BALINCAN USA, INC.
(FORMERLY KNOWN AS MOQIZONE HOLDING CORPORATION)

ANNUAL REPORT FOR OTC PINK

MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Report for Period Ended March 31, 2017

OTC PINK: MOQZ
CUSIP Number: 616348108

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;
- Access to digital entertainment content such as online games, movies, and video hosted by the Company via the Moqizone WiMAX Network;
- 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 believed 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 December 31, 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 ran data mine for customer behavior for gaming community management.

On December 31, 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. 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 developed and worked 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. According to 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. Once we finalized the acquisition of Viva Red, we intended to extend our game delivery platform to cover mobile phone users. Our plan was to roll out our delivery platform by the end of the third quarter of 2010 and began 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 third quarter 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 fourth quarter of 2010 and the first quarter 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 Wi-Fi connectivity. With our system installed, passengers can go online with free Wi-Fi 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 planned 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 test the feasibility of this business model. China Hang Tong Group, however, was undergoing a corporate restructuring exercise and it is still 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 (under Safe Capital Holdings Limited) worked 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 noticed that Korean pop stars and their concerts in China can attract a large female audience. We then organised a Korean pop ("K-pop") concert held in Shanghai in late 2014 with PUPU and StrawberryNet.com as sponsors. Given our strengths, we have also broadcasted the concert live over several popular platforms in China in order to reach out to the massive female market.

"PUPU 2014 K-pop Concert" live broadcast over the Internet

In November 2014, the Company has successfully launched the first K-pop concert with live broadcast over several online platforms, including Baidu, Youku, Iqiyi, PPtv, sina and tv.sohu.com, in China. It was held in the Shanghai Stadium located at the center of the Shanghai City with six very popular Korean music groups performing on the stage. The concert was organized by a Chinese licensed organizer, Shanghai Lezi Culture Communications Co., Ltd, under a commercial contract with us. We set up all the necessary equipment for the live broadcast and entered into profit sharing agreements with the online platforms. We have also developed a smartphone APP with PUPU, our sponsor, for targeting the female consumer market in China.

Through their designated agent Beijing HuaXia Yunzhong Information Technology Limited ("HuaXia" or "北京华夏云众信息技术有限责任公司"), we entered into an agreement with Baidu to conduct the first ever live online broadcast of K-pop concert in China. Under the agreement, Baidu and HuaXia together share approximately 50% of the revenue made by charging RMB9.9 per IP address which was logged onto the Baidu platform for watching our concert, while our company shares the remaining 50%. Baidu provided all the technical infrastructure for the live broadcast, payment gateway and online activities to promote the concert among its users and subscribers. Moqizone was responsible for obtaining the relevant copyrights for the concert from the K-pop artists so as to ensure that the concert can be conducted and broadcasted as planned.

Except for some complaints on the quality of the online broadcast, which was due to a large number of concurrent internet users watching it at the same time, the live broadcast was carried out well. In our opinion, the quality problem was caused by Baidu's underestimation of the number of concurrent users hence their under-allocation of bandwidth for the broadcast on the day. Based on our record, there were over 2 million subscribers registered and shown on the broadcast platforms and Moqizone can gain access to this user database from HuaXia. According to our record and calculation, our company is entitled to receive a profit share of approximately $1.5 million from Baidu through HuaXia. However, Baidu and HuaXia counterclaimed that the number of users were substantially less than what we have recorded. While we are still communicating with them for reaching a conclusion, our expected income from this venture has not been recognized as revenue in 2014 due to the prudence principle.

The concert was conducted very successfully and has attracted a lot of media attention. We estimated that there was an audience of more than 25,000 people at the stadium compared with the maximum capacity of 30,000 on the day. Our database has registered over 2 million users watching our live broadcast online on the day. Most of the audience members are young females aged between 15 and 35 and these are exactly what our sponsors and co-investor would like to target for promoting their goods and services in China. For us, this huge database of young female consumers can help us explore the opportunity in starting an e-commerce business with them as a focus.

According to our agreement, we recognized PUPU's sponsorship fee of approximately $2,000,000 as income while all the ticket sales belonged to PUPU. In addition to PUPU, we have also received sponsorship fees from the largest jewelry chain in China, Chow Tai Fook Jewelry Group Limited and promotional items sponsored by StrawberryNet.com which is one of the major online cosmetics sellers in Asia. We have made a total revenue of approximately $2,400,000 from sponsorship fees and ticket sales but incurred a net loss on the event mainly due to the high costs associated with K-pop artists.

As part of our funding for the concert, we entered into a co-investment agreement with Star Pictures Entertainment (Hong Kong) Limited ("Star Pictures"), which is a major movie production company in Hong Kong. Pursuant to the agreement, Star Pictures invested approximately $330,000 in the concert, accounting for 10% of the total budgeted production costs. In return, Star Pictures can receive 7% of the event's distributable profits plus repayment of its full investment amount with a minimum 10% guaranteed return. Star Pictures agreed to reward our company with 40% of its total net return as a bonus. However, as the concert was loss making, we were unable to repay Star Pictures their full investment amount with a 10% guaranteed return by December15, 2014 as required by the agreement, we are currently negotiating on an alternative repayment arrangement.

In addition to Star Pictures, our company has also borrowed a total of approximately $570,000 from four private individuals for funding the concert based on similar terms. These loans are accounted for as other payables in our accounts and we are currently negotiating on some settlement agreements.

"Entry into a Material Definitive Agreement"

On July 14, 2015 the Company and its CEO entered into and executed an agreement with Beijing Balincan Cosmetics Company Limited and its principal Shi, Wei Lun collectively ("BCCL") pursuant to which the Company will develop a smartphone App which will allow BCCL's estimated 10,000,000 customers to schedule appointments for cosmetic procedures and/or purchase cosmetics and skin care products at any of Balincan's 3,000 plus China based retail outlets using their smartphone. Pursuant to the terms of this agreement, BCCL and/or its designees may be issued up to 2,000,000 shares of the Company's $0.001 par value common stock if up to 2,000,000 of the Company's customers download and install the App on terms satisfactory to the Company, within 180 days of delivery by the Company to BCCL of an operative version of the aforementioned App.

"Unregistered Sales of Equity Securities"

From December 31, 2015 through July 2, 2015 the Company sold 188,452 shares of it's $0.001 par value common stock to two (2) Non- US Persons pursuant to Regulation S for $US 4.00 per share for total net proceeds of $US 753,808. The Company paid no commissions or fees in connection with such sales. Management of the Company believes that this $US 753,808 investment will be sufficient to support the Company's operations until at least October 1, 2015. However, there can be no assurances that the investment and revenues will be sufficient to fund the Company's operations for that period.

"Engagement of new auditors"

On August 18, 2015, the Company's Board of Director's engaged GBH CPA's. PC of Houston, TX ("GBH") as its new independent registered public accounting firm effective immediately. In deciding to engage GBH, the Company's Director's reviewed auditor independence issues and existing commercial relationships with GBH and concluded that GBH has no commercial relationship with the Company that would impair its independence for the fiscal year ended December 31, 2014 and 2015.

The Company is in the process of reviewing financial information and preparing unaudited financial statements in order for the Company to file such information for the fiscal years ended December 31, 2014 and 2015. As soon as the foregoing financial information is completed, it will be filed with the OTC Markets website to enable the Company's common stock to be regularly quoted on the OTC Markets "Pink Sheets" quotation system. As soon as the Company's auditors complete their audit of the Company's financial statements for the years ended December 31, 2014 and 2015, and the Company files its Annual Reports on Form 10-K for such years and Quarterly Reports on Form 10-Q for the interim periods mentioned above with the Securities and Exchange Commission (the "SEC"), the Company will apply to have its common stock quoted on the OTC Market's OTCQB quotation system, or, if qualified therefor, on The NASDAQ Stock Market ("NASDAQ") . The Company believes it will be able to make the filings with the SEC and apply for the OTCQB quotation and/or NASDAQ, but there can be no assurances that the Company will be successful in such efforts or, if successful in such efforts, successful by such date.

"Change of company name and symbol"

On August 24, 2015, the Company amended its Certificate of Incorporation to change the Company's name from Moqizone Holding Corp. to Balincan USA, Inc., to have its name more accurately reflect its ongoing business operations in the People's Republic of China. On September 8, 2015, the Company filed its Issuer Company-Related Action Notification Form with the Financial Industry Regulatory Authority ("FINRA"), requesting the Company's name be changed on the OTC Markets website and a new ticker symbol, more reflective of the Company's new name, issued. On September 29, 2015, the Company's name change to Balincan USA, Inc. and ticker symbol change to "BCNN" was announced on the FINRA daily list.

"Plan to file form 10"

In its August 25, 2015 Report on Form 8-K, the Company disclosed that it planned to file certain Annual and Quarterly Reports in order to regain its status as a reporting company and have its common stock quoted on the OTC Markets'OTCQB or OTCQX markets or the NASDAQ Stock Market. In the interim, the Company and its counsel have determined that instead the Company will file a Registration Statement on Form 10 (the "Form 10") with the Securities and Exchange Commission (the "SEC") in order to re-establish its status as a reporting company under the Securities Exchange Act of 1934 (the "Exchange Act"). The Company will automatically become subject to the reporting obligations of the Exchange Act 60 days after it files the Form 10, pursuant to the rules and regulations of the SEC. However, there can be no assurances that the Company will be able to complete the Form 10 or the audited financial statements that are required to be contained therein.

"Cooperation with TWH to issue MasterCard in China"

On October 12, 2015, the Company's wholly owned China subsidiary, Shenzhen Ming Xuan, Ltd. ("SMX") entered into a binding Memorandum of Understanding ("Memorandum") with Guandong TWHpay Technology Company. Ltd. ("TWH") to create and issue a Balincan USA MasterCard co-branded Debit/Credit Card for Balincan's PRC customers. The Balincan MasterCard is intended allow PRC residents to pay for goods and services online and at authorized vendors within the PRC and internationally. Management believes Balincan USA will be the first Chinese day spa/salon chain in the PRC with a co-branded MasterCard. Under the terms of the Memorandum, SMX and TWH will attempt to jointly establish a payment gateway, O2O ("online to offline") IT service system and cross border commerce logistics centre to service the Balincan existing and future customer base. The Memorandum will be supplemented by a final definitive contract between the parties which is expected to be executed at an event at Balincan, China corporate offices in Guangzhou on October 23, 2015. While

Management believes that the execution of the Memorandum and issuance of Balincan MasterCards to existing and new customers will be beneficial to its efforts to grow the numbers of consumers utilizing the Company's ecommerce platform, there can be no assurances that this strategy will work or even that SMX and TWH will be able to successfully establish a payment gateway, O2O IT service system or cross border commerce logistics centre.

TWH, which has a class of shares listed on the Shenzhen Stock Exchange (code 002512), is a Chinese MasterCard licensee and operates an online payment gateway and e-commerce system.

"New setup for e-commerce business"

During the last quarter, more staff were hired to cope with the new business in e-commerce and a new office rented in Hong Kong. As a key element in the e-commerce business, a trial version of our smartphone APP was released.

Disposal of subsidiaries
During the period, the Company disposed all its subsidiaries of the group.

Business activities throughout the next 12 months:

During the course of 2014, our focus has been put on the K-pop concert and we did not put any effort in further developing businesses in the markets of business travelers and online games. Throughout the next 12 months, we target to materialise our intended business venture with Balincan, which is one of the largest chain of beauty salons 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 realized that although young Chinese females are very passionate for their idols, they may not be able to spend too much on expensive consumables such as cosmetics and skincare treatments which would yield more profits for us. While we were finding ways to tap into a wealthier group of Chinese females, who are between 35 and 60 years of age, we were introduced to the Balincan chain of beauty salons in China. Balincan operates its own shops as well as having over 3,000 franchisee shops in China. All in all, Balincan possesses approximately 10 million customers of whom about 30% are regular customers who go to their salons for regular treatments. As their customer base meets very well our criteria for a high net worth consumer group and because Balincan operates their physical offline shops, we will work with Balincan in creating an e-commerce and O2O (“online to offline”) business to serve their existing loyal customers.

We will deploy our APP and roll out in south china market initially then expand to whole china when system is stable. We will continue to bring in suitable merchandise for e-commerce. We will test out some “shop in shop” to demonstrate new products in the shop and train the beauticians in the franchise shops to make promotion to their client in order to increase their revenue.

We will bring in experience senior management in China who had proven success in e-commerce to conduct our business in China.

Financing Requirements

At March 31, 2017, we had cash of $0 and current liabilities of app**r**oximately $1,706,000. We anticipate that we will require approximately $10 million in debt and/or equity financing to finance our intended e-commerce business with Balincan. This initial funding will enable the new business to break even. We targeted to raise this round of financing from issuing equity shares to individual Chinese investors through a Regulation S offering scheduled to take place in China during the third quarter of 2015. However, only $328,700 has been raised in this round of financing. 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.

From July 1, 2016 to December 1, 2016 the Company sold 5,036,275 shares to a Chinese citizen for gross proceeds of approximately $3,200,000.00. However, in quarter 4 of 2016 Company Management discovered that Matthew Pau (Chinese name) who was a Director a Hong Kong subsidiary of the Company diverted these funds to his own use, rather than maintaining them to be used for Company purposes. The Company is investigating the circumstances under which Pau converted the Company funds to his own use.

Results of operations for the periods ended March 31, 2017 and 2016compared

Revenue

The Company recorded no revenue in the period ended March 31, 2017 and 2016.

Costs and Expenses

The cost of sales for the periods ended March 31, 2017 and March 31, 2016 were $0. Total additional general admin expenses were approximately $0 and $0 for the in periods ended March 31, 2017 and 2016.

Other Expenses

Other expenses for the period ended March 31, 2017 and the period ended March 31, 2016 were approximately $0 and $0 respectively. Basic net gain(loss) per share amounted to $0.00 and $(0.01), respectively, for the periods ended March 31, 2017 and 2016.

Net income/loss from discontinued business
The net income or (loss) from discontinued business during the period ended March 31, 2017 and the period ended March 31, 2016 were $0 and $0.
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 March 31, 2017, we had cash and cash equivalents of approximately $0 compared with $0 at the end of 2016. Net cash used in operating activities for the six months ended March 31, 2017 was approximately $0 provided as compared with approximately $30,407 cash used in the prior period. There were current liabilities of approximately $1,706,000 at the end of March 31, 2017 and December 31, 2016.

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 $7,176,000 and current liabilities of approximately $1,706,000 at March 31, 2017.

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 three months ended March 31, 2017, net cash used in operating activities was approximately $0 compared to approximately $30,407 cash used during the three months ended March 31, 2016. The cash position of the company was negligible as at March 31, 2017 and March31, 2016.

Cash from Investing and Financing Activities

The cash flows from investing and financing activities in the period ended March 31, 2017 and the period ended 2016 is nil. $0 is used in the period ended March 31, 2017 in the financing activities compared to nil in the period ended March 31, 2016.

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 2016 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 March 31, 2017, our cash balance was $0. Our plan for satisfying our cash requirements for the next twelve months is through additional equity, third party financing and/or debt financing. 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 $7,176,155 and has generated little revenue from operations since inception. In addition, the Company has a shareholders' deficit of approximately $1,437,166 as of March 31, 2017. These factors 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.