXIAN (BVI) INC.  
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES TO STOCKHOLDERS' EQUITY (DEFICIT)

|                                   | Preferred Shares |              | Ordinary Shares   |               | Additional<br>paid-in<br>capital | Accumulated<br>deficit | Accumulated<br>other<br>comprehensive<br>income | Total             |
|-----------------------------------|------------------|--------------|-------------------|---------------|----------------------------------|------------------------|---|-------------------|
|                                   | Number           | Amount       | Number            | Amount        |                                  |                        |   |                   |
| <b>Balance, June 30, 2022</b>     | 5,000,000        | 5,050        | 35,554,677        | 35,554        | 82,290,193                       | (44,710,434)           | \$ 613,734                                      | 45,234,097        |
| Net loss for the period           | -                | -            | -                 | -             | -                                | (20,598,040)           | (718,095)                                       | (21,316,135)      |
| <b>Balance, December 31, 2022</b> | 5,000,000        | 5,050        | 35,554,677        | 35,554        | 82,290,193                       | (65,308,474)           | (104,361)                                       | 23,917,962        |
| Net loss for the period           | -                | -            | -                 | -             | -                                | (3,503,076)            | 45,292  | (3,457,784)       |
| <b>Balance, June 30, 2023</b>     | <u>5,000,000</u> | <u>5,050</u> | <u>35,554,677</u> | <u>35,554</u> | <u>82,290,193</u>                | <u>(68,811,550)</u>    | <u>(59,069)</u>                                 | <u>20,460,178</u> |

MOXIAN (BVI) INC.  
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

|  | <b>For the Six Months<br/>Ended<br/>June 30, 2023</b> | <b>For the Six Months<br/>Ended<br/>June 30, 2022</b> |
|--|---|---|
| Net loss for the period                                    | \$ (3,503,076)  | \$ (922,074)  |
| Adjustment to reconcile cash used in operating activities: |   |   |
| Depreciation of property, and equipment                    | 2,817,256   |   |
|  | (685,820)   | (922,074)   |
| Changes in operating assets and liabilities:               |   |   |
| Accounts receivable  | 53  | (419,621)   |
| Prepayments and other deposits                             | (1,101,604)   | (531,200)   |
| Other payables and accruals                                | (71,974)  | (1,049,573)   |
| USDC   | 2,370,769   | (3,440,422)   |
| Fixed assets   | (1,522,949)   | (29,933,308)  |
| Cash used in operating activities                          | (1,011,525)   | (36,296,198)  |
| Cash raised in financing activities:                       |   |   |
| Proceeds from issue of new ordinary shares                 | -   | 40,000,000  |
|  | (1,011,525)   | 3,703,802   |
| Effect of exchange rates on cash and cash equivalents      | 45,070  | (410,845)   |
| Net increase in cash and cash equivalents                  | (966,455)   | 3,292,957   |
| Cash and cash equivalents, beginning of period             | 2,505,286   | 2,507,404   |
| Cash and cash equivalents, end of period                   | \$ 1,538,831  | \$ 5,800,361  |

See accompanying notes to consolidated financial statements



**MOXIAN (BVI) INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization and nature of operations**

The Company was incorporated in the British Virgin Islands (BVI) on May 18, 2021. On August 17, 2021, the Company completed a redomicile merger with its predecessor company, Moxian, Inc, wherein it acquired all the assets, liabilities, rights, obligations and operations of the latter and its subsidiaries, through an exchange of an identical number of shares.

On December 28, 2021 in a Special Meeting of shareholders, the Company approved the issue of up to 20 million new ordinary shares of the Company, at a price of \$2.50 per share to certain non-US based accredited investors. On February 11, 2022 the Company completed this private placement and issued 16 million new shares, raising \$40 million, which it would use in bitcoin mining in order to diversify its business operations. Of the issue proceeds, \$29.8 million was used to purchase and ship relevant equipment from China and the balance deployed as working capital.

On March 5, 2022 a number of machines were installed and operational at a site near Buffalo in New York State, USA. The bulk of the equipment was shipped to Columbus in the State of Georgia and mining commenced in late May. However, due to poor prices for bitcoin and high electricity charges, mining operations ceased temporarily at both sides by June 2022 whilst efforts intensified in the search for a more cost-effective site.

The accompanying consolidated financial statements reflect the activities of the Company and each of the following entities:

| <u>Name of entity</u>     | <u>Background</u>                   | <u>Ownership</u>                     |
|---------------------------|-------------------------------------|--------------------------------------|
| ABit Hong Kong Limited    | Investment Holding                  | 100% owned by Moxian (BVI) Inc       |
| ABit USA Limited          | Bitcoin Mining                      | 100% owned by ABit Hong Kong Limited |
| Beijing BitMarix Co. Ltd. | Inhouse Treasury and Administration | 100% owned by ABit Hong Kong Limited |

**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 include all the subsidiaries of the Group. The financial year-end of the Company is December 31 while that of the predecessor company is September 30. The consolidated results are presented as of the period ended June 30, 2023 and June 30, 2022. All intercompany transactions and balances have been eliminated in the consolidation.

**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.

**MOXIAN (BVI) INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Summary of principal accounting policies (continued)**

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

Cash includes cash on hand and demand deposits in accounts maintained with commercial banks. The Company considers all highly liquid investment instruments with an original maturity of three months or less from the date of purchase to be 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.

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.

Property, Equipment and Vehicles, 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:

|           |           |
|-----------|-----------|
| Equipment | 2-6 years |
| Vehicless | 2-6 years |

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.

**MOXIAN (BVI) INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### 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.

#### Digital assets

Digital assets (including USDC) are included in current assets in the accompanying consolidated balance sheets. Digital assets purchased are recorded at cost and digital assets awarded to the Company through its mining activities are accounted for in connection with the Company's revenue recognition policy disclosed below.

Digital assets held are accounted for as intangible assets with indefinite useful lives. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the digital assets at the time its fair value is being measured.

In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted.

Purchases of digital assets by the Company, if any, will be included within investing activities in the accompanying consolidated statements of cash flows, while digital assets awarded to the Company through its mining activities are included within operating activities on the accompanying consolidated statements of cash flows. The sales of digital assets are included within investing activities in the accompanying consolidated statements of cash flows and any realized gains or losses from such sales are included in "realized gain (loss) on exchange of digital assets" in the consolidated statements of operations and comprehensive income (loss). The Company accounts for its gains or losses in accordance with the first-in first-out method of accounting.

#### Revenue recognition

The Company recognizes revenue in accordance with ASC 606 Revenue from Contracts with Customers ("ASC 606").

To determine revenue recognition for contracts with customers, the Company performs the following five steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will *not* occur, (iv) allocate the transaction price to the respective performance obligations in the contract, and (v) recognize revenue when (or as) the Company satisfies the performance obligation.

Providing computing power in digital asset transaction verification services is an output of the Company's ordinary activities. The provision of such computing power is the only performance obligation in the Company's contracts with mining pool operators. The transaction consideration the Company receives, if any, is noncash consideration. ASC 606-10-32-21 requires entities to measure the estimated fair value of noncash consideration at contract inception. Because the consideration to which the Company expects to be entitled for providing computing power is entirely variable, as well as being noncash consideration, the Company assesses the estimated amount of the variable noncash consideration at contract inception and subsequently, to determine when and to what extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty associated with the variable consideration is subsequently resolved. Because it is probable that a significant reversal of cumulative revenue will not occur and the Company is able to calculate the payout based on the contractual formula. This amount should be estimated and recognized in revenue upon inception, which is when hash rate is provided.

For reasons of operational practicality, the Company applies an accounting convention to use the daily quoted closing U.S. dollar spot rate of digital asset each day to determine the fair value of digital asset on the date received, which is not materially different than the fair value at contract inception or the time the Company has earned the award from the pools.

Fair value of the digital assets award received is determined using the quoted price of the related digital assets at the time of receipt. There is currently no specific definitive guidance under US GAAP or alternative accounting framework for the accounting for digital assets recognized as revenue or held, and management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacted by the FASB, the Company may be required to change its policies, which could have an effect on the Company's consolidated financial position and results from operations.

#### 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.

**MOXIAN (BVI) INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2.Summary of principal accounting policies (continued)”**

**Income taxes (continued)**

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.

**Foreign currency transactions and translation**

The reporting currency of the Company is United States Dollars (the “USD”) and the functional currency of the PRC subsidiary is the Renminbi (“RMB”).The functional currency of ABit Hong Kong is the Hong Kong Dollar (the “HKD”).

For financial reporting purposes, the financial statements of the various subsidiaries are prepared using their respective functional currencies, e 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 losses are recognized in the statements of operations and comprehensive loss.

The exchange rates applied are as follows:

| <b>Balance sheet items, except for equity accounts</b> | <b>June 30, 2023</b> | <b>December 31, 2022</b> |
|--|----------------------|--------------------------|
| RMB:USD  | 7.2258               | 6.8979                   |
| HKD:USD  | 7.8322               | 7.7990                   |

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

|         | <b>June 30, 2023</b> | <b>June 30, 2022</b> |
|---------|----------------------|----------------------|
| RMB:USD | 6.9291               | 6.4783               |
| HKD:USD | 7.8392               | 7.8257               |

**Earnings per share**

Basic gain 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.

**Recent Accounting Pronouncements**

In December 2019, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU 2019-12”). ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions and enhances and simplifies various aspects of the income tax accounting guidance in ASC 740. ASU 2019-12 was effective January 1, 2021. The adoption of ASU 2019-12 did not have any impact on the Company’s consolidated financial statement presentation or disclosures.

**MOXIAN (BVI) INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Recent Accounting Pronouncements (continued)

In August 2020, the FASB issued ASU 2020-06, Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging— Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (“ASU 2020-06”). ASU 2020-06 simplifies the accounting for convertible debt by eliminating the beneficial conversion and cash conversion accounting models. Upon adoption of ASU 2020-06, convertible debt proceeds, unless issued with a substantial premium or an embedded conversion feature that is not clearly and closely related to the host contract, will no longer be allocated between debt and equity components. This modification will reduce the issue discount and result in less non-cash interest expense in financial statements. ASU 2020-06 also updates the earnings per share calculation and requires entities to assume share settlement when the convertible debt can be settled in cash or shares. For contracts in an entity’s own equity, the type of contracts primarily affected by ASU 2020-06 are freestanding and embedded features that are accounted for as derivatives under the current guidance due to a failure to meet the settlement assessment by removing the requirements to (i) consider whether the contract would be settled in registered shares, (ii) consider whether collateral is required to be posted, and (iii) assess shareholder rights. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, and only if adopted as of the beginning of such fiscal year. The Company adopted ASU 2020-06 effective January 1, 2021. The adoption of ASU 2020-06 did not have any impact on the Company’s consolidated financial statement presentation or disclosures.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326) (“ASU 2016-13”), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. ASU 2016-13 replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. ASU 2016-13 is to be adopted on a modified retrospective basis. As a smaller reporting company, ASU 2016-13 will be effective for the Company for interim and annual reporting periods beginning after December 15, 2022. The Company is currently evaluating the impact that the adoption of ASU 2016-13 will have on its consolidated financial statement presentations and disclosures.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles – Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment (“ASU 2017-04”). ASU 2017-04 eliminates Step 2 of the two-step goodwill impairment test, under which a goodwill impairment loss was measured by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount of that goodwill. ASU 2017-04 requires only a one-step quantitative impairment test, whereby a goodwill impairment loss is measured as the excess of a reporting unit’s carrying amount over its fair value (not to exceed the total goodwill allocated to that reporting unit). Adoption of the ASUs is on a modified retrospective basis. As a smaller reporting company, the standard will be effective for the Company for interim and annual reporting periods beginning after December 15, 2022. The Company is currently evaluating the impact that the adoption of ASU 2017-04 will have on its consolidated financial statement presentation or disclosures.

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share (Topic 260), Debt — Modifications and Extinguishments (Subtopic 470-50), Compensation — Stock Compensation (Topic 718), and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (“ASU 2021-04”). ASU 2021-04 provides guidance as to how an issuer should account for a modification of the terms or conditions or an exchange of a freestanding equity-classified written call option (i.e., a warrant) that remains classified after modification or exchange as an exchange of the original instrument for a new instrument. An issuer should measure the effect of a modification or exchange as the difference between the fair value of the modified or exchanged warrant and the fair value of that warrant immediately before modification or exchange and then apply a recognition model that comprises four categories of transactions and the corresponding accounting treatment for each category (equity issuance, debt origination, debt modification, and modifications unrelated to equity issuance and debt origination or modification). ASU 2021-04 is effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. An entity should apply the guidance provided in ASU 2021-04 prospectively to modifications or exchanges occurring on or after the effective date. Early adoption is permitted for all entities, including adoption in an interim period. If an entity elects to early adopt ASU 2021-04 in an interim period, the guidance should be applied as of the beginning of the fiscal year that includes that interim period. The adoption of ASU 2021-04 is not expected to have any impact on the Company’s consolidated financial statement presentation or disclosures.

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance. This update requires certain annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy. This update is effective for annual periods beginning after December 15, 2021, and early application is permitted. This guidance should be applied either prospectively to all transactions that are reflected in financial statements at the date of initial application and new transactions that are entered into after the date of initial application or retrospectively to those transactions. The Company does not expect the impact of this guidance to have a material impact on the Company’s consolidated financial statements.

The Company’s management does not believe that any other recently issued, but not yet effective, authoritative guidance, if currently adopted, would have a material impact on the Company’s financial statement presentation or disclosures.

**MOXIAN (BVI) INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. Prepayments and other receivables**

|                               | <u>June 30, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------|----------------------|--------------------------|
| Bitcoin project in Kazakhstan | \$ 141,520           | \$ -                     |
| Prepayments for machines      | 3,334,784            | 2,374,700                |
| Others                        | 10,319               | 10,276                   |
|                               | <u>\$ 3,486,623</u>  | <u>\$ 2,384,976</u>      |

The Bitcoin project refers to an unincorporated joint venture with a local party in Kazakhstan under a trust agreement.

The prepayments for machines are for the new project in Tennessee which have yet to be delivered as at June 30, 2023. The machines will be delivered in the second half of the year.

**4. Digital assets**

Digital assets comprise holdings of:

|   | <u>June 30, 2023</u> | <u>December 31, 2022</u> |
|---|----------------------|--------------------------|
| <b>USDC:</b>  |                      |                          |
| Balance at January 1  | \$ 7,000,000         | \$ 5,000,000             |
| Proceeds from issuance of new ordinary shares               | -                    | 33,200,000               |
| Disbursements for equipment purchase and construction works | (2,378,040)          | (31,200,000)             |
| Balance at June 30/December 31                              | <u>\$ 4,621,960</u>  | <u>\$ 7,000,000</u>      |
| <b>BTC:</b>   |                      |                          |
| Balance at January 1  | \$ 87,747            | -                        |
| Receipts as mining income                                   | 7,272                | 87,747                   |
| Balance at June 30/December 31                              | <u>\$ 95,019</u>     | <u>\$ 87,747</u>         |

During the first half of 2023, the Company disbursed some USDC for equipment purchases and for certain construction works.

The Company earned the 0.2386 BTC from the Kazakhstan project, which is recorded at the market value of \$7,272 on production date,

For the period ended June 30, 2023, the Company did not consider it necessary to recognize any allowance for the impairment of the USDC and BTC.

**5. Property, equipment and vehicles**

|                                 | <u>2023</u> | <u>2022</u> |
|---------------------------------|-------------|-------------|
| <b><u>Equipment</u></b>         |             |             |
| <b>Cost</b>                     |             |             |
| At January 1                    | 18,684,800  | 17,911,000  |
| Additions                       | 0           | 773,800     |
| At June 30/December 31          | 18,684,800  | 18,684,800  |
| <b>Accumulated depreciation</b> |             |             |
| At January 1                    | 6,228,200   | 0           |
| Charge for the period/year      | 2,802,735   | 6,228,200   |
| At June 30 /December 31         | 9,030,935   | 6,228,200   |
| <b>Net book value</b>           |             |             |
| At June 30/December 31          | 9,653,865   | 12,456,600  |
| <b><u>Vehicles</u></b>          |             |             |
| <b>Cost</b>                     |             |             |
| At January 1                    | 133,308     | 133,308     |
| <b>Accumulated depreciation</b> |             |             |
| At January 1                    | 36,500      | 0           |
| Charge for the period/year      | 14,521      | 36,500      |
| At June 30/December 31          | 51,021      | 36,500      |
| <b>Net book value</b>           |             |             |
| At June 30/December 31          | 82,287      | 96,808      |

|                          |            |            |
|--------------------------|------------|------------|
| Cost                     | 18,818,108 | 18,818,108 |
| Accumulated depreciation | 9,081,956  | 6,264,700  |
| Net book value           | 9,736,152  | 12,553,408 |

#### **6. Construction-in-progress**

The Company acquired a piece of land in Duff, near the city of La Follette in the State of Tennessee and is building a mining center at this site. The cost of the land was \$1,200,000 and the remaining expenditure represents various costs of the construction, including land clearance and preparation, engineering and civil works as at June 30, 2023. The mining center should be completed and begin mining operations in the last quarter of 2023.



**MOXIAN (BVI) INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7. Income taxes**

The Company and its subsidiaries file separate income tax returns.

*United States of America*

ABit USA was incorporated in April 2022 and will have to file a tax return for the year ending December 31, 2022.

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 cooperated 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 a one-time income tax payable in 8 years.

*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*

ABit Hong Kong did not earn any income that was derived in Hong Kong since its incorporation and is therefore not to any Hong Kong profits tax.

**MOXIAN (BVI) INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7. 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.

The Company's effective income tax rate was 0% for the period of six months to June 30, 2023 and June 30, 2022. Because of losses, the Company has had no tax liability.

|   | <u>June 30, 2023</u> | <u>June 30, 2022,</u> |
|---|----------------------|-----------------------|
| 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)%              | (25.0)%               |
| Effective tax rate                        | <u>0%</u>            | <u>0%</u>             |

**8. Commitments and contingencies**

As of June 30, 2023, the Company had commitments on the purchase of equipment noted amounting to about \$5.3 million for the machines at the new mining center. The note 3 indicated that \$3.5 million had been paid and the remaining \$1.8 million will be paid in the second half of the year.

**9. Subsequent event**

In August, 2023, the Company incorporated another wholly-owned subsidiary called Aibit USA, Inc in the State of Delaware. It has yet to begin operation as of the date of this report.

**Moxian (BVI) Inc Reports Unaudited Financial Results for the First Half of 2023**

Following a very difficult year in 2022, when bitcoin prices to a low of about \$15,000, 2023 began with a more cheerful note. Bitcoin prices on average for the six months to June 2023 hover around the \$26,000 mark.

For the Company, the immediate priority was the location of a new permanent site for its bitcoin operations. The earlier site, Columbus in Georgia proved to be untenable following volatile electricity prices as a result of the outbreak of the Ukraine War. Following intensive site searches, the Company decided to buy an outright piece of barren land for \$1.2 million in April. Measuring about 1.8 acres and located in the town of Duff, near La Follette in the State of Tennessee, the site was chosen as its power supply was stable and prices competitive. Site clearance, levelling and preparation began in earnest in May, followed by the other major works, such as control room/office construction, electrical and plumbing works. An agreement with the local utility board was signed in August and by the end of September, a brand-new mining center was in place.

The Company also took the opportunity of a depressed market in 2022 to place an advance order for six units of supercomputing servers S19 XP for \$5.3 million to be delivered on a progressive basis from the last quarter of the year. This additional purchase, together with the earlier fleet of equipment shipped from China, will ensure that the Company had enhanced computing power for its mining activities when site mining begin in the last quarter of the year.

The financial analysis of the results of operations for the six months to June 30, 2023 as compared to the corresponding period have to be evaluated from an understanding that the operations in the two periods were largely different. In the period to June 30, 2022, the Company enjoyed about four months of operational activity before the effects of the skyrocketing electricity costs made it unprofitable to continue. In the current period to June 30, 2023, the Company's focus was on the construction of its new and permanent center and the results only comprise of a minor operation in Kazakhstan which started at the end of May. Only a meagre \$7,272 was reported as revenue against \$40,000 in the previous year.

As far as costs were concerned, the current year's total includes operational US-based staff which did not exist in the corresponding period last year. The net result was a loss for the six months to June 30, 2023 of \$3.5 million, compared to a loss of \$922,000 in the corresponding period in 2022.

In the Balance Sheet comparison, cash and cash equivalents saw a slight dip of just under a million, a large part of which was in payment of invoices for the construction work-in-progress which amount to \$1.5 million at the end of June 2023. Depreciation and other charges accounted for the net drop in total assets of the Company.

As of the date of this report, the new mining facility at Duff near La Follette, based on a new generation of hydro power, is virtually completed and the Company expects results going forward to be increasingly better.

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MOXIAN (BVI) INC.  
CONSOLIDATED BALANCE SHEETS

|  | Note | <u>As of</u><br><u>June 30, 2023</u><br><u>(Unaudited)</u> | <u>December 31, 2022</u> |
|--|------|--|--------------------------|
| <b>ASSETS</b>  |      |  |                          |
| <b>Current Assets</b>  |      |  |                          |
| Cash and cash equivalents  |      | \$ 1,538,831   | \$ 2,505,286             |
| Prepayments and other receivables  | 3    | 3,486,623  | 2,384,976                |
| Total current assets   |      | 5,025,454  | 4,890,262                |
| Digital assets   | 4    | 4,716,979  | 7,087,747                |
| Property, equipment and vehicles   | 5    | 9,736,152  | 12,553,408               |
| Construction-in-progress   | 6    | 1,522,949  | -                        |
| <b>TOTAL ASSETS</b>  |      | <u>21,001,534</u>  | <u>24,531,417</u>        |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |      |  |                          |
| Other payables and accruals  |      | <u>\$ 541,356</u>  | <u>\$ 613,455</u>        |
| <b>Stockholders' Equity</b>  |      |  |                          |
| Preferred stock, \$0.001010 par value, authorized; 50,000,000 shares, 5,000,000 shares issued and outstanding as of June 30, 2023 and December,31 2022 |      | \$ 5,050   | \$ 5,050                 |
| Common stock, \$0.001 par value, authorized: 50,000,000 shares. Issued and outstanding: 35,554,677 shares as of June 30, 2023 and December,31, 2022    |      | 35,554   | 35,554                   |
| Additional paid-in capital   |      | 89,290,193   | 89,290,193               |
| Accumulated deficit  |      | (68,811,550)   | (65,308,474)             |
| Accumulated other comprehensive income   |      | (59,069)   | (104,361)                |
| <b>Total Shareholders' Equity</b>  |      | <u>20,460,178</u>  | <u>23,917,962</u>        |
| <b>Total Liabilities and Shareholders' Equity</b>  |      | <u>\$ 21,001,534</u>                                       | <u>\$ 24,531,417</u>     |

MOXIAN (BVI) INC.  
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

|   | <b>Six Months Ended<br/>June 30, 2023</b> | <b>Six Months Ended<br/>June 30, 2022</b> |
|---|---|---|
| Revenue   | \$ 7,272                                  | \$ 40,422                                 |
| Direct costs of revenue   | (14,666)                                  | (15,377)                                  |
| Other operating costs   | (2,802,735)                               | (161,540)                                 |
| Loss from operations  | (2,810,129)                               | (136,495)                                 |
| General and administrative expenses                             | (692,947)                                 | (785,579)                                 |
| Other income  |   |   |
| Loss before tax   | (3,503,076)                               | (922,074)                                 |
| Income tax  | -   | -   |
| Loss after tax  | (3,503,076)                               | (922,074)                                 |
| Foreign exchange adjustment                                     | 45,292                                    | -   |
| Comprehensive loss for the period                               | \$ (3,457,784)                            | \$ (922,074)                              |
| Basic and diluted loss per ordinary share                       | \$ (0.097)                                | \$ (0.026)                                |
| Basic and diluted average number of ordinary shares outstanding | 35,554,677                                | 35,554,677                                |

MOXIAN (BVI) INC.  
 UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES TO STOCKHOLDERS' EQUITY (DEFICIT)

|                                   | Preferred Shares |        | Ordinary Shares |        | Additional<br>paid-in<br>capital | Accumulated<br>deficit | Accumulated<br>other<br>comprehensive<br>income | Total        |
|-----------------------------------|------------------|--------|-----------------|--------|----------------------------------|------------------------|---|--------------|
|                                   | Number           | Amount | Number          | Amount |                                  |                        |   |              |
| <b>Balance, June 30, 2022</b>     | 5,000,000        | 5,050  | 35,554,677      | 35,554 | 82,290,193                       | (44,710,434)           | \$ 613,734                                      | 45,234,097   |
| Net loss for the period           | -                | -      | -               | -      | -                                | (20,598,040)           | (718,095)                                       | (21,316,135) |
| <b>Balance, December 31, 2022</b> | 5,000,000        | 5,050  | 35,554,677      | 35,554 | 82,290,193                       | (65,308,474)           | (104,361)                                       | 23,917,962   |
| Net loss for the period           | -                | -      | -               | -      | -                                | (3,503,076)            | 45,292  | (3,457,784)  |
| <b>Balance, June 30, 2023</b>     | 5,000,000        | 5,050  | 35,554,677      | 35,554 | 82,290,193                       | (68,811,550)           | (59,069)  | 20,460,178   |

MOXIAN (BVI) INC.  
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

|  | <b>For the Six Months<br/>Ended<br/>June 30, 2023</b> | <b>For the Six Months<br/>Ended<br/>June 30, 2022</b> |
|--|---|---|
| Net loss for the period                                    | \$ (3,503,076)  | \$ (922,074)  |
| Adjustment to reconcile cash used in operating activities: |   |   |
| Depreciation of property, and equipment                    | 2,817,256   |   |
|  | (685,820)   | (922,074)   |
| Changes in operating assets and liabilities:               |   |   |
| Accounts receivable  | 53  | (419,621)   |
| Prepayments and other deposits                             | (1,101,604)   | (531,200)   |
| Other payables and accruals                                | (71,974)  | (1,049,573)   |
| USDC   | 2,370,769   | (3,440,422)   |
| Fixed assets   | (1,522,949)   | (29,933,308)  |
| Cash used in operating activities                          | (1,011,525)   | (36,296,198)  |
| Cash raised in financing activities:                       |   |   |
| Proceeds from issue of new ordinary shares                 | -   | 40,000,000  |
|  | (1,011,525)   | 3,703,802   |
| Effect of exchange rates on cash and cash equivalents      | 45,070  | (410,845)   |
| Net increase in cash and cash equivalents                  | (966,455)   | 3,292,957   |
| Cash and cash equivalents, beginning of period             | 2,505,286   | 2,507,404   |
| Cash and cash equivalents, end of period                   | \$ 1,538,831  | \$ 5,800,361  |