GUANHUASOFT GAMING CO., LTD
(A Limited Company)
Financial Statements
December 31, 2014 and 2015

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(A Limited Company)
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GC & Associates CPAs PLLC

Certified Public Accountants

Independent Auditors' Report

To the Board of Directors and Shareholders of
GuanHuaSoft Gaming Co., LTD
(A Limited Company)

We have audited the accompanying financial statements of GuanHuaSoft Gaming Co., LTD, which comprise the balance sheets as of December 31, 2014 and December 31, 2015, and the related statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GuanHuaSoft Gaming Co., LTD as of December 31, 2014 and 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

G.C. & Associates CPAs, PLLC

G.C. & Associates CPAs, PLLC
July _20_, 2016

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GuanHuaSoft Gaming Co., LTD
Balance Sheets
December 31, 2014 and 2015

	As of December 31,		
	2014 TWD	**2015 TWD**	**2015 USD**
Assets			
Current assets			
Cash and cash equivalents	409,357	145,846	4,437
Accounts receivables	4,589	117	4
Prepaid taxes	814	266	8
Deferred tax asset	-	-	-
Total current assets	414,760	146,229	4,449
Property and equipment, net	2,050,553	1,943,590	59,122
Intangible assets, net	4,994,668	3,972,847	120,851
Goodwill	3,469,930	3,469,930	105,552
Deferred tax asset, net of current	385,293	471,827	14,353
Total assets	**11,315,204**	**10,004,423**	**304,327**
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable	135,807	292,617	8,901
Accrued expenses	402,671	715,989	21,780
Due to shareholders	9,900,000	19,000,000	577,964
Total current liabilities	10,438,478	20,008,606	608,645
Note payable	-	-	-
Total liabilities	10,438,478	20,008,606	608,645
Commitments and contingencies (See Note 7)			
Stockholders' equity			
Preferred stock			
Common stock	10,400,000	10,400,000	351,946
Additional paid-in capital			
Retained earnings	(9,523,274)	(20,404,183)	(628,708)
Accumulated other comprehensive income (loss)	-	-	(27,556)
Total stockholders' equity	876,726	(10,004,183)	(304,318)
Total liabilities and members' equity	**11,315,204**	**10,004,423**	**304,327**

The accompanying notes are an integral part of these financial statements.

GuanHuaSoft Gaming Co., LTD
Statements of Operations
Years Ended December 31, 2014 and 2015

	Year ended December 31,		
	2014 TWD	**2015 TWD**	**2015 USD**
Revenues	100,000	80,000	2,418
Certain operating expenses			
Payroll expense	3,577,689	4,349,108	131,437
Rent expense	1,400,743	1,077,685	32,569
Repair and maintenance	137,580	16,423	496
Insurance expense	527,232	784,270	23,702
General and administrative expenses	2,533,787	2,849,153	86,106
Operating income (loss) before depreciation and amortization	(8,077,031)	(8,996,639)	(271,892)
Depreciation and amortization	1,454,045	1,859,834	56,207
Operating income (loss)	(9,531,076)	(10,856,473)	(328,099)
Other income and expenses			
Interest income	7,802	3,784	114
Loss before income tax (benefit) expense	(9,523,274)	(10,852,689)	(327,985)
Income tax (benefit) expense		28,220	853
Net loss	(9,523,274)	(10,880,909)	(328,838)

The accompanying notes are an integral part of these financial statements.

GuanHuaSoft Gaming Co., LTD
Statements of Comprehensive Income
Years Ended December 31, 2014 and 2015

	Year ended December 31,		
	2014 TWD	**2015 TWD**	**2015 USD**
Net income (loss)	(9,523,274)	(10,880,909)	(328,838)
Other comprehensive income (loss):			
Foreign currency translation adjustments	-	-	(27,556)
Total other comprehensive income (loss)	-	-	(27,556)
Comprehensive income (loss)	(9,523,274)	(10,880,909)	(356,394)

The accompanying notes are an integral part of these financial statements.

GuanHuaSoft Gaming Co., LTD
Statements of Stockholders' Equity (Deficit)
Years Ended December 31, 2014 and 2015

(Expressed in US dollars)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance - January 1, 2014	$ 351,946	-	-		$ 351,946
Net income (loss)		-	(299,870)		(299,870)
Other comprehensive income					-
Balance - December 31, 2014	351,946	-	(299,870)	-	52,076
Net income (loss)		-	(328,838)	-	(328,838)
Other comprehensive income		-	-	(27,556)	(27,556)
Balance – December 31, 2015	**$ 351,946**	**$ -**	**$ (628,708)**	**$ (27,556)**	**$ (304,318)**

The accompanying notes are an integral part of these financial statements.

GuanHuaSoft Gaming Co., LTD
Statements of Cash Flows
Years Ended December 31, 2014 and 2015

	Year ended December 31,		
	2014 TWD	2015 TWD	2015 USD
Cash flows from operating activities			
Net loss	(9,523,274)	(10,880,909)	(328,838)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	1,454,045	1,859,834	56,207
Increase (decrease) in cash resulting from changes in operating assets and liabilities:			
Accounts receivables	121,411	4,472	136
Prepaid expenses	952,381	-	-
Prepaid taxes	46,818	548	16
Deferred tax asset	(301,331)	(86,534)	(2,632)
Accounts payable	(84,663)	156,810	4,770
Accrued expenses	23,236	313,318	9,531
Taxes payable	(8,464)	-	-
Net cash provided by operating activities	(7,319,841)	(8,632,461)	(260,810)
Cash flows from investing activities			
Purchase of property and equipment	(591,000)	(350,100)	(10,650)
Acquisition of intangible assets and software	(3,513,333)	(380,950)	(11,588)
Net cash used in investing activities	(4,104,333)	(731,050)	(22,238)
Cash flows from financing activities			
Advances from (repayments to) shareholders	9,900,000	9,100,000	276,815
Proceeds from issuance of common stock	-	-	-
Net cash provided by financing activities	9,900,000	9,100,000	276,815
Effect of foreign exchange on cash and cash equivalents	-		(1,782)
(Decrease) increase in cash and cash equivalents	(1,524,174)	(263,511)	(8,015)
Cash and cash equivalents		-	
Beginning of year	1,933,531	409,357	12,452
End of year	409,357	145,846	4,437
Supplemental disclosures of cash flow information			
Cash paid (received) during the year for:			
Income taxes	-	28,220	853
Interest expense	-	-	-

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

GuanHuaSoft Gaming Co., LTD. (the "Company", "we", "us", "our", "GHSG" or GuanHua") was original incorporated in Taiwan on September 16, 2010, as a company limited by shares under the laws of the Republic of China (ROC), reference to a prior limited company, also named LeQi Star Digital Ltd (the "LeQi"). GuanHua current has three shareholders and controlled by Rico Yang.

We are engaged in the business of designing, developing, or publishing proprietary casino table games, video games and associated technology, platforms and systems for the global gaming industry. The game concepts and the intellectual property associated with these games are typically protected by patents, trademarks and/or copyrights.

We have built the partnerships with JMGO, Blue Cat, IAHgames, Skybeenz, IAO Kun Group and Sun-broad Integrated Marketing to expand our market. During 2014 and 2015, we entered agreements with publishing partners, VTC Online Joint Stock Company (the "VTCOL") and SEEGAA Technology Co., LTD (the "SEEGAA") to expand our markets in Greater China and Vietnam.

On each joint venture agreement, GuanHua remains intellectual property including patents, patent applications, trademarks, trademark applications, and copyrights related to the casino gaming services including but not limited to games, side bets, inventions and ideas.

We group our products into three product categories we classify as "Soft Games," "3D Animation," and "Film Production." Additional information regarding our products may be found on our web site, www.guanhuasoft.com. Information found on the web site should not be considered part of this report.

2. SIGNIFICANT ACCOUNTING POLICIES

This summary of our significant accounting policies is presented to assist in understanding our financial statements. The financial statements and notes are representations of our management team, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") and have been consistently applied to the preparation of the financial statements.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the SEC. In the opinion of management, all adjustments necessary in order for the financial statements to be not misleading have been reflected herein.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. GAAP. Revenues are recognized as income when earned and expenses are recognized when they are incurred. Expenses such as wages, consulting expenses, legal, regulatory and professional fees and rent are recorded when the expense is incurred.

Use of Estimates and Assumptions

We are required to make estimates, judgments and assumptions that we believe are reasonable based on our historical experience, contract terms, observance of known trends in our company and the industry as a whole, and information available from other outside sources. Our estimates affect reported amounts for assets, liabilities, revenues, expenses and related disclosures. Actual results may differ from initial estimates.

Reclassifications

Certain accounts and financial statement captions in the prior periods have been reclassified to conform to the current period financial statements.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash

GuanHua is not offering any jackpots. Therefore, the Company is not required by gaming regulation to maintain sufficient reserves in restricted accounts to be used for the purpose of funding payments to winners of our jackpots offered. If the Company is subjected to compliance with restricted cash requirements for jackpot funding should be reported to gaming authorities in various jurisdictions.

Foreign Currency Translation and Transaction

Assets and liabilities denominated in non-U.S. dollars are translated to U.S. dollars at year-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the year. Cumulative translation adjustments resulting from this process are charged or credited to other comprehensive income.

Inventory

Inventory value is determined by the average cost method and management maintains inventory levels based on historical and industry trends.

Property and Equipment

Property and equipment is carried at cost and depreciated using the straight-line method over the following useful lives:

Computer, equipment and software.........................5 years

Office equipment, furniture and fixtures..................5 to 7 years

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations or betterments, which extend the useful life of the assets, are capitalized.

Generally accepted accounting principles require impairment losses be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount. Through December 31, 2014 and December 31, 2015, based on the assessment of the factors, it has not been necessary to record impairment losses.

Intellectual Property and Intangible Assets

The intellectual property and intangible assets include customer relationships, development agreements, gaming license rights and trademarks. The company has not conducted any revaluation regarding its intellectual property such as customer relationships, development agreements and any license rights and trademarks through December 31, 2014 and December 31, 2015.

Amortizing Intangible Assets: Intangible assets have finite lives and are being amortized using the straight-line method over their economic useful lives, five to thirty years. Customer relationships represent the value of repeat business associated with our customer loyalty programs. The company has not recorded any customer relationships through December 31, 2014 and December 31, 2015. If these intangible assets are recorded, these assets will be amortized on an accelerated method over their approximate useful life.

Development agreements are contracts between two parties establishing an agreement for development of a product or service. The company has not recorded any development agreements through December 31, 2014 and December 31, 2015. If these agreements are booked on balance sheet, these agreements will be amortized over the respective cash flow period of the related agreement.

Indefinite-Lived Intangible Assets: Intangible assets have indefinite lives and are not subject to amortization. Trademarks are based on the value of our brands, which reflect the level of service and quality we provide and from which we generate repeat business. Gaming license rights represent the value of the license to conduct gaming in certain jurisdictions, which is subject to highly extensive regulatory oversight and a limitation on the number of licenses available for issuance therein.

Trademarks and gaming license rights are considered indefinite-lived intangible assets, are not subject to amortization, but instead are subject to an annual impairment test, and between annual test dates in certain circumstances. If the fair value of an indefinite-lived intangible asset is less than its carrying amount, an impairment loss is recognized equal to the difference. License rights are tested for impairment using a discounted cash flow approach, and trademarks are tested for impairment using the relief-from-royalty method.

The intangible assets are analyzed for potential impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. The company has not revalued any trademarks and gaming license rights through December 31, 2014 and December 31, 2015.

Goodwill

Goodwill is arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is representing the future economic benefits arising from other assets in a business combination that are not individually identified and separately recognized. Goodwill is not subject to amortization, but it is subject to an annual impairment test and between annual test dates in certain circumstances. This asset will be assessed for impairment at least annually and if found to be impaired, its carrying amount will be reduced and an impairment loss will be recognized.

The Company's goodwill is mainly attributable to its trademarks and gaming license rights derived from the gaming market in order to achieve the purpose of the Company's goal.

Impairment of long-lived assets

We continually monitor events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Revenue Recognition

In general, Revenues are recognized when persuasive evidence of an arrangement exists, delivery occurs and the customer takes ownership and assumes risks or services are rendered, the sales price is fixed or determinable and collectability is reasonably assured.

Our revenue is primarily derived from the licensing of our products and intellectual property. Consistent with our strategy, revenue is generated from negotiated month-to-month recurring licensing fees or the performance of our products, or both. We also, occasionally, receive a one-time sale of certain products and/or reimbursement of our development costs.

Substantially, all revenue is recognized when it is earned. Depending upon the product and negotiated terms, our clients may be invoiced monthly in advance, monthly in arrears or quarterly in arrears for the licensing of our products. If billed in advance, the advance billings are recorded as deferred revenue on our balance sheet. If billed in arrears, we recognize the corresponding preceding period's revenue upon invoicing at the subsequent date. Generally, we begin earning revenue with the installation or "go live" date of the associated product in our clients' establishment. The invoices are based on executed agreements with each client.

Income Taxes

Taiwan operates an imputation tax system to eliminate double taxation on earnings of a corporation. The 17% corporate income tax (CIT) and 10% profit retention tax already paid by the corporation can be distributed to the resident individual shareholders as tax credits to offset against their individual income tax. However, the tax credits distributable to shareholders are subject to certain limitations.

All Taiwan resident companies, as well as non-resident companies with a fixed place of business (FPOB) or business agent in Taiwan, should calculate Income basic tax (IBT) if they earn certain income that is tax-exempt. The basic income of a company is the amount calculated in accordance with a formulae stipulated by the government, with a deduction of TWD 500,000. The IBT rate is 12%. If the IBT amount is greater than the regular CIT amount, taxpayers must pay income tax based on the regular CIT amount plus the difference between the IBT amount and the regular CIT amount. On the other hand, if the regular CIT amount is greater than the IBT amount, no special action is required.

Current tax: Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) at a rate of 10% is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Deferred tax: Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Uncertain tax position accounting standards apply to all tax positions related to income taxes. We recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will be sustained upon examination. If the tax position meets the more-likely-than-not recognition threshold, the tax effect is measured at the largest amount that is greater than a 50 percent likely of being realized upon settlement.

Additionally, our tax returns are subject to audit by Taiwan tax authorities. Although we believe that our estimates are reasonable, actual results could differ from these estimates. We concluded that it has no material uncertain tax liabilities to be recognized through December 31, 2014 and December 31, 2015.

The Financial Accounting Standards Board ("FASB") has issued Accounting Standards Update ("ASU") No. 2015-17, Income Taxes: Balance Sheet Classification of Deferred Taxes. This ASU eliminates the requirement for organizations to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. Instead, organizations will be required to classify all deferred tax assets and liabilities as noncurrent. Our Company applied the amendments in the ASU No. 2015-17 prospectively; effective January 1, 2015, to classify all deferred tax assets and liabilities as noncurrent. Prior periods were not retrospectively adjusted.

Recently Adopted Accounting Standards

Discontinued Operations. In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08 changes the criteria for reporting discontinued operations and modifies related disclosure requirements. The new guidance is effective on a prospective basis for fiscal years beginning after December 15, 2014, and interim periods thereafter. The adoption of this guidance did not have a material effect on our financial condition, results of operations or cash flows.

New Accounting Standards Not Yet Adopted

Revenue Recognition. In May 2014, the FASB issued ASU No. 2014-09 (Topic 606), Revenue from Contracts with Customers, which is a comprehensive new revenue recognition standard that will supersede virtually all existing revenue guidance, including industry-specific guidance. Under the new standard, revenue will be recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. The standard creates a five-step model that will generally require companies to use more judgment and make more estimates than under current guidance when considering the terms of contracts along with all relevant facts and circumstances. These include the identification of customer contracts and separating performance obligations, the determination of transaction price that potentially includes an estimate of variable consideration, allocating the transaction price to each separate performance obligation, and recognizing revenue in line with the pattern of transfer.

3. PROPERTY AND EQUIPMENT

At December 31, 2014 and 2015, the Company's property and equipment is comprised of:

	2014				2015			
Computer equipment	TWD	1,145,303	USD	36,198	TWD	1,419,903	USD	43,192
Furniture and fixtures		993,467		31,399		1,023,467		31,133
Office equipment		226,210		7,149		271,710		8,265
		2,364,980		74,746		2,715,080		82,590
Less: accumulated depreciation		-314,427		-9,938		-771,490		-23,468
Property and equipment, net	TWD	2,050,553	USD	64,808	TWD	1,943,590	USD	59,122

4. SOFTWARE DEVELOPMENT

At December 31, 2014 and 2015, software development costs consist of the following:

	2014				2015			
Software development	TWD	6,770,476	USD	213,985	TWD	7,151,426	USD	217,541
Less: accumulated amortization		-1,775,808		-56,125		-3,178,579		-96,690
Total	TWD	4,994,668	USD	157,860	TWD	3,972,847	USD	120,851

5. GOODWILL AND OTHER INTANGIBLES

The changes in the carrying amount of goodwill for the year ended December 31, 2014 and 2015 are as follows:

	2014				2015			
Goodwill	TWD	3,469,930	USD	109,669	TWD	3,469,930	USD	105,552
Less: accumulated impairment		-		-		-		-
Total	TWD	3,469,930	USD	109,669	TWD	3,469,930	USD	105,552

Goodwill represents the excess of the purchase price over the fair value of the underlying acquired net tangible and intangible assets. Goodwill is not amortized, but rather subject to at least an annual assessment for impairment by applying a fair value-based test.

6. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in accumulated other comprehensive income (loss) by component for the year ended December 31, 2014 and December 2015 are followings:

	Foreign Currency Translation Adjustments (USD)	
Balance as of December 31, 2014	$	-
Other comprehensive income (loss) before reclassifications		(27,556)
Amounts reclassified from accumulated OCI		-
Total other comprehensive income (loss)		(27,556)
Balance as of December 31, 2015	$	(27,556)

7. COMMITMENTS AND CONTINGENCIES

Commitments
We continually perform on-going developments and maintenances at our facilities to maintain our standards of quality. Certain of these development and maintenance costs are capitalized, if such costs extend the life of the related asset, while other maintenance costs that do not so qualify are expensed as incurred. The commitment of capital and the related timing thereof are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate regulatory bodies.

Contingencies – legal matter
We are parties to various legal proceedings arising in the ordinary course of business. We believe that all pending claims, if adversely decided, would not have a material adverse effect on our business, financial position or results of operations.

8. STOCKHOLDERS' EQUITY

We original registered and issued 300,000 shares of TWD 10 par value common stock under one shareholder during September 2010.

In December 2013, we transferred 300,000 outstanding shares; and registered and issued additional 740,000 share of TWD 10 par value common stock for new shareholders. Total issued shares are 1,040,000 as December 31, 2014 and December 31, 2015.

A summary of Stockholders Equity is as followings:

	2014		2015	
	TWD	Shares	TWD	Shares
Cheng Chih (Rico) Yang	5,200,000	520,000	5,200,000	520,000
Cheng Hua (James) Yang	2,600,000	260,000	2,600,000	260,000
Yu Lung (Hank) Sun	2,600,000	260,000	2,600,000	260,000
Total	**10,400,000**	**1,040,000**	**10,400,000**	**1,040,000**

The company also registered and issued additional 1,460,000 shares during June 2016 before the date of financial statements was issued.

9. BORROWINGS and RELATED PARTY TRANSACTIONS

As December 31, 2014 and 2015, the company borrowed total TWD 9.9 million and TWD 19 million, respectively. These amounts were borrowed from Cheng Chih (Rico) Yang, one of shareholder. The borrowings are interest free.

10. SUBSEQUENT EVENTS

In accordance with ASC 855-10, we have analyzed our operations subsequent to December 31, 2014 and December 31, 2015 to the date these financial statements were issued, and have determined that we do not have any material subsequent events to disclose in these financial statements other than the event discussed above.