



MERCURITY

Nasdaq : MFH

BITCOIN MINING

To be the World's Most Appealing Profit-

Sharing BTC Mining Operator

Business Plan

2021-2025



EXECUTIVE SUMMARY

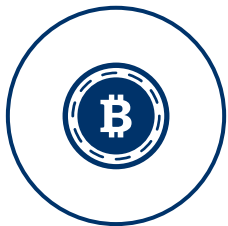
ABOUT US

Mercurity Fintech Holding Inc. (MFH) is a NASDAQ-listed company. MFH is a digital fintech group powered by blockchain technology. In 2020, the company's primary business scope included digital asset trading, asset digitization, cross-border remittance, and other services, providing compliant, professional, and highly efficient digital financial services to its customers. In the first half of 2021, with the new management team, MFH repositioned its strategic focus on Bitcoin mining, digital currency investment and trading, and other related fields. This shift has enabled the company to deepen its involvement in all aspects of the blockchain industry, from production to circulation.

This business plan is to focus on MFH's Bitcoin mining business in the next five years. MFH's digital currency investment and transaction business is under planning.

1. Since the end of 2020, the price of Bitcoin has continued to rise, and the battle for computing power has become increasingly fierce with heightened mining difficulty and raising barriers to entry.
2. China's mining ban has played favorably for overseas mining companies seeking merger or collaboration opportunities. Overseas mining funds have accelerated their entry to China, grabbing computing power with force and speed.
3. In the next five years, MFH will focus on Bitcoin mining and launch an attractive monthly dividend scheme.
4. Our leadership team has extensive blockchain industry background and comprehensive supply chain resources, effectively driving our mining business development.
5. We plan to run our mining operation in Singapore. We have also started the downstream digital currency investment and trading operation in Hong Kong.
6. We plan to purchase 150,000 mining machines in the next five years, which will drive our owned computing power to 6EH/s plus, close to 3% of the total network computing power.
7. We estimate that by 2025, MFH will be able to mine a total of 16,000 bitcoins, valued at above 1 billion U.S. dollars.
8. We expect the company's mining revenue to reach 320 million U.S. dollars in 2025, and the cumulative monthly dividend for four consecutive years will exceed 130 million U.S. dollars.
9. We plan to raise 10 million U.S. dollars this year, mainly to purchase mining machines and mine construction.

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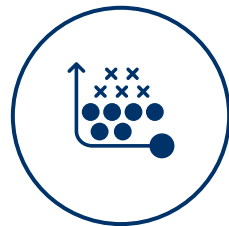
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行业分析

INDUSTRY ANALYSIS

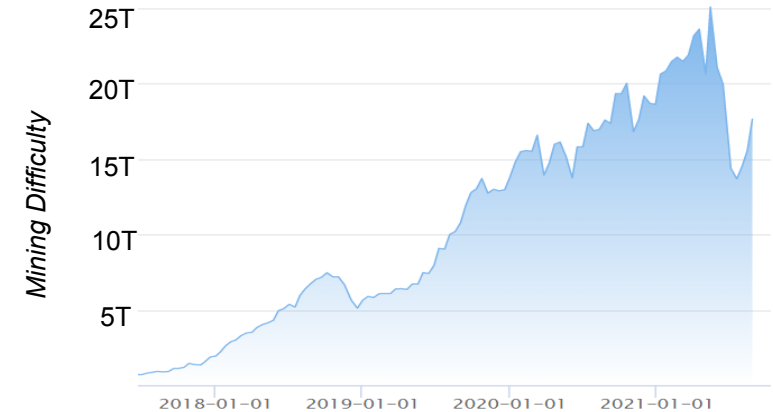
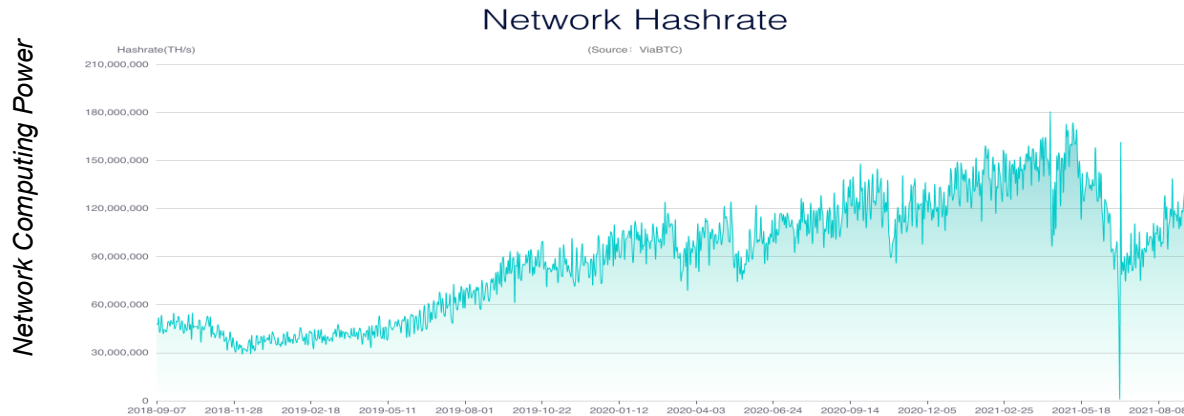




Rising Bitcoin Prices / More Fierce Computing Power Battle / Heightened Mining Difficulty / Rising Barriers to Entry



Since the end of 2020, the expectations of Bitcoin as "digital gold" and "anti-inflation" have been further strengthened, and Bitcoin prices have repeatedly hit new highs. However, there is no linear relationship between the rising Bitcoin prices and the mining revenues. "Bitcoin price increase does not lead to mining income increase." The number of Bitcoins that miners can dig is positively correlated with the ratio of "owned computing power/network computing power" on the revenue side. When the Bitcoin price rises, the network computing power increases in theory. However, due to the shortage of semiconductors over the past two years, mining machines have been hindered, leading to a slow network computer power increase. As such, the ratio of "owned computing power/the network computing power" did not decrease. The number of Bitcoins that the miners can dig did not fall, which is good news for the miners. On the cost side, the mining machine manufacturers decide their pricing based on the cost-pay-back period. When the Bitcoin price rises, the return period is shortened, the mining machine prices increase, and the cost of mining increases as well. As a result, there is downward pressure on the mining net income, detrimental to the miners. With the continuous decrease in the total number of minable Bitcoins, the difficulty of mining continues to increase. Mining institutions and mining machine manufacturers with large reserves of computing power early on are constantly growing their mining activities. The competition for computing power is becoming increasingly fierce, and the industry's barriers to entry are building up.





China's mining ban has played favorably for overseas mining companies seeking merger or collaboration opportunities



Overseas mining funds are accelerating their entry to China, grabbing computing power with force and speed. MARA, RIOT, and BTBT have the first-mover advantage, and The9 Ltd. (NASDAQ: NCTY) is fast growing. According to the latest industry statistics, ten overseas mining stocks that disclosed their information hold a total of nearly 21EH/s Bitcoin computing power, accounting for 16% of the entire network. Within this group, MARA, RIOT, and BTBT together hold 82% of the 21EH/s computing power, accounting for 10.3 EH/s (52%), 3.8 EH/s (19%), and 2.2 EH/s (11%), respectively. The first-mover advantage is obvious. NCTY, after announced transformation, has also increased its mining machine procurement and recorded faster growth.

In the global Bitcoin mining network, Chinese miners have always occupied a dominant position. The Chinese computing power pool accounted for 65% of the total network computing power two years ago, according to multiple authoritative sources. However, in May 2021, China began to completely ban cryptocurrency mining activities, paralyzing the industry, producing more than half of the global Bitcoin output. Since then, many Chinese mining companies have begun selling mining machines or seeking a way out in the United States, Kazakhstan, or other places. At the same time, many Chinese concept stock mining companies have begun to raise funding to purchase more mining machines and build new mines overseas. When commenting on China's recent ban on Bitcoin mining, David Marcus, Head of Facebook Financial, said that the decision created a great opportunity for Bitcoin development. He appreciated the mining rights transfer to the West.

图表 15: 2020 年底, 比特币价格一路攀升



资料来源: CoinMarketCap, 国盛证券研究所

图表 16: 2017Q4-2018Q1 入局者较多

公司名	首次收购矿机时间	挖矿前的主要行业
Bitfarms	2017Q4	自然资源
Marathon Patent Group	2018.2	矿产勘测、知识产权
Hive Blockchain Technologies	2017.12	黄金挖矿
第九城市	2021.2	网络游戏
SOS	2021.1	信息安全
Bit Digital	2020.5	P2P
MGT Capital Investment	2019.7	投资
Ault Global Holdings	2018.1	投资
Riot Blockchain	2017.11	生物技术
Digihost Technology	2018.1	比特币挖矿

资料来源: 公司公告, 国盛证券研究所



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公司介绍

COMPAMY PROFILE



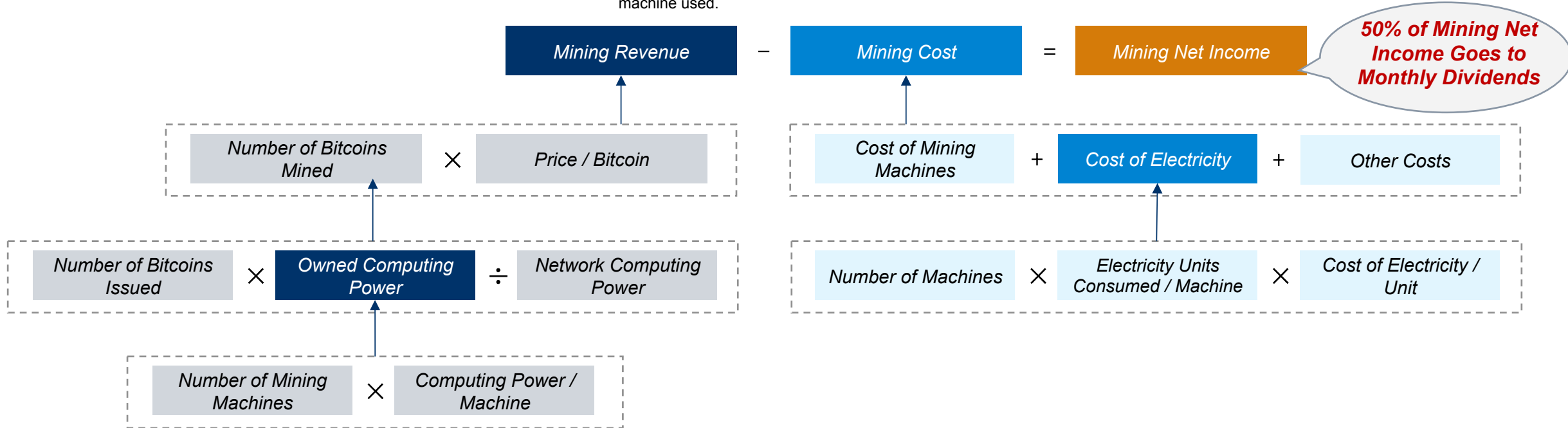


MFH will focus on Bitcoin mining and launch an attractive monthly dividend scheme



- ✓ MFH has certain advantages related to mining machine supplier resources, which allows the company to be able to purchase more and better-performing mining machines at a lower price
- ✓ MFH has excellent mine resources in North America, Southeast Asia and other regions, allowing the company access to lower-cost electricity
- ✓ MFH's unique dividend scheme will attract more investors to share mining profits

The key factors affecting the on-the-book Bitcoin mining revenue are the number of Bitcoins that the miner can mine and the Bitcoin price. The ratio between the owned and network computing power determines the total number of Bitcoins that a miner can secure, the higher the ratio, the greater the probability that the miner will win the network bookkeeping right, hence the more Bitcoins that can be mined. The main factors affecting the cost of Bitcoin miners are the mining machine purchase price, the power consumption of the mining machine, and the cost of electricity. Within the cost items, the mining machine price is a fixed cost. The mining machine determines the level of power consumption. The cost of electricity is a variable cost, related to the type of mining machine used.





Our leadership team has extensive industry background and rich supply chain resources, which can effectively drive our mining business development

**ZHU,
Melon**

**Chairman of
the Board &
CEO**

Melon is a leading Chinese IT professional, blockchain expert, a pioneer in Internet finance, and a well-known investor in the field of financial technology. He has a solid knowledge base in computer science. He is also among the earliest Chinese operators and investors who are well versed in the business eco-system powered by the Internet, big data, and cloud technology. Melon served as the General Manager of Sales at a training company from 2012 to 2015, mainly responsible for the company's Southwest Region overseas business development. He served as the Vice President of Strategic Partnership of Hong Kong Yuanrui Group from 2016 to 2018, in charge of high-frequency trading, matching engine, software development and big data research on quantitative transactions. From 2019 to 2021, Melon served as the CEO of Singapore Wanxiang, a fintech company that provides financial solutions for start-ups, and small to medium-sized businesses. He provided strategic leadership to the company operations and led merge and acquisition activities.

**XU,
Ryan**

CSO

Ryan is the co-founder of Australian blockchain company BlockChain Global, Australian fully-licensed financial company Collinstar Capital, and Chinese intermediary wealth management platform Rongyitong Internet Financial Services Co., Ltd.. He is a most influential thought-leader within Chinese digital currency and blockchain community. Ryan is also a member of the Asian DACA Blockchain Association and the chairman of the HCash Foundation. Ryan has been committed to the Bitcoin industry since 2014 and has extensive experience in blockchain, mining and investment. Ryan graduated from Shanghai Jiaotong University with a bachelor's degree in electronic information and electrical engineering. Ryan will be the driving force behind the company's strategic shift to Bitcoin mining. Building on his industry expertise, he will lead blockchain technology development, market expansion, and the utilization of new platforms in a rapidly changing business environment.

**QIU,
Shi**

COO

Mr. Shi Qiu graduated from Zhejiang University and the School of Public Administration of Tsinghua University with a bachelor's and a master's degree in management, respectively. He has extensive experience in business management and innovation. Mr. Qiu entered the blockchain industry in 2015 and served as the head of blockchain business at North Mining and RMH Holdings, both public listed companies in HK. In 2018, Mr. Qiu led the first blockchain asset acquisition by a SEHK (Stock Exchange of Hong Kong) listed company, greatly contributing to the compliance and innovation of the Hong Kong blockchain industry. Mr. Qiu founded Token Technology Group in 2018, a leading digital asset mining technology company in the blockchain industry today.

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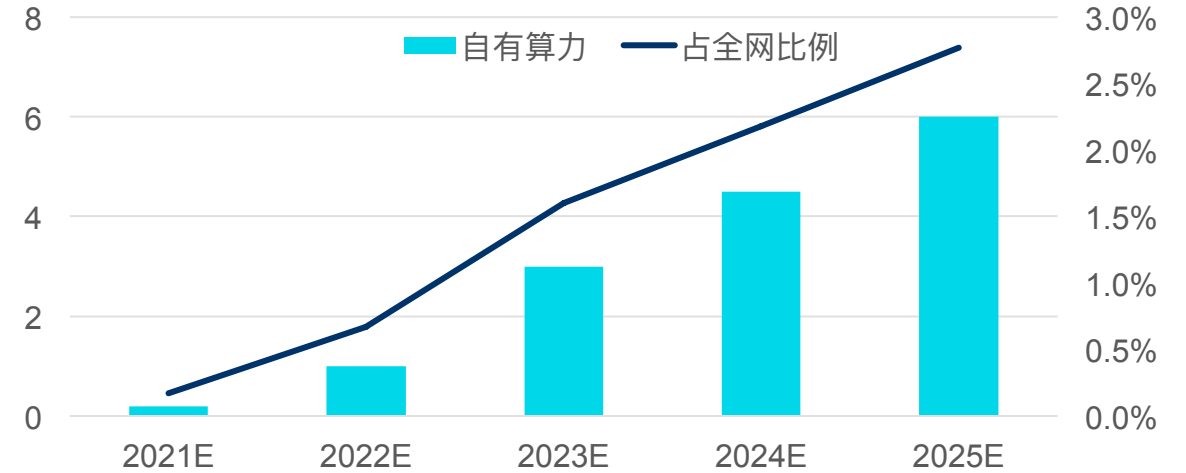
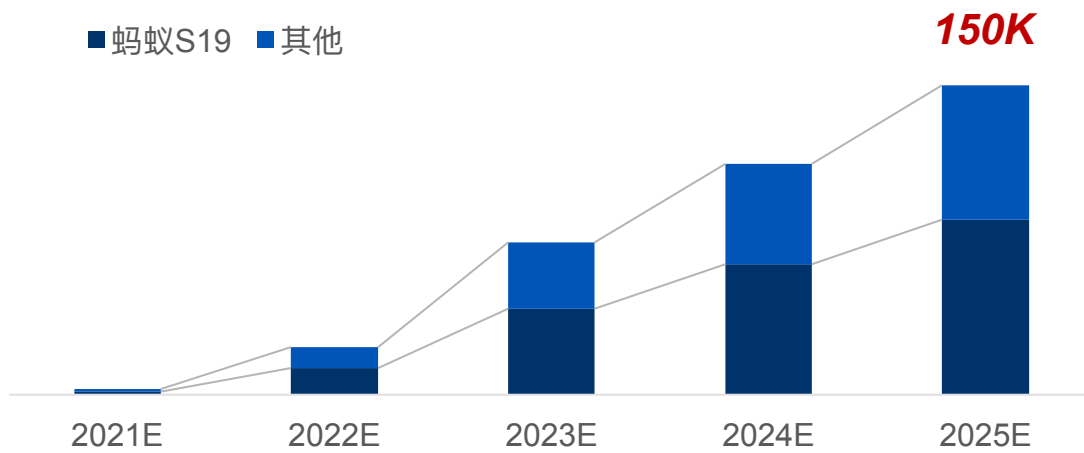
战略规划

STRATEGIC PLAN





MFH plans to purchase 150K mining machines within the next five years and reach owned computing power of 6EH/s plus



Subject		2021E	2022E	2023E	2024E	2025E
No. of Mining Machines	Ant-S19	1,474	13,262	42,736	64,842	86,948
	Other Models	1,132	10,188	32,830	49,812	66,792
Owned Computing Power	Computing Power Target	0.2EH/s plus	1EH/s plus	3EH/s plus	4.5EH/s plus	6EH/s plus
	Owned / Network %	0.17%	0.67%	1.60%	2.18%	2.77%
Investment (USD)	Mining Machines	14 M	107 M	253 M	153 M	162 M
	Mines	/	5 M	7 M	5 M	6 M

MFH plans to reach 3% of owned vs. network computing power in the next 5 years

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财务预测

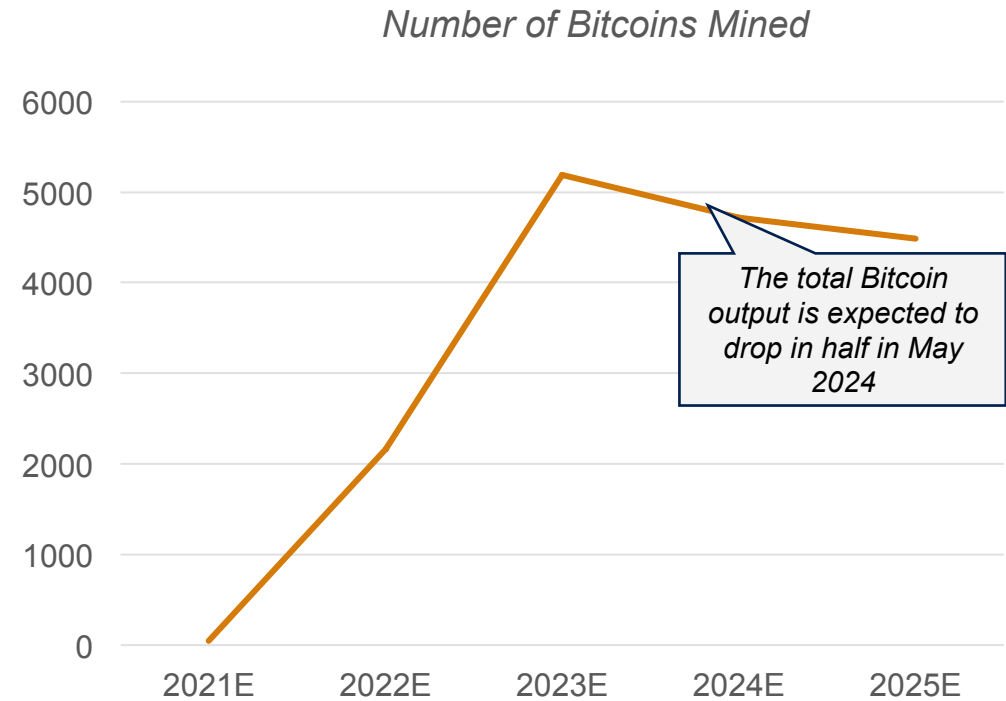
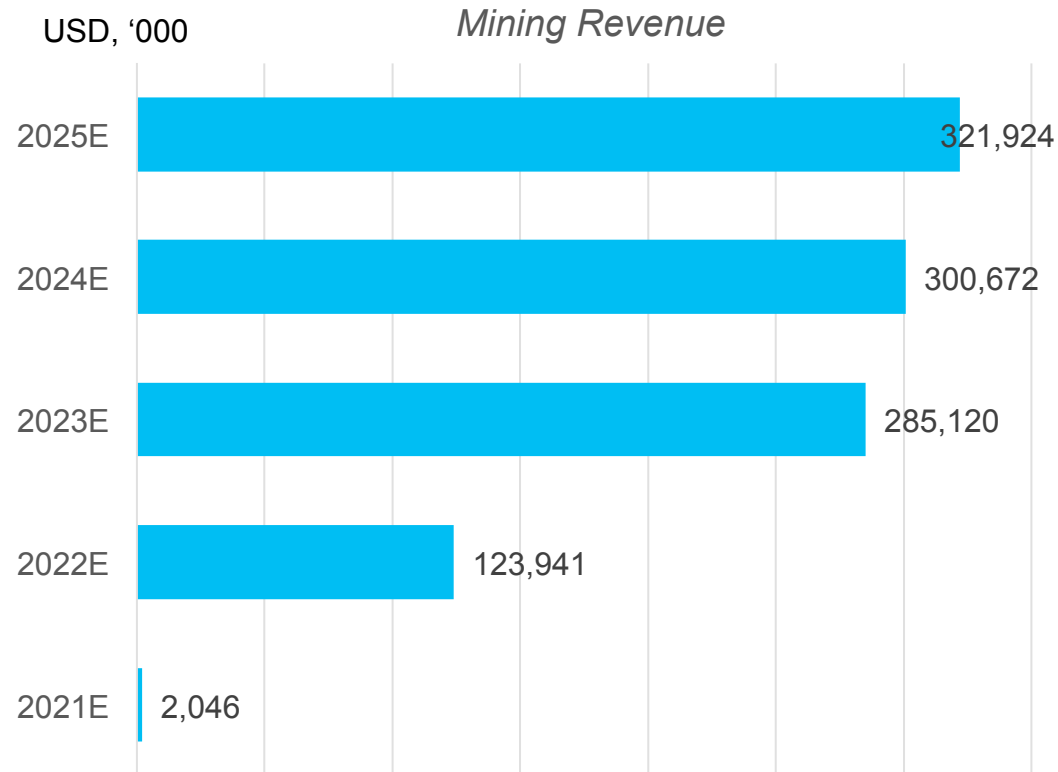
FINANCIAL FORECAST





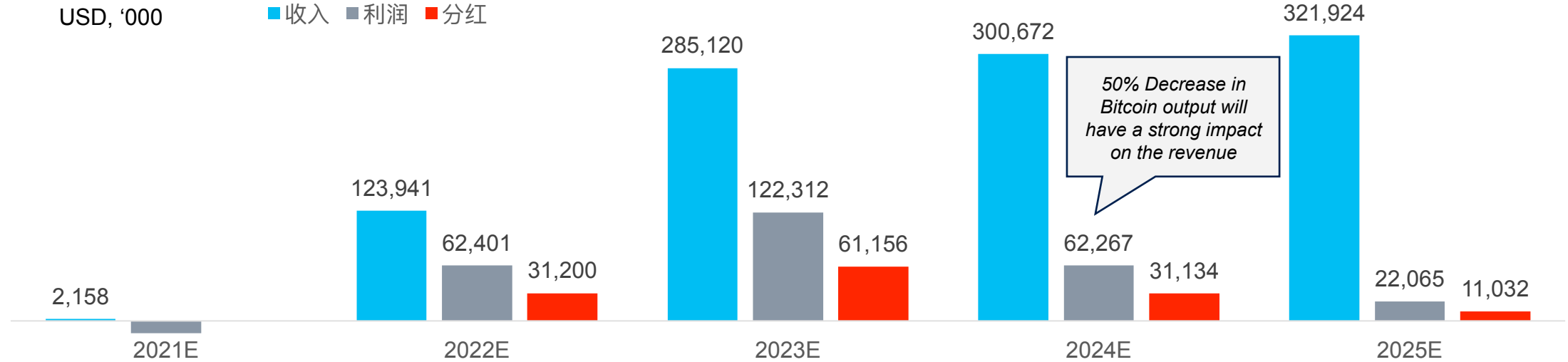
By the end of 2025, MFH expects to mine 16,000 Bitcoins with a total value over 1 billion US dollars

Subject	2021E	2022E	2023E	2024E	2025E
Estimated Bitcoins Mined	47	2,160	5,184	4,713	4,488
Estimated Bitcoin Price (USD)	44,000	57,380	55,000	63,800	71,725
Estimated Mining Revenue (USD, '000)	2,046	123,941	285,120	300,672	321,924





MFH's mining revenue is expected to reach USD 320 millions in 2025 with the 4-year accumulative monthly dividends surpassing USD 130 millions



Subject (USD, '000)	2021E	2022E	2023E	2024E	2025E
Mining Machine Depreciation Cost / Bitcoin	5	7	10	21	29
Electricity Cost / Bitcoin	12	10	13	22	30
Mine & Other Costs / Bitcoin	0.5	0.5	0.5	0.8	1.0
Total Cost / Bitcoin	17.5	17.5	23.5	43.8	60.0
Estimated Price / Bitcoin	44	57	55	64	72
GOP	26.5	39.5	31.5	20.2	12.0
GOP %	60%	69%	57%	32%	17%

Before the halving of Bitcoin output in May 2024, while the Bitcoin output remains unchanged, the network computing power continues to increase, and the electricity cost per Bitcoin also increases.



Thanks.

