



SOFTSTAR

大宇資訊

SOFTSTAR ENTERTAINMENT INC.

Investor Conference Presentation

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Intellectual
Property (IP)
Introduction

Current
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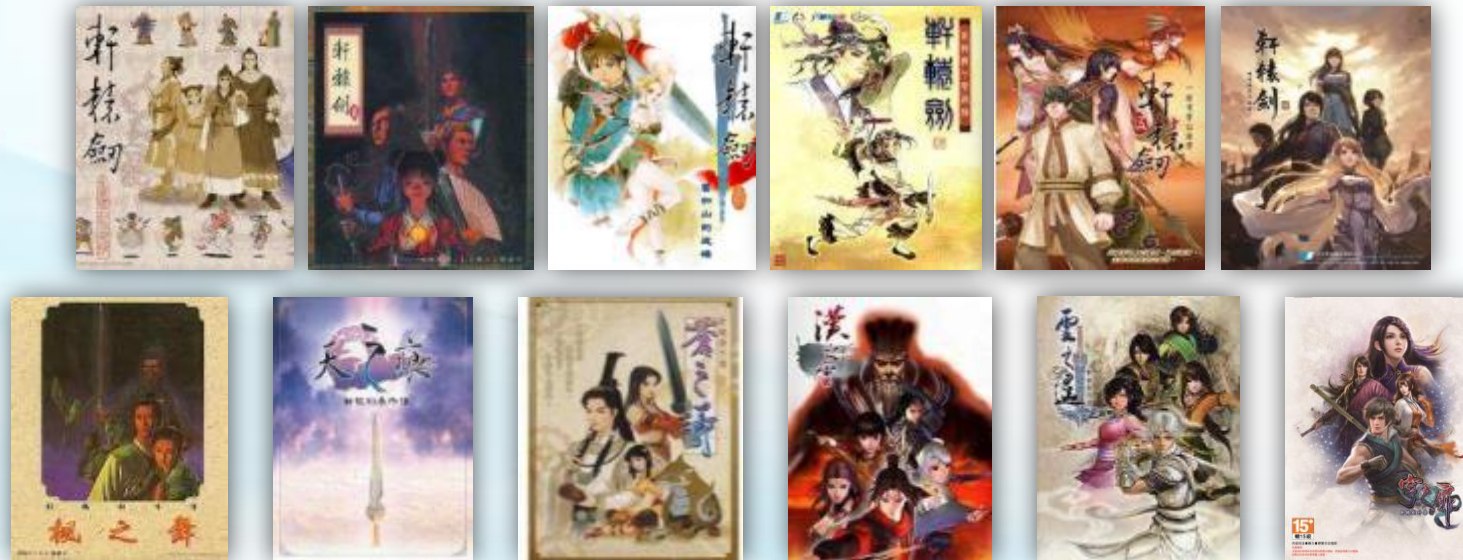
Prospect of
SOFTSTAR



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

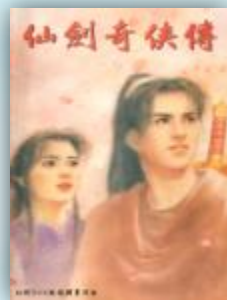
1st title launched In 1990, the first Oriental Style chinese RPG game.

- “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



Pioneer of Simulation Game Series – Stardom

- First title released in 1995 with total 6 PC and 1 mobile titles.
- Popular simulation/adventure game series, multiple awards in game selection.
- As manager or celebrity, taking lessons, casting, acting, singing to experience the entertainment industry.
 - combined with romance and social elements, a potential IP to go viral.
 - Adopted to internet drama in 2016. ◦
- Announce kickoff of next project “Stardom 4.”



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 Cloud

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



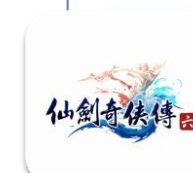
Richman 4 Fun

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



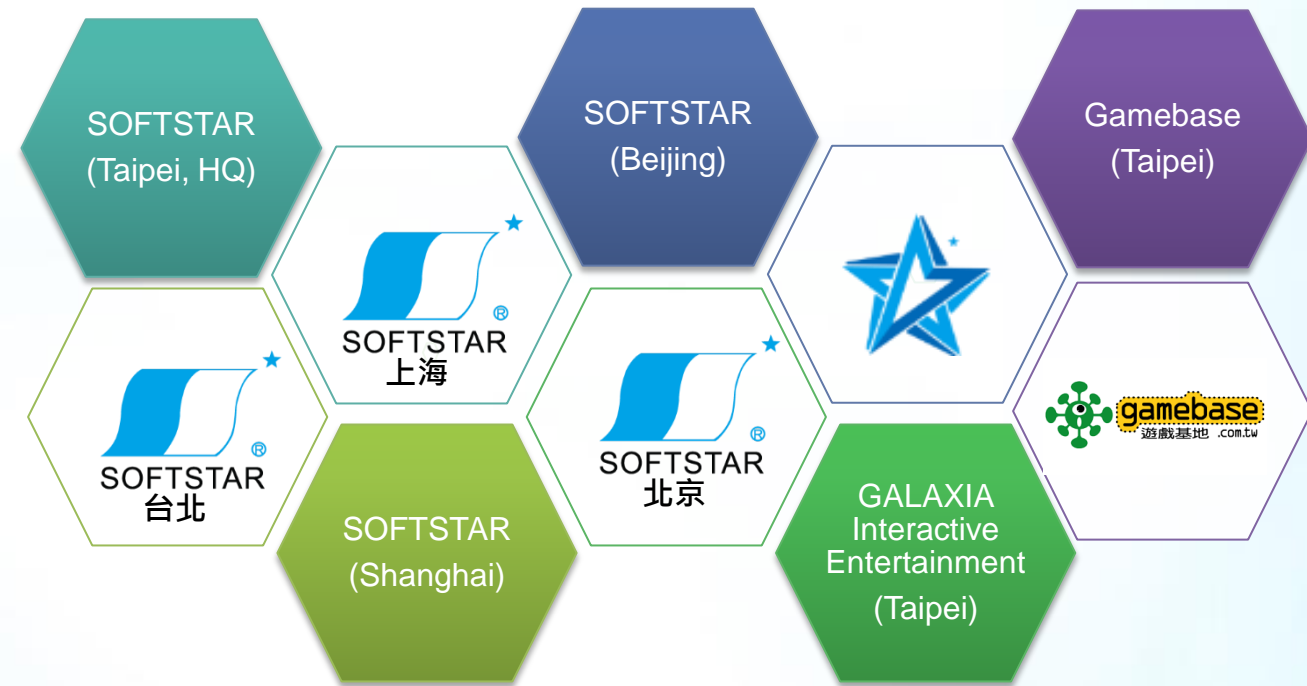
Company Structure

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

Developing studio employees over 65% of total employees.

Publishing subsidiaries:
GALAXIA Interactive Entertainment

Game media platform:
Gamebase



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	2018/6/30		2017/12/31		2016/12/31	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets	533,253	52	502,389	56	579,309	62
Noncurrent Assets	482,897	48	388,808	44	355,506	38
Assets	1,016,150	100	891,197	100	934,815	100
Current Liabilities	359,386	35	343,341	38	394,452	42
Noncurrent Liabilities	131,019	13	55,167	6	23,644	3
Liabilities	490,405	48	398,508	44	418,096	45
Shareholders' Equity	525,745	52	492,689	56	516,719	55

Consolidated Income Statement

Unit : NTD thousands

Item	2018.1H		2017		2016	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Revenue	391,189	100	789,128	100	702,634	100
Gross Profit	350,801	90	665,389	84	579,962	83
Operating Income	64,755	17	36,533	4	-93,280	-13
Pre-Tax Income	65,588	17	25,117	2	-124,379	-18
Net Income	43,136	11	9,528	-	-141,295	-20
EPS	\$1.01		\$0.38		-\$2.90	

Consolidated Financial Ratios

Unit : %

	2018/6/30	2017/12/31	2016/12/31
Debt ratio	48.26	44.72	44.72
Current ratio	148.38	146.32	146.86
Quick ratio	105.87	106.67	117.45
Long term funds to fixed assets	2,108.33	1,651.77	1,691.64
Return on total assets	9.16	1.19	-16.99
Return on total shareholder's equity	16.90	1.89	-28.60

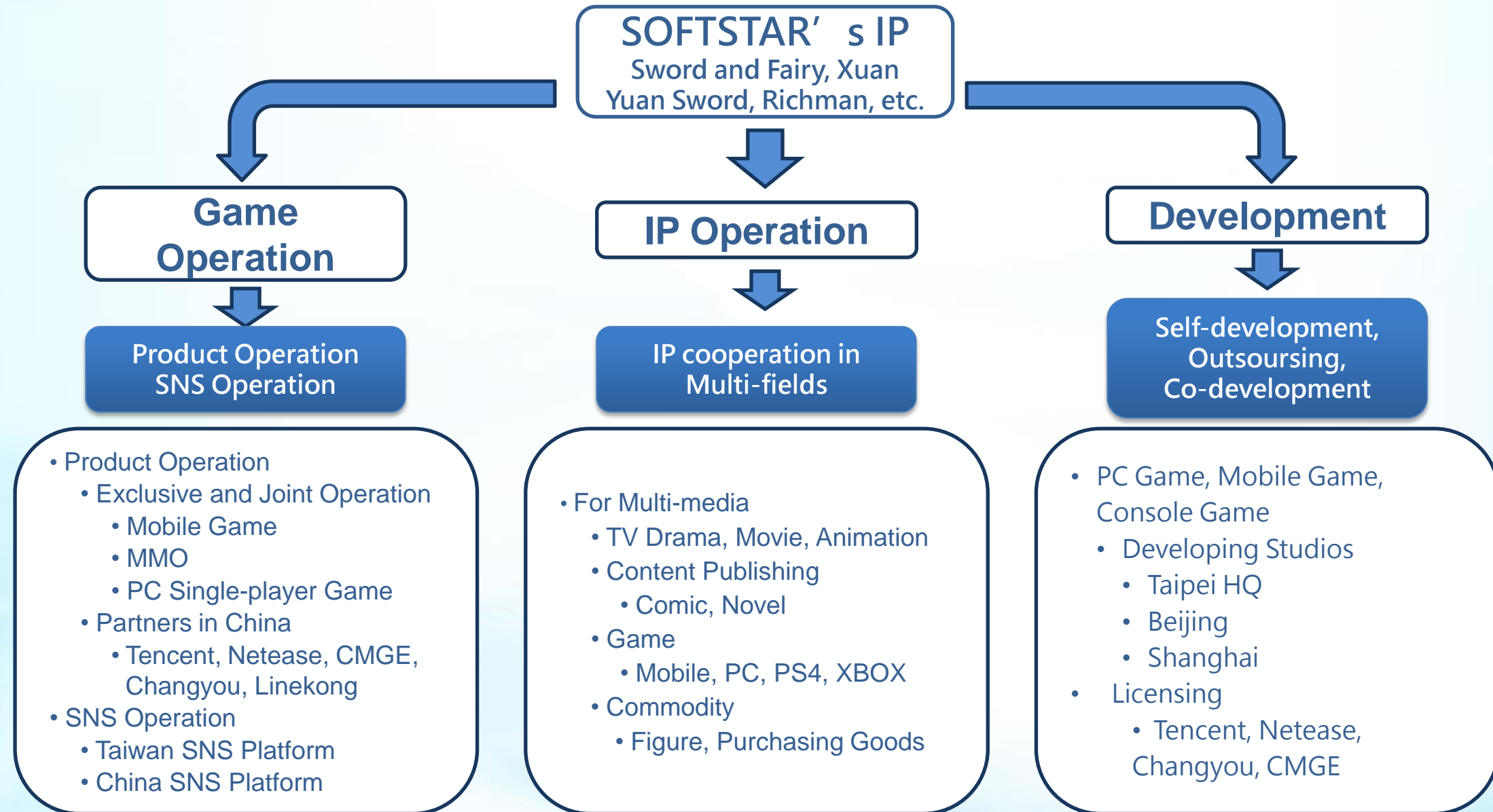
Department Income

Unit : NTD thousands

	2018.1H		2017		2016	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating	62,971	16	332,883	42	173,400	25
R&D/License	328,218	84	456,245	58	529,234	75
Total	391,189	100	789,128	100	702,634	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: **NetEase**
- Genre: Strategy
- China: 2016.06

Richman 9



SOFTSTAR IP & Game Performance (2016-2017)

- *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



- *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	
Publish	Taiwan: GALAXIA(2017.05)	Grossing Chart Top 10
	China: Baidu Games(2017.04)	Grossing Chart Top 10
	Korea: Gravity Co. Ltd.(2017.12)	
	Japan, SEA (To be decided)	
Other products	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.

Product	Release Schedule
Xuan Yuan Sword Online (with Chanyou)	To be launched in 2018Q4
Xuan Yuan Sword: Dragon Dances (temporary) (with Netease)	To be launched in 2018Q4
Sword and Fairy: Six Dimensions Romance (with Ourpalm)	To be launched in 2018Q4
Sword and Fairy 4 Mobile (with Xishanju , publish by Tencent)	To be launched in 2018Q4
Sword and Fairy: Nine Wilds (self-developed title)	To be launched in 2019Q1
Xuan Yuan Sword: Aoki Kagayaki (self-developed, publish by Linekong)	To be launched in 2019Q1
Richman 10 (self-developed PC title)	To be launched in 2019Q1
Stardom 4 (self-developed PC title)	To be launched in 2019Q2
Sword and Faire 7 · Xuan Yuan Sword 7 (self-developed PC title)	To be launched in 2019Q3-Q4
10 or more titles will launch before 2019Q4	

Project in Development



Sword and Fairy: Nine Wilds

Developer SOFTSTAR (Shanghai)

Genre Strategic TCG

Feature Refined graphic and strategic gameplay

Launch 2019Q1



Project in Development



Richman 10

Developer SOFTSTAR(Beijing)
Genre Strategy & casual
Feature Classical Richman (Monopoly-typed)
Launch 2019Q1



Cross-country Animation Cooperation Mobile game: “Xuan Yuan Sword: Aoki Kagayaki”

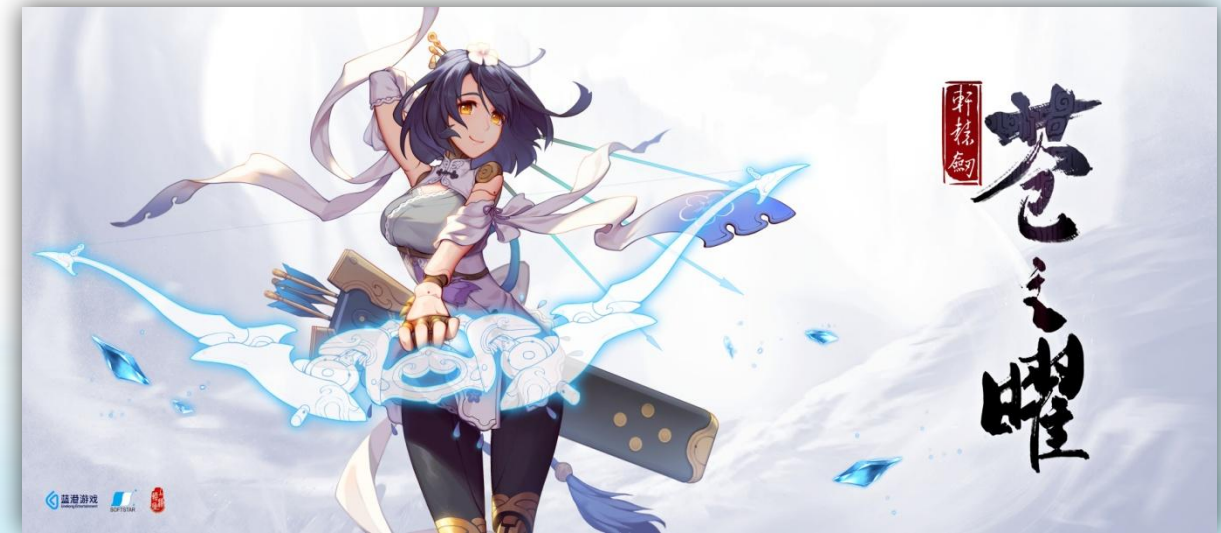


Developer SOFTSTAR(Shanghai)

Genre ARPG

Feature Refined and Japanese animation style graphics

Launch 2019Q1



IP and Cross-industrial Strategy

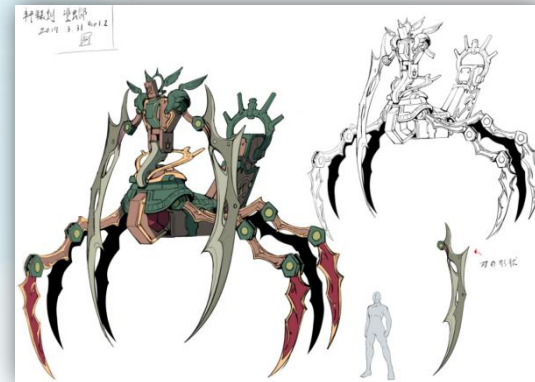
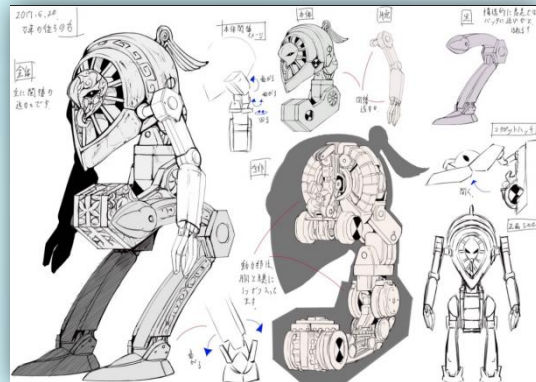
- Continuously maintaining and expanding IP value, optimize IP popularity
- Search new colaborators
- Strengthen mobile game developing and operating
- Dedicate in cultural and creation relating industries (movie, TV program, books, music album)



Cross-country Animation Cooperation: “Xuan Yuan Sword: Aoki Kakayaki”



Length	13 episodes, 25 minutes in every episode
Broadcast Schedule	2018/10/01
Committee Member	SOFTSTAR, TV Tokyo, Nada Holdings
Produce	Studio Deen
Game	SOFTSTAR develop new title based the same story and setting



Entertainment Cooperation in Near Future

Sword and Fairy 4

- TV series
- To be broadcasted in 2019Q3

Sword and Fairy (Remake)

- TV series
- To be broadcasted in 2020Q1

Sword and Fairy: the Tavern 2

- Internet series
- To be broadcasted in 2019Q4

Xuan Yuan Sword 1st Movie Episode

- To be launched in 2020Q1

IP's Cross-industrial Achievements and Prospects

Sword and Fairy new TV series will hit the screen in 2019 and 2020

Stardom is developing new sequential PC title "Stardom4," chances are awaiting in 2019.

SOFTSTAR
Cross-industry
Prospect

Xuan Yuan Sword movie production is under preparation

Xuan Yuan Sword- "Aoi no Kakayaki" cooperate with famous animation studio in Japan, first appearance is on 2018/10.

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!**

