



SOFTSTAR

大宇資訊

SOFTSTAR ENTERTAINMENT INC.

Investor Conference Presentation

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Intellectual
Property (IP)
Introduction

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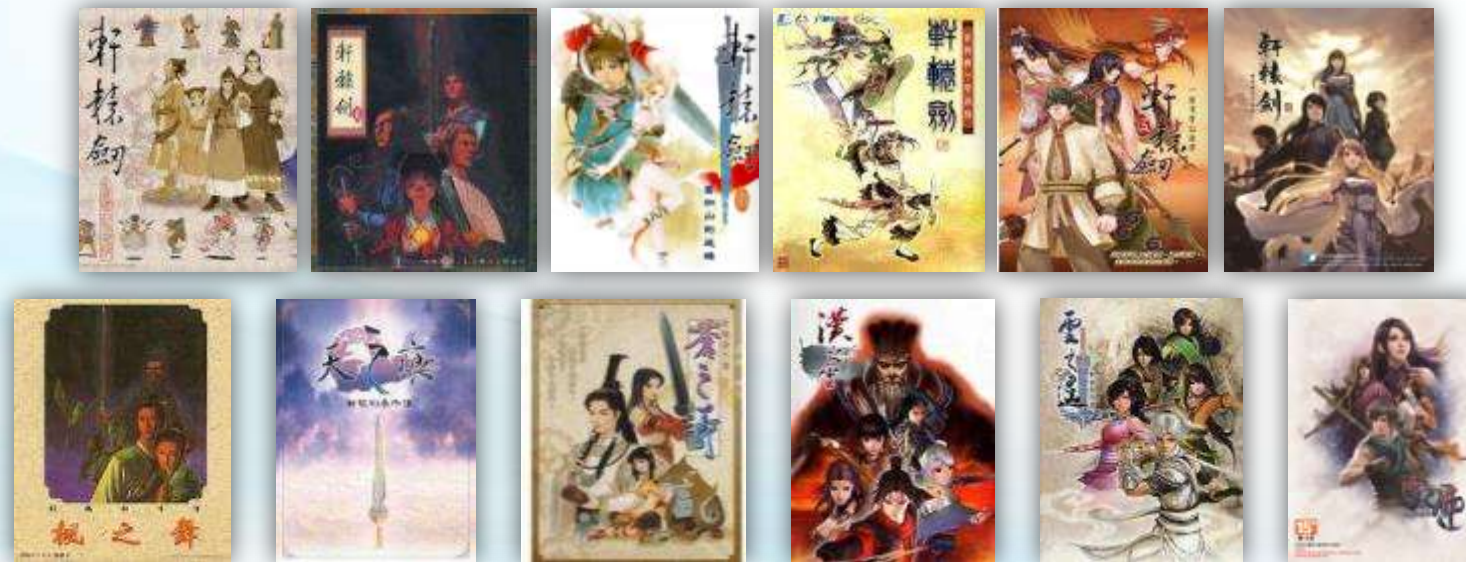
Prospect of
SOFTSTAR



The 1st Oriental Martial-art RPG Game – Xuan-Yuan Sword

1st title launched In 1990, the first Oriental Style chinese RPG game.

- “Xuan-Yuan Sword” emphasizes on historical background, players create their own adventure under great ages.
- More than 40 awards among Chinese culture area.
- Released 13 pc games, 4 online games and the sub-title series such as “Scar of the Sky,” “Dream of Mirror Online” and “Flying PuPu.”
- **In 2017, release PS4 & XBOX version, announce kickoff of next project “Xuan Yuan Sword 7.”**



Classical Romance-martial-art RPG Game – Sword and Fairy

- 1st title launched In 1995, the most popular martial-art and love romance RPG game ever in Chinese communities, Issued nearly 5,000,000 packages.
- “Sword and Fairy I” stayed at the top ranks for 68 months and won 1st place player voting in consecutive 24 times in Chinese game magazine.
- “Sword and Fairy V” and “Sword and Fairy V prequel” issued over 2,000,000 copies which broke a new record of PC games sales volume among Chinese PC game titles ◦
- **Announce kickoff of next project “Sword and Fairy 7”**
 - **“Sword and Fairy 6” will launch PS4 platform in 2018**



Classic & Phenomenal Casual Series - Richman

- 1st Monopoly-typed PC game launched in 1989
- Total 9 titles has been released.
- Near 100 originated characters and 300 items
- One of the longest game series ever in Chinese culture area



Popular & Unique SLG Game Series – Empire of Angels

- 1st title launched In 1993, the first Chinese SLG Game Series.
- Total 4 PC game titles, 1 mobile title.
- Latest title “Empire of Angels 4” launched in June, 2016, more mobile titles launch in 2017 & 2018.
- “Empires of Angels 2” won “Best SLG Game Award” in 2 consecutive years in Taiwan.
- Whole female character, fantasy style story, Middle-aged graphic design made it more appealing to global market.
- Co-developed title (with Auer) “Empire of Angels: Lunar Phantom” launched Japan Market in 2017, got 1st place on download chart.



Various Authorized Products



GAME

Released a total of 6,000,000 copies.

TV

Over 500 million Viewers.
Total click rate 6 billion times

COMICS

Issued a total of 140,000 copies.

NOVEL

Released a total of 150,000 copies.

IP Adapted Drama Series

Sword and Fairy 3

2008

Best audience rating:14.9%

Viewed 120 million times on
online video sites



Sword and Fairy

2004

Best audience rating: 11.65%

The very first game title to license a
TV series over Chinese culture area
Broadcast in SEA, U.S. and Canada



Xuan-Yuan Sword: the Scar of the Sky

2012

Best audience rating: 11.5%

Viewed 270 million times on
online video sites



Sword and Fairy: the Tavern

2015

Broke the click rating record
among all 2015 Chinese on-line
drama on 1st episode releasing
Reached 100 million click rate in
3 weeks, with otal 400 million
click rate



Stardom

2016

Exclusively On IQiYi platform
Over 300 million click rate in 2
months



Xuan Yuan Sword: Han cCloud

2017

On Dragon TV & IQiYi platform
Over 1.3 billion click rate in 2
months

Award (Recent Titles)



Sword and Fairy 5

Bahamut Popular Domestic Game Golden Award
Bahamut Popular PC Game Silver Award
YAHOO Most Popular PC Single-player Game



Sword and Fairy: Sword and Maple

GAME STAR Domestic Mobile Game Golden Award



Sword and Fairy 5: Prequel

Bahamut Popular Domestic Game Silver Award
Bahamut Popular PC Game Bronze Award
China Game Industry Annual Conference Best 10 Popular PC Single-player Game



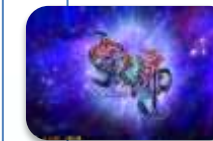
Xuan Yuan Sword: Distant to Cloud

China Game Industry Annual Conference Best 10 Popular PC Single-player Game



New Sword and Fairy Online

China Game Industry Annual Conference Best 10 Most Anticipating Web Game



Xuan Yuan Sword: the Gate of Firmament

GAME STAR PC Single-player Game Golden Award



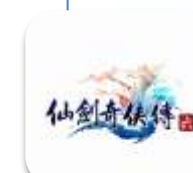
Richman 4 Fun

CCMG AWARD APP Contest Winner
Bahamut Popular Domestic Game Bronze Award
GAME STAR Mobile Game Puzzle Type Golden Award



Xuan Yuan Sword 6

China Game Industry Annual Conference Best 10 Popular PC Single-player Game



Sword and Fairy 6

GAME STAR PC Single-player Game Golden Award
7th China Game Developer Award Best Stage Design Award

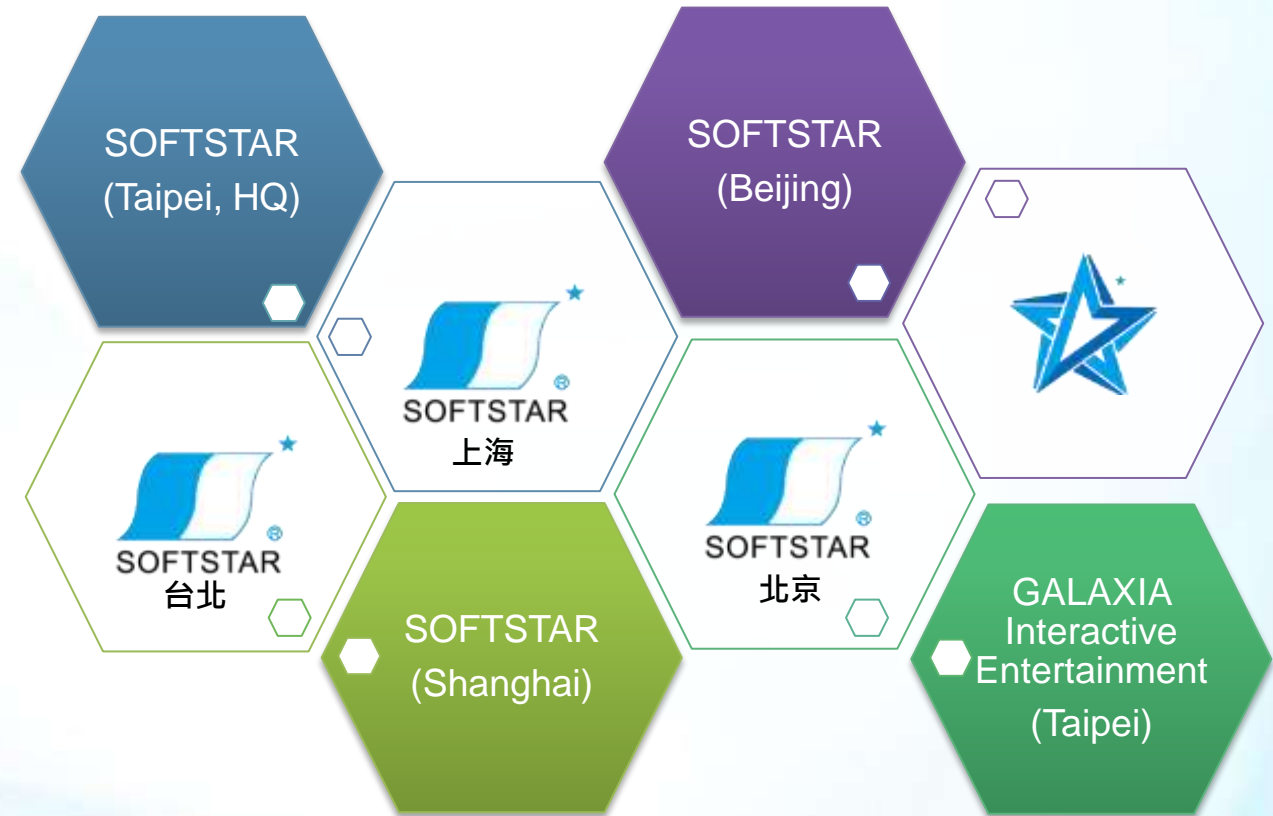


Company Structure

SOFTSTAR Entertainment Inc. has subsidiaries located in Taipei, Beijing and Shanghai, the head office is in Taipei.

Developing studio employees over **70%** of total employees.

Publishing subsidiaries:
GALAXIA Interactive Entertainment



SOFTSTAR's Core Business

Development

- 11 studios
- PC game
- Console game
- Mobile game

IP Licensing

- New games
- TV/internet/stage drama series
- Animation
- Novel/Comic publishing

Game Publishing

- Taiwan, HK, Macau
- PC game
- Client-based/web-based online game
- Mobile game

Entertainment

- Movie/TV/internet/stage drama series collaboration & production

Consolidated Balance Sheet

Unit : NTD thousands

Item	2017/6/30		2016/12/31		2015/12/31	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets	662,801	58	579,309	62	343,255	48
Noncurrent Assets	470,559	42	355,506	38	377,574	52
Assets	1,133,360	100	934,815	100	720,829	100
Current Liabilities	418,486	37	394,452	42	229,412	32
Noncurrent Liabilities	67,421	6	23,644	3	19,539	3
Liabilities	485,907	43	418,096	45	248,951	35
Shareholders' Equity	647,453	57	516,719	55	471,878	65

Consolidated Income Statement

Unit : NTD thousands

Item	2017.1H		2016		2015	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Revenue	433,627	100	702,634	100	756,917	100
Gross Profit	352,114	81	579,962	83	634,168	84
Operating Income	67,308	15	- 93,280	-13	92,985	12
Pre-Tax Income	68,560	16	-124,379	-18	193,017	25
Net Income	59,453	14	-141,295	-20	176,413	23
EPS	\$1.34		-\$2.90		\$3.87	

Consolidated Financial Ratios

Unit : %

	2017/6/30	2016/12/31	2015/12/31
Debt ratio	42.87	44.72	34.54
Current ratio	158.38	146.86	149.62
Quick ratio	119.36	117.45	132.24
Long term funds to fixed assets	2,107.41	1,691.64	1,558.12
Return on total assets	11.58	-16.99	25.51
Return on total shareholder's equity	20.43	-28.60	46.32

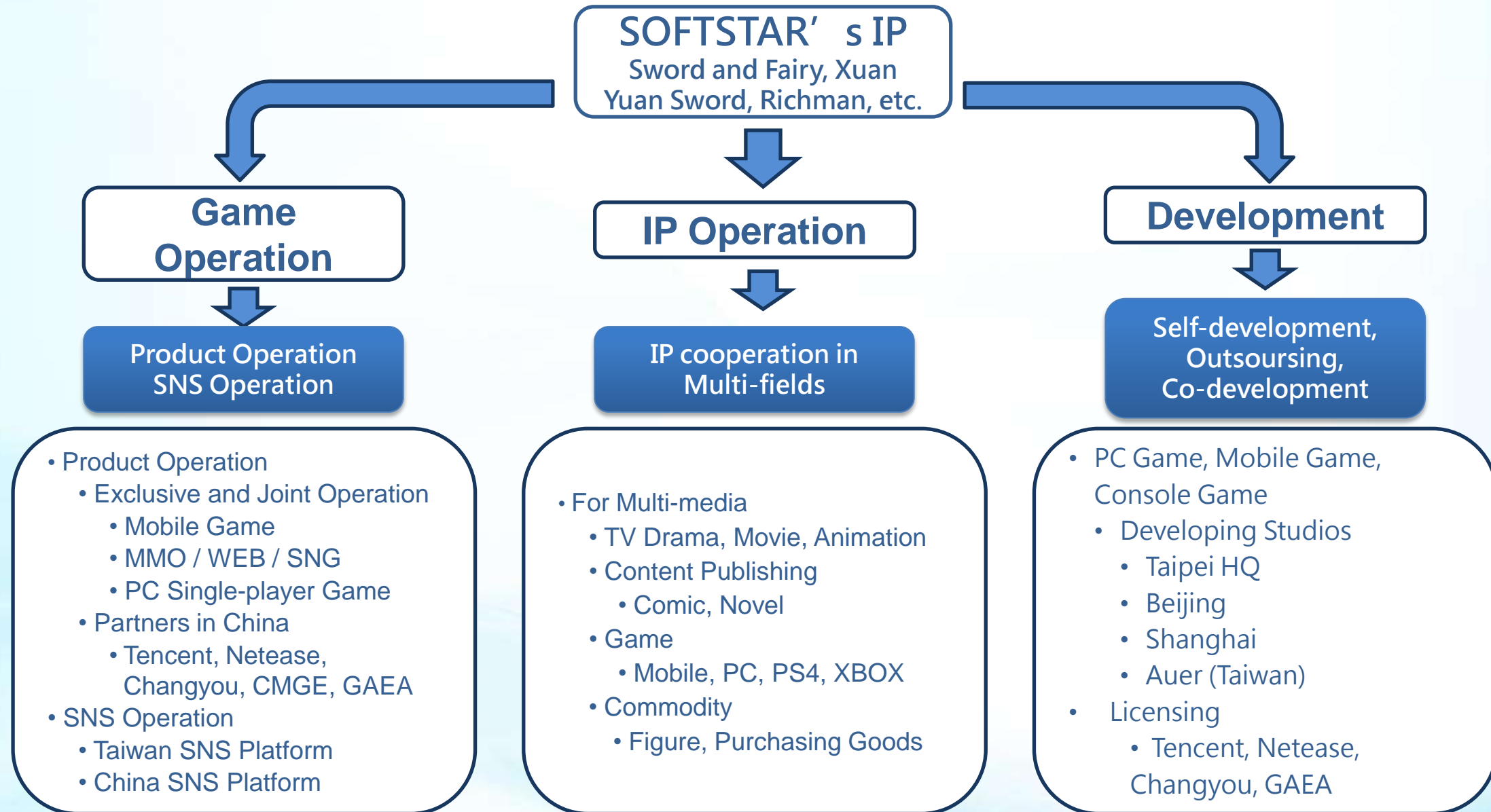
Department Income

Unit : NTD thousands

	2017.1H		2016		2015	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating	218,485	50	173,400	25	211,965	28
R&D/License	215,142	50	529,234	75	544,952	72
Total	433,627	100	702,634	100	756,917	100



SOFTSTAR's current operating model



SOFTSTAR IP & Game Performance (2014-2015)

- *Co-development*
- Publisher: Tencent
- Genre: Card-battle RPG
- China: 2014.11 launched
- Taiwan: 2015.08 launched
- **Top 1 on App Store Grossing Chart**

Sword and Fairy



- *Co-development*
- Publisher: CMGE
- Genre: Card-battle RPG
- China: 2015.04 launched
- **Top 10 on App Store Grossing Chart**

Sword and Fairy: 3D



- *Self-development*
- Publisher
- 2015.12 SOFTSTAR (Taiwan)
- 2016.12 IQIYI (China)
- Genre: Simulation
- **Top 10 on App Store Grossing Chart**

Stardom: Guard of the Star



- *Co-development*
- Publisher:
- 2016.06 Auer (Taiwan)
- Japan coming soon
- Genre: ARPG
- **Top 1 on Japan App Store Download Chart**

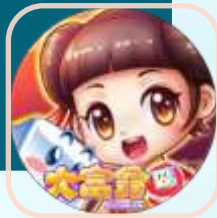
Empire of Angels: Lunar Phantoms



SOFTSTAR IP & Game Performance (2016-2017)

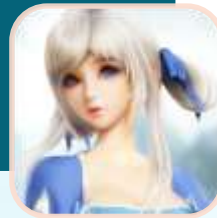
- *Co-development*
- Publisher: **NetEase**
- Genre: Strategy
- China: 2016.06

Richman 9



- *Co-development*
- Publisher: **GAEA Mobile**
- Genre: RPG
- China: 2016.04
- **Top 10 on App Store Grossing Chart**

Xuan Yuan
Sword: Scar
of the Sky



- *Co-development*
- Publisher: **GAEA Mobile**
- Genre: Round-based MMORPG
- China: 2016.08
- Taiwan: 2016.10
- **Top 10 on App Store Grossing Chart**

Sword and Fairy
Round-based
RPG



- *Co-development*
- Publisher: **Tencent**
- Genre: MMORPG
- China: 2017.03
- **Top 10 on App Store Grossing Chart**

Sword and
Fairy Online



Self-developed Project in 2017



Sword and Fairy: Mirror's Mirage

Develop SOFTSTAR Shanghai

Genre MMOARPG

Feature Smooth action gameplay and vivid refined graphics

發行 Taiwan: GALAXIA(2017.05) **Grossing Chart Top 10**

China: Baidu Games(2017.04) **Grossing Chart Top 10**

其他區域 Korea: coming soon(2017Q4)

其他區域 Japan, SEA (To be decided)

其他產品 6 episodes, total 120 minutes of animation works are making; Figure is under-development; TV series is to be decided





Game Cooperation Record and Strategy

Cooperate with China & Taiwan app stores and channels, expand revenue and popularity.



With remaining hundreds of R&D staff, added more studios such as Marsware, Wecool, to develop mobile new titles.

產品	說明
Sword and Fairy mobile(with Tencent)	App Store Grossing Chart Top 1
Stardom: Guard of the Star	Grossing Chart Top 10 in both China And Taiwan
Sword and Fairy Round-based RPG(with GAEA mobile)	Grossing Chart Top 10 in both China And Taiwan
Sword and Fairy: Mirror's Mirage	Grossing Chart Top 10 in both China And Taiwan Overseas publishing are waiting
Xuan Yuan Sword mobile title (with Netease)	To be launched in 2018
Sword and Fairy 7, Xuan Yuan Sword 7 new PC title	To be launched in 2019
More new projects are coming	

Project in Development



Tun Town: Furry Heroes

Develop SOFTSTAR(Marsware)

Genre RPG

Feature Innovative pets war theme and vivid graphics

2017Q4

Areas Japan, Korea, SEA to be decided



Project in Development



Empire of Angels: Lace Fantasy

Develop	SOFTSTAR(Wecool)
Genre	Round-based SLG
Feature	Classical retrospective SLG gameplay and new character interaction mode
launch	2017Q4



IP and Cross-industrial Strategy

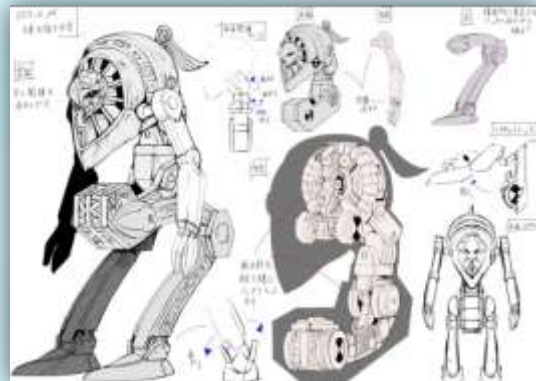
- Continuously maintaining and expanding IP value, optimize IP popularity
- Search new colaborators
- Strengthen mobile game developing and operating
- Dedicate in cultural and creation relating industries (movie, TV program, books, music album)



Cross-country Animation Cooperation: Xuan Yuan Sword- “Aoi no Kakayaki”



Length	13 episodes, 25 minutes in every episode
Broadcast Schedule	2018
Committee Member	SOFTSTAR, TV Tokyo, Nada Holdings
Produce	Studio Deen
Game	SOFTSTAR develop new title based the same story and setting



IP's Cross-industrial Achievements and Prospects

Sword and Fairy stage drama has been to Australia for tournament performance; new TV series will hit the screen in 2018, movie will be out in 2019

Stardom internet drama series has successfully broaden IP popularity, new season and cross-industrial chances are waiting

Xuan Yuan Sword just broadcasted new episodes of "Han Cloud," movie production is under preparation

SOFTSTAR
Cross-industry
Prospect

Xuan Yuan Sword-"Aoi no Kakayaki" cooperate with famous animation studio in Japan, will broadcast in 2018 on TV Tokyo

Richman is preparing internet drama and movie production, put a casual type IP to a new stage



SOFTSTAR

**Those classics are insurmountable,
therefore we create new classics!**

