MOQIZONE HOLDING CORPORATION

QUARTERLY REPORT FOR OTC PINK

MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Report for Period Ended June 30, 2014

OTC PINK: MOQZ
CUSIP Number: 058479 10 6

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this interim report. Our consolidated financial statements have been prepared in accordance with U.S. GAAP. In addition, our consolidated financial statements and the financial data included in this interim report reflect our reorganization and have been prepared as if our current corporate structure had been in place throughout the relevant periods. The following discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words "expect," "anticipate," "intend," "believe," or similar language. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our business and financial performance are subject to substantial risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements in evaluating our business, you should carefully consider the information set forth under the heading "Risk Factors" in our Registration Statement on Form S-1 filed with SEC on October 15, 2010. Readers are cautioned not to place undue reliance on these forward-looking statements.

Background and Overview

In 2009 and 2010, we operated as a Chinese online game delivery platform company that offered digital infrastructure solutions to China's online game industry. Through our subsidiary Shanghai MoqiZone and VIE SZ Alar, we provided the following product solutions and services:

- Installation of WiMAX CPE (Customer Premises Equipment) at internet cafes with connection to our proprietary Moqizone WiMAX Network; and
- Access to digital entertainment content such as online games, movies, and video hosted by the Company via the Moqizone WiMAX Network; and
- Installation of Netcafe Farmer which is a peer-to-peer program allowing real time gaming content updates for all the PCs within the internet cafes; and
- Publishing online gaming content and issuing prepaid cards for players.

As our business developed, we believe our business model could eliminate unnecessary cost associated with traditional digital media content delivery value chain. We commenced our business with Netcafe Farmer (see below). We also commenced reselling prepaid online game cards. We successfully deployed a few WiMAX test sites in Beijing, Suzhou and Shenzhen and commenced building out our MoqiZone WiMAX Network business in Chengdu. As of September 30, 2010, over 30 internet cafes in Chengdu had been installed with our WiMAX CPE and approximately 700 Internet Cafes were installed with Netcafe Farmer.

Netcafe Farmer in connection with our WiMAX Network provided the necessary backbone infrastructure to allow us to roll out our gaming services and products. As our business continued to develop, our revenue was mainly to be generated from cash collected from prepaid game cards. We provided a profit sharing online billing system for internet cafes, game providers, marketing promotion companies and ourselves, via www.moqizone.com. This allowed profit sharing through the universal Moqizone Prepaid Card. We believed that this would effectively discourage price wars on prepaid game cards at retail locations, help internet cafes avoid obsolete prepaid card inventory and provide a more user friendly payment system by unifying prepaid game cards across different content providers' games. The universal prepaid game card was distributed via internet cafes and collected through our Point of Sales system. In addition, our software provided real-time reporting, payment and customer tracking via www.moqizone.com to internet cafes and content providers. As such, Moqizone was data mine customer behavior for gaming community management.

On September 30, 2010, we commenced generating revenue from selling prepaid cards and had generated limited revenue from Netcafe Farmer. Since the fall of 2009, we had launched more than 30 WiMAX connected internet cafes in our test cities, however, they utilized our WiMAX Network free of charge for testing purposes and net yet producing revenue. Our goal was to deploy our online game content delivery platform on the WiMAX Network and via Netcafe Farmer in various targeted cities in China.

We intended to expand and redevelop Netcafe Farmer which already as of September 2010, had approximately 700 internet café customers and was generating revenue. Our target was to expand the customer base of Netcafe Farmer to also cover large scale residential development as well as school campuses.

We entered into business partnership with Win's Entertainment Limited ("Win's"), a major motion picture producing company in Hong Kong through a series of proprietary content agreements in November 2009. To date, we have developed one online game – "Flirting Scholars II Online" which began open beta testing on July 9, 2010 in parallel with road show of the original movie "Flirting Scholars II". The official approval of the Ministry of Culture was still pending due to the latest change of the rules and regulations of publishing online games in China in September 2010. After we are granted approval, we plan to begin generating revenue via the sale of this game. We are currently developing and working towards publishing the game outside of China in other portals or websites.

In July 2010, we entered into a share transfer agreement with Smart Lead Enterprises, Inc. to acquire 51% of Viva Red Limited ("Viva Red"), a company that acquires various licenses of mobile phone game and entertainment products and conducts value-added telecommunications services for mobile phones in China. Per the terms of the agreement, we made an initial cash deposit of approximately $148,000 and to date we made deposits totaling approximately $160,706. Once this transfer was completed, we planned to leverage Viva Red to help us achieve our long-term goal of providing mobile gaming platform and service to all China Telecom customers. We were developing our mobile gaming delivery platform, configuring mobile games for different mobile handsets and discussing forming strategic business partnership with various domestic and international content providers. Our plan was to roll out our delivery platform by the end of the third quarter of 2010 and begin generating revenue in the fourth quarter of 2010.

Once we finalized the acquisition of Viva Red, we intended to extend our game delivery platform to cover mobile phone users. The plan was to roll out our delivery platform by the end of the third quarter of 2010 and begin generating revenue in the fourth quarter of 2010.

Our key business development objectives for 2011 and 2012 were as follows:

- Growing and expanding our business penetration that serves Internet cafes throughout selected targeted cities in China; and
- Building a diverse gaming platform that serves traditional professional gamers, casual gamers, including mobile phone users; and
- Publishing internally developed games for both PC gamers and mobile users.

Despite achieving the foregoing with limited financing, we were a development stage company and had insufficient revenues to support the growth of our business and ongoing operations. As such, we were dependent upon the obtaining additional financing in the equity markets. Our investment banker, TriPoint Global Equities ("TriPoint") informed us that it would continue to seek investment capital for us in the fall of 2010 and we proceeded with our business plan believing that our successes up to that point and the interest in the Company would result in an additional equity raise. However, with the advent of the highly publicized China small cap accounting scandal in the 2010 Holiday season and the winter and spring of 2011, it became apparent to TriPoint and the Company that we would not be able to raise additional capital to support our operations and business plan. As a result, in May of 2011, we filed a Form 15-12G with the SEC withdrawing our registration and substantially curtailed our operations

while attempting to leverage our Spectrum ownership, knowledge and considerable industry contacts and move forward with our core business plan and several available offshoots with reduced budgets until we were able to find additional equity financing.

Throughout 2012 and 2013 the company operated continuously, maintaining its WiMAX spectrum and exploring possible partnerships and joint ventures with firms interested in utilizing our spectrum for various applications. In 2013 we had revenue of approximately $17,000 in revenue from a consultancy contract with Towngas Telecom which engaged us to assist them in utilizing their nationwide fibre optics networks for the aviation industry.

Our core business has always been in the integration and delivery of contents based on broadband internet using the WiMAX technology. Whilst we have successfully applied this capability of ours on private networks of internet cafes and created a business model to help them save costs, we are contemplating to apply the same to university campuses and airports. At the same time, we will work with some industrial experts on exploring the business opportunities in equipping airplanes and high speed trains with WIFI connectivity. With our system installed, passengers can go online with free WIFI while we can push our contents including advertisements and B2C shopping malls to their devices. On the content front, we look to expand our reach to cover broadband delivery of live concerts, movies and games and plan to utilize our technical capability on creating smart phone APPs and websites for the sales of consumer products such as investment, fashion, healthcare, skincare, and beauty products.

Through years of experience in market research and knowledge about our customers, we have identified three major categories of consumers, namely online game players, business travelers and female consumers, who can afford and willing to spend. We will thus focus on developing platforms and business models for delivering goods and services to meet their demand in the next twelve months and years ahead.

Online game players

There are over 150,000 internet cafes in China and most people go there to play online games and watch movies and other multimedia contents. Internet cafe users are mainly youngsters, college students, and blue-collar workers who are typically single and live in a city away from home. In most cases, Internet cafes are their prime entertainment venues where they can relax and carry out their social activities.

Due to the social and cultural situation in China, people feel more secured to interact with people in the cyber world or online games in which they can play virtual roles. This has led to the tremendous growth of the online game industry in China which is still seeing strong demand for the games.

Between 2010 and 2012, Moqizone has launched several online games featured with movie characters as supplementary products of the movies produced by certain top-tier movie companies. This has proved to be a big success with 200,000 subscribers subscribed to the games. The Company has also successfully set up a WiMAX network in 2010 connecting 40 internet cafes in Chengdu so the players can network together with better and safer internet connections.

Although the Company had to shut down its online game and Internet cafe operation due to the lack of working capital in 2012, it has since maintained working relationships with its original key staff members and numerous multimedia companies such as online game producers and operators, broadcasting portals, production houses, movie makers and concert organizers, etc. With these resources on hand, we plan to raise funds for producing a concert to be broadcast live over several broadcasting portals in China.

Business Travelers

There are approximately 200 million business travelers per year in China and these people demand seamless connectivity so they can receive information and can stay in touch all the time. On the other hand, these people’s busy schedules often mean that they can only have time to shop while waiting at airports or being on board an airplane. We therefore plan to target this market in 2014.

During the past two years, the Company continued to seek business opportunities for utilizing its 3.3GHz spectrum. In 2013, we participated, through our partners such as China Mobile and certain equipment providers, in an ATG ("Air to Ground") project utilizing our spectrum. This ATG technology enabled flight data to be seamlessly streamed from the airplane to the ground control units so the whole fight can be monitored on a real time basis. This will substantially enhance aviation safety and is highly desirable by the Chinese government. Two commercial aircrafts on the flight routes CA 4116 and CA 4109 flying between Beijing to Chengdu were equipped with the relevant equipment and they commenced the ATG pilot run from July 3, 2013. As the data transfer speed can reach 30Mbps, it is sufficient to provide passengers with high speed internet connections in the plane at the same time. However, as this project was for demonstration purposes only so it did not produce any revenue.

Shenzhen Alar, our VIE, entered into a non-binding and confidential MOU with China Hang Tong Group for the ATG project. According to the MOU, China Hang Tong is the network integrator and Shenzhen Alar is to provide in-flight broadband connectivity to the passengers so they can access the Internet with their devices through Wi-Fi and an e-commerce platform so they can shop on the plane.

Moqizone has thus developed several smartphone APPs and e-commerce platform prototypes to demonstrate how this can work. China Hang Tong Group, however, is undergoing a corporate restructuring exercise so it is unable to come up with a definite timetable for completing this ATG networks for all the aircrafts in China. Despite this uncertainty, we are of the view that we should not rely solely on China Hang Tong but to leverage our knowledge and spectrum to further explore possible ways to tap into this lucrative business travelers market.

Female consumers

During the course of developing the in-flight e-commerce platforms, we have contacted several luxury product suppliers such as StrawberryNET.com which targets to attract more female China consumers to their website. At the same time, a financial products provider PUPU works with us on a new business model to target the female consumer market and the first task is to attract as many female users as possible to install their APP.

Having considered numerous options, we have noticed that Korean pop stars and their concerts in China can attract a large female audience. Since the end of 2013, we started to plan and organize a Korean pop ("K-pop") concert to be held in Shanghai in late 2014 with PUPU and StrawberryNet.com as sponsors. Given our strengths, we also planned to have this concert broadcasted live over several popular platforms in China in order to reach out to the massive female market.

The K-pop concert

During this quarter, we managed to sign up six top Korean pop groups to appear on stage for our concert in November 2014. We have also signed up the most famous TV host in Asia, Mr Kim Jong Kook to be our K-pop concert host and singer. Our company has obtained upfront sponsorship fee of $1,703,502 from our sponsor PuPu so we can pay for and secure the artists, concert operator, technicians, broadcast platforms and the venue. We have also secured sponsorship from a major jewelry chain in China, Chow Tai Fook and Asia's biggest online cosmetics online shop StrawberryNET.com

Business activities throughout the next 12 months:

The company continued to focus on collecting database of female consumers online, through the K-pop concert and our App co-developed with PuPu. Throughout the next 12 months, we intend to explore more business opportunities in the lucrative female consumer market in China.

Female online shopping APPs

Over the recent years, we noticed a very prominent change in social and consumer behavior in China and probably all the developed countries in the world. When it comes to making a purchase decision, the utilization and popularity of smartphone based social media and APPs have substantially surpassed that of traditional PC based B2C websites. Social media is an important tool. It is where people exchange ideas and experiences about products and services among peers rather than receiving hard selling information direct from the merchants. Wechat, by far, is the mostly used and populated social media APP in China with over 400 million registered users. In 2014, Wechat had over 8 million "promotion accounts" which allowed companies to make social media promotions. In addition to selling through our own and other popular APPs, we also plan to set up on Wechat for promoting and selling our products to female consumers in China.

We expect that, during the course of promotion for our K-pop concert, we published pictures and videos of the Korean artists on a number of social media websites and APPs on which we allow fans to exchange comments. We target to record a subscriber base of over 50,000 subscribers who shall follow us closely and created a strong impetus among themselves for having to go to our concert. We will also co-developed an APP for our sponsor PUPU for releasing concert information in conjunction with promotion of their products to subscribers. As we found that a lot of subscribers watched the promotional videos of the artists that we put on the websites and APPs, we believe that the current generation of consumers would prefer to obtain product information through video on their smartphones rather than just seeing pictures and texts. The results would be like moving shopping channels on TV to APPs on smartphones.

We therefore plan to create and operate an e-commerce platform for selling products and services to the affluent female consumers in China based our "promotion trio" combining Wechat, APPs and videos on smartphones. From our K-pop concert experience, we noticed that although young Chinese females are very passionate for their idols, they may not be able to spend too much on expensive consumables. Therefore we decided to target an older age group of female consumers in China.

Our business objectives for the next 12 months include:

1. Focus on our business venture with PUPU so we can promote our concert via the co-developed App to young females in China.

2. Develop our "promotion trio" combining Wechat, APPs and videos on smartphones to ensure that we can take full benefit of this upcoming opportunity with the K-pop concert.

3. Obtain more sponsorship fees for the K-pop concert.

4. Ensure execution of the K-pop concert to the highest standards and maximise market awareness.

5. Explore the larger and more profitable segments of the female consumer market.

Financing Requirements

At June 30, 2014, we had cash of approximately $750,000 and current liabilities of approximately $3,200,000. During the period, we recorded sponsorship fee revenues of approximately $1,700,000 from PuPu. We anticipated that we will require approximately $2 million in debt and/or equity financing to finance the K-pop concert, live broadcast over internet and Apps for female consumer e-commerce. Moreover, we will continue to seek a combination of equity and long-term debt financing as well as other traditional cash flow to meet our financing needs and to reduce our overall cost of capital. However, there can be no assurance that we will be able to obtain any additional financing on acceptable terms or at all.

Results of operations for the quarters ended June 30, 2014 and 2013 compared

Revenue

The Company recorded approximately $1,700,000 of sales revenue in the quarter ended June 30, 2014 compared to $1,927 generated in the quarter ended June 30, 2013. The revenue for the quarter was attributable to the sponsorship fee we received from PUPU during the promotional period for the concert. The revenue made in the same quarter last year was a consultancy fee from Towngas Telecom for advising it on how to utilize their nationwide fibre optics networks in China.

Costs and Expenses

The cost of sales for the quarter ended June 30, 2014 and the quarter ended June 30, 2013 were approximately $630,000 and nil respectively. Cost of sales incurred this quarter were for the costs of the Korean artists. Total additional general admin expenses were approximately $400,000 and $110,000 for the in quarters ended June 30, 2014 and 2013. These expenses consisted of professional fees, payroll costs and benefits and other administrative expenses which have increased due to the concert. We expect that our selling, general and administrative expenses will continue to increase as we incur additional costs to support the development and growth of our new business.

Other Expenses

Other expenses for the quarter ended June 30, 2014 and the quarter ended June 30, 2013 were approximately $12,000 and approximately $10,000 respectively. Basic net income/(loss) per share amounted to $0.05 and $(0.00), respectively, for the quarters ended June 30, 2014 and 2013.

Results of operations for the six months ended June 30, 2014 and 2013 compared

Revenue

The Company recorded approximately $1,700,000 of sales revenue in the six months ended June 30, 2014 compared to $1,927 generated in the six months ended June 30, 2013. The revenue for the six months was attributable to the sponsorship fee we received from PUPU during the promotional period for the concert. The revenue made in the same six months last year was a consultancy fee from Towngas Telecom for advising it on how to utilize their nationwide fibre optics networks in China.

Costs and Expenses

The cost of sales for the six months ended June 30, 2014 and the six months ended June 30, 2013 were approximately $630,000 and nil respectively. Cost of sales incurred this six months were for the costs of the Korean artists. Total additional general admin expenses were approximately $420,000 and $110,000 for the in six months ended June 30, 2014 and 2013. These expenses consisted of professional fees, payroll costs and benefits and other administrative expenses which have increased due to the concert. We expect that our selling, general and administrative expenses will continue to increase as we incur additional costs to support the development and growth of our new business.

Other Expenses

Other expenses for the six months ended June 30, 2014 and the six months ended June 30, 2013 were approximately $24,000 and approximately $60,000 respectively. Basic net income/(loss) per share amounted to $0.05 and $(0.01), respectively, for the six months ended June 30, 2014 and 2013.

Liquidity and Capital Resources

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We currently do not have sufficient working capital to generate

internal operating cash flow to finance our intended business activities. We are not adequately capitalized in the near term. Moreover, we may not be able to obtain the necessary capital to pursue our strategic plan, and in the ultimate negative situation, we may not be able to conduct any business operation.

As of June 30, 2014, we had cash and cash equivalents of approximately $750,000 compared with $1,075 at the end of 2013. Net cash provided by operating activities for the six months ended June 30, 2014 was approximately $780,000 as compared with no significant cash provided for the previous year. There were current liabilities of approximately $3,200,000 and $3,000,000 at the end of June 2014 and December 2013, respectively. The increase over the year was mainly due to the receipts of sponsorship fees and borrowings for the concert during the six months ended June 30, 2014.

The accompanying financial statements have been prepared contemplating a continuation of the Company as a going concern. The Company has reported an accumulated deficit of approximately $6,000,000 and a net profit of approximately $700,000 and $625,000 for the three and six month periods ended June 30, 2014, respectively.

Additional investments are being sought, but we cannot guarantee that we will be able to obtain such investments. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. However, the trading price of our common stock and conditions in the US stock and debt markets could make it more difficult to obtain financing through the issuance of equity or debt securities. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Further, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations.

Cash to Operating Activities

During the six months ended June 30, 2014, net cash provided by operating activities was approximately $785,000 compared to no operating cash activity during the six months ended June 30, 2013. The cash position of the company has increased to approximately $750,000 as at June 30, 2014 compared to a cash balance of $1,075 at June 30, 2013. There has been no change in fair value of derivative liabilities in the quarter ended June 30, 2014, while the same quarter last year saw a increase of $8,674 in these liabilities' fair value. Amortization of debt discount had completed in 2013 with $82,500 of amortization charges.

Cash from Investing and Financing Activities

There have been no cash flows from investing and financing activities in the quarter ended June 30, 2014 and the year ended 2013.

Cash Flow

Since inception, we have primarily financed our cash flow requirements through the issuance of common stock, preferred shares, convertible notes and sales generated income. With anticipated increase in business activities in 2014 we may, during our normal course of business, experience net negative cash flows from operations, pending receipt of revenue, which often are delayed. Further, we may be required to obtain financing to fund operations through additional common stock offerings and bank or other debt borrowings, to the extent available, or to obtain additional financing to the extent necessary to augment our available working capital.

Satisfaction of our cash obligations for the next 12 months

As of June 30, 2014, our cash balance was approximately $750,000. Our plan for satisfying our cash requirements for the next twelve months is through operating income, additional equity, third party financing and/or debt financ-

ing. We anticipate sales-generated income during that same period of time, but do not anticipate generating sufficient amounts of positive cash flow to meet our working capital requirements. Consequently, we intend to make appropriate plans to insure sources of additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities.

As we expand operational activities, we may continue, from time to time, to experience net negative cash flows from operations, pending receipt of sales, and will be required to obtain additional financing to fund operations through common stock offerings and debt borrowings to the extent necessary to provide working capital.

Prediction of future operating results are difficult to ascertain due to our shift in operating activities. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stages of commercial viability, particularly companies in new and rapidly evolving technology markets. Such risks include, but are not limited to, evolving and unpredictable business models and the management of growth. To address these risks, we must, among other things, implement and successfully execute our business and marketing strategy, continue to develop and upgrade technology and products, respond to competitive developments, and continue to attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

Expected purchase of significant equipment

We do not anticipate the purchase of any significant equipment in the next 12 months.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has an accumulated deficit of approximately $6,000,000 and has generated little revenue from operations since inception. In addition, the Company has a shareholders' deficit of approximately $2,500,000 as of June 30, 2014. Even there has been great improvement, these factors still raise substantial doubt about the Company's ability to continue as a going concern. The accompanying unaudited consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditure or capital resources that is material to investors.