HannsTouch Solution Incorporation

和鑫光電股份有限公司

2017 -11 - 8

讓我們的下一代都能享受，新彩麗世界的新希望

Safe Harbor Notice

We have made forward-looking statements in this presentation. Our forward-looking statements contain information regarding, among other things, our financial condition, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions about us.

We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this conference might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.

The information contained herein shall also not constitute an offer to sell or a solicitation of an offer to buy the company's securities nor shall there be any sale of such securities in any state or country in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or country.

Agenda

1. Financial Results
2. Update & Outlook
3. Q & A

Agenda

1 Financial Results

Statement of Comprehensive Income

NT$ Million	Q3 2017		Q3 2016		YTD 2017		YTD 2016	
Sales	668	100%	833	100%	2,192	100%	1,815	100%
Gross profit (loss)	4	0%	384	46%	361	17%	-375	-21%
Operating income	-59	-9%	330	40%	171	8%	-519	-29%
Net income (loss)	-153	-23%	199	24%	-88	-4%	-847	-47%
EBITDA	231		595		1,083		356	
EPS (NT$)	-0.21		0.27		-0.12		-1.15	

Statement of Balance Sheet

NT$ Million	Sep.30, 2017		Sep.30, 2016	
Cash and cash equivalents	544	3%	659	5%
Accounts receivable, net	227	1%	330	2%
Inventories	156	1%	141	1%
Property, plant and equipment	9,728	54%	9,879	68%
Investment property	5,499	31%	-	-
Total Assets	18,003	100%	14,651	100%
Short-term loans	1,549	9%	3,498	24%
Long-term loans	8,355	46%	2,311	16%
Toal Debt	11,021	61%	7,693	53%
Total Equity	6,982	39%	6,958	47%
Current Ratio (%)	73%		39%	
Debt/Equity Ratio (%)	158%		111%	

Statement of Cash Flows

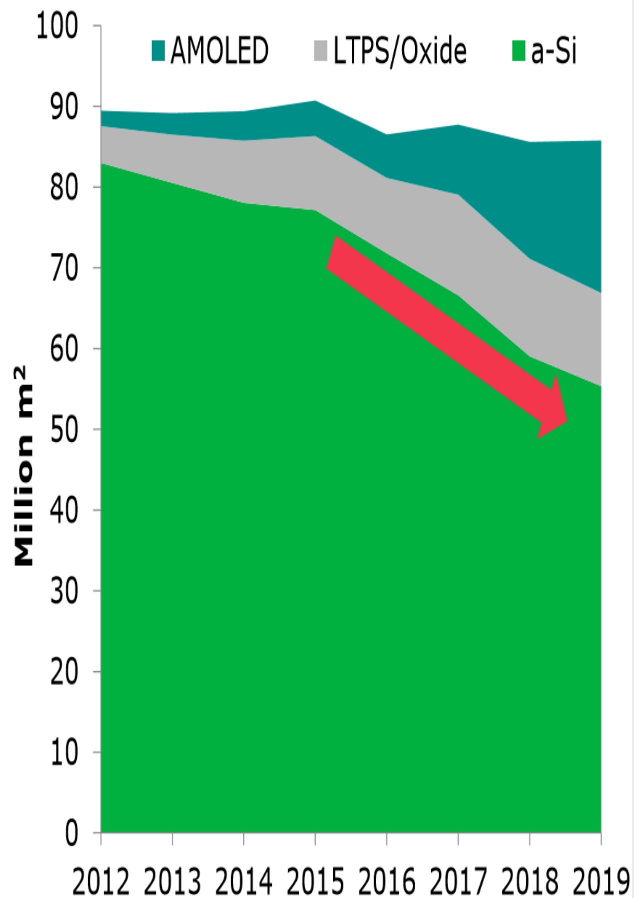
NT$ Million	YTD 2017	YTD 2016
Income before income tax	-88	-845
Depreciation & Amortization	1,028	1,097
Operating Cash Flow	817	721
Investing Cash Flow	-1,080	-1,973
Financing Cash Flow	191	-345
Cash and cash equivalents	544	659

Agenda

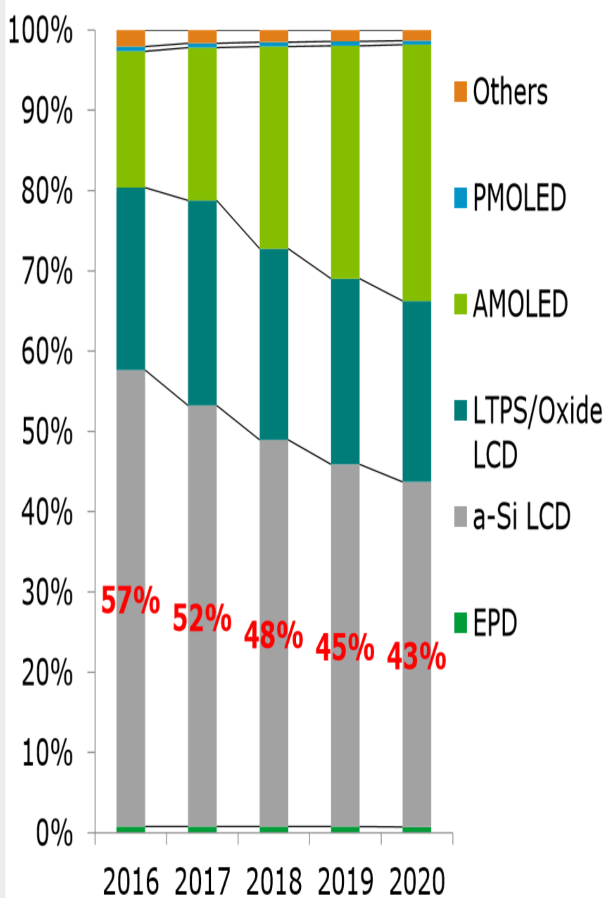
2 Update & Outlook

Market Status – Display Trend & FCST

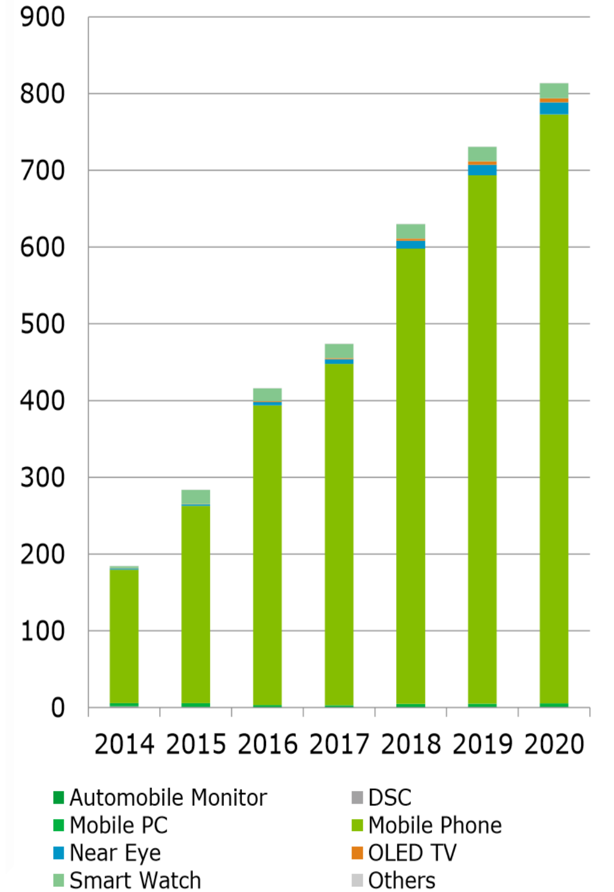
Supply capacity forecast (≤Gen6)



S&M demand area forecast by tech



AMOLED display market forecast



IHS Markit

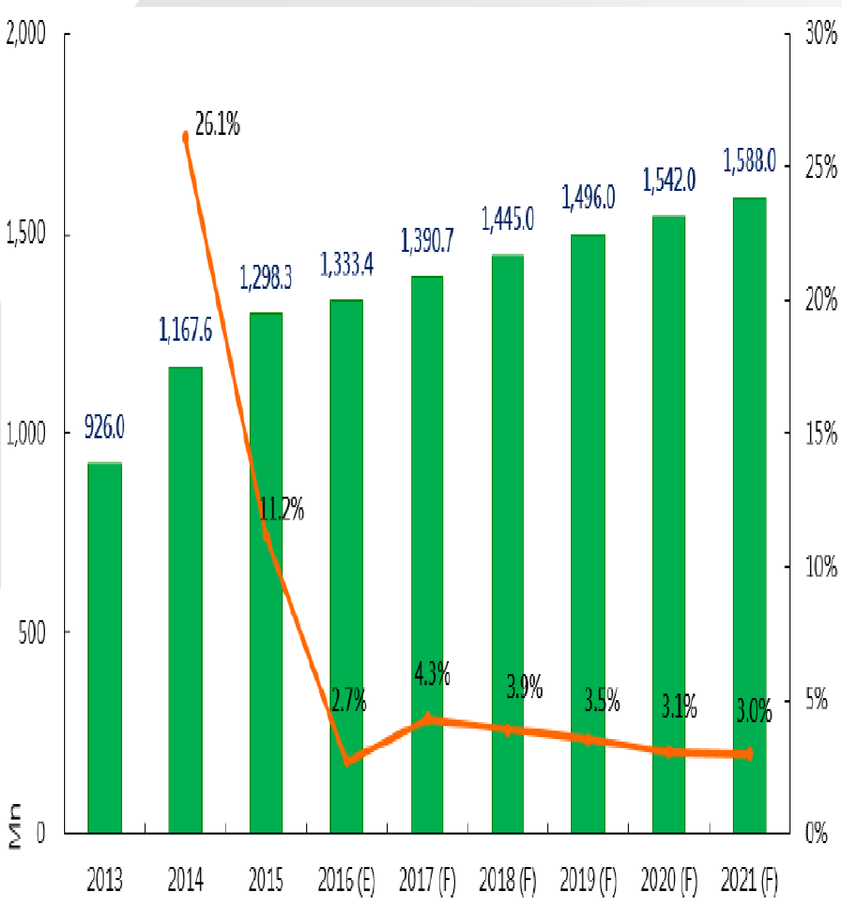
Market Status – Display Trend & FCST

OEM	Samsung	Samsung	Apple	LG	Google	Huawei	Oppo	Oppo	vivo
Model	Galaxy S8 & S8+	Note 8	iPhone X	V30	Pixel2 & Pixel2 XL	Mate 10 & Mate 10 Pro	R11s	Find 9	X20 & X20 +
Launch	Apr'17	Aug'17	Sep'17	Aug'17	Oct'17	Oct'17	Nov'17	Feb'18	Oct'17
Display Size	5.8" & 6.2"	6.2"	5.85"	5.99"	5" & 6"	5.88" & 6.01"	6.01"	6.0"	6.01" & 6.43"
Aspect Ratio	18.5:9	18.5:9	19:9 or 19.5:9	18:9	16:9 &18:9	18:9	18:9	18:9	18:9
Display Tech	AMOLED	AMOLED	AMOLED	AMOLED	AMOLED	LCD & AMOLED	AMOLED	AMOLED	AMOLED

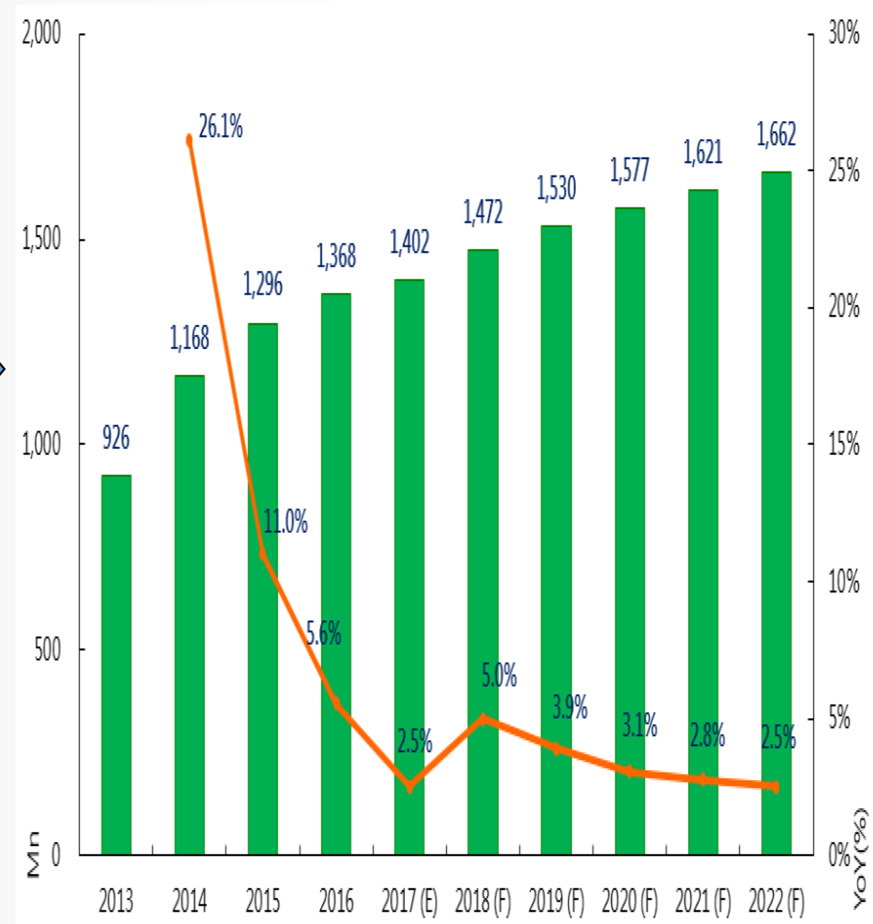
Source: Smartphone intelligence Service - Premium

IHS Markit

Market Status – Display Trend & FCST



2016/12/9 report



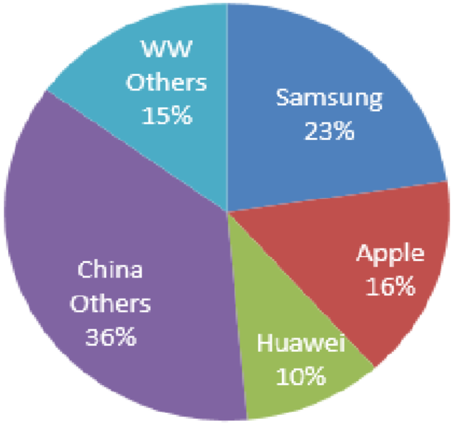
2017/9 report

TrendForce

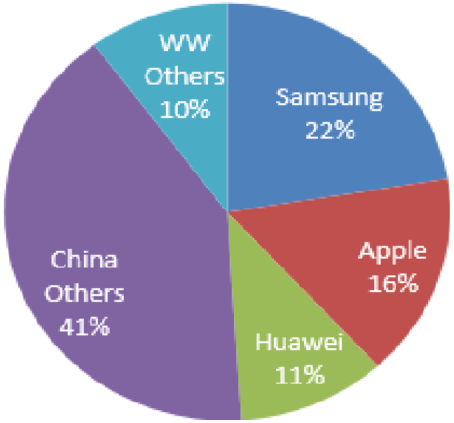
Market Status – Display Trend & FCST

Company	2016	1Q17	2Q17	3Q17(E)	4Q17(F)	2017(E)	YoY
Samsung	310.0	80.0	79.6	77.1	78.2	314.9	1.6%
Apple	215.4	50.8	41.0	46.0	83.0	220.8	2.5%
Huawei	139.0	36.5	33.5	36.5	45.0	151.5	9.0%
OPPO	97.6	28.5	27.5	32.0	34.0	122.0	25.0%
BBK/VIVO	82.0	20.5	23.5	26.5	27.5	98.0	19.5%
Xiaomi	50.9	12.5	21.5	22.5	25.0	81.5	60.1%
LG	75.0	14.7	15.5	17.0	18.3	65.5	-12.7%
Lenovo	50.8	9.5	13.5	13.5	15.0	51.5	1.4%
ZTE	47.0	10.0	10.0	11.0	11.0	42.0	-10.6%
TCL	50.0	7.8	7.1	7.3	7.0	29.2	-41.6%
Meizu	20.0	3.0	4.0	5.8	5.0	17.8	-11.0%
Sony	19.5	2.9	4.1	4.0	4.2	15.2	-22.1%
Coolpad	26.0	3.0	3.0	3.0	4.5	13.5	-48.1%
ASUS	16.5	3.2	1.8	2.5	3.0	10.5	-36.4%
Nokia	19.0	1.0	3.0	3.5	3.0	10.5	-44.7%
hTC	12.7	1.5	1.3	1.0	1.0	4.8	-62.1%
LeEco	20.9	2.0	0.0	0.0	0.0	2.0	-90.4%
WW Others	72.4	11.3	9.4	7.9	7.4	35.9	-50.4%
China Others	43.3	25.8	27.1	29.9	32.2	115.1	166.1%
Total	1368.0	324.5	326.4	347.1	404.3	1402.3	2.5%

2016



2017(E)



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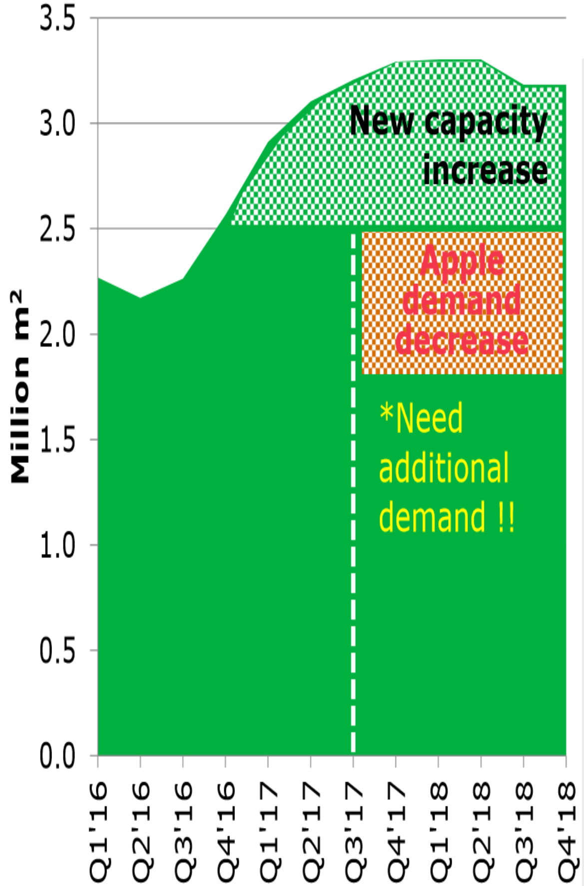
Market Status – Display Trend & FCST

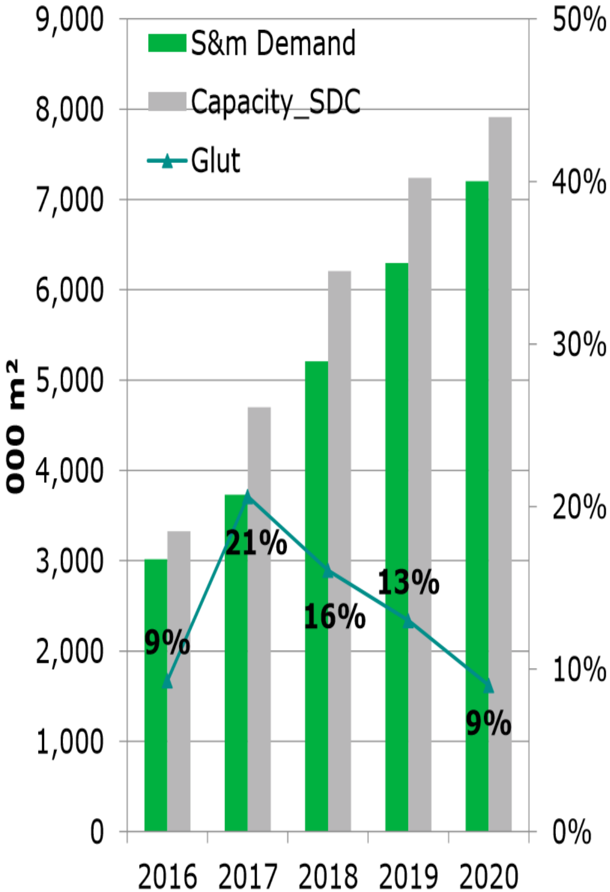
LTPS LCD capacity forecast



Apple line-up estimation

2017	2018
iPhone SE TFT-LCD 4.0-inch 1136x640 326 PPI	
iPhone 8s TFT-LCD 4.7-inch 1334x750 326 PPI	**iPhone X** TFT-LCD 6.2-inch 321 PPI
iPhone 8s Plus TFT-LCD 5.5-inch 1920x1080 401 PPI	**iPhone X** Flexible AMOLED 5.85-inch 2436x1125 459 PPI
iPhone X Flexible AMOLED 5.85-inch 2436x1125 459 PPI	**iPhone X** Flexible AMOLED 6.45-inch 459 PPI

Supply vs Demand, SDC



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Market Status – AMOLED Develop Trend

Summary of announced AMOLED fabs in Korea, Japan, Taiwan and China

Company	Fab location	Substrate size (mm)	Gen	Type	K Capacity/month	Status
SDC	Korea	730 X 920	4.5	Rigid	60	MP
SDC	Korea	1300 X 1500	5.5	Rigid, Flexible	200	MP
SDC	Korea	1500 X 1850	6	Flexible	135 (max 180)	MP
SDC	Korea	1500 X 1850	6	Flexible	270-->60	2Q19 MP
LGD	Korea	730 X 920	4.5	Rigid	15	MP
LGD	Korea	1500 X 1850	6	Flexible	15 (max 30)	1Q17 MP
LGD	Korea	1500 X 1850	6	Flexible	15 (max 60)	2Q18 MP
LGD	Korea	2200 x 2500	8.5	Rigid	60	MP
LGD	Korea	3370 X 2940	10.5	Rigid	30	1Q20 MP
JDI	Japan	1500 X 1850	6	Flexible	30	4Q17 MP
Sharp(HonHai)	Japan	1500 X 1850	6	Flexible	15	2Q18 MP
AUO	Linko, Taiwan	620 x 750	3.5	Rigid	8	MP
AUO	Singapore	730 x 920	4.5	Rigid	15	MP
BOE	Ordos, China	1300 x 1500	5.5	Rigid	4	MP
BOE	Chengdu, China	1500 x 1850	6	Flexible	24 (max 48)	4Q17 MP
BOE	Manyung, China	1500 x 1850	6	Flexible	24 (max 48)	4Q18 MP
Tianma	Shanghai, China	1300 x 1500	5.5	Rigid	8	MP
Tianma	Wuhan, China	1500 x 1850	6	Rigid, Flexible	15 (max 30)	1Q18 MP
GoVisionox	Kunshan, China	1300 x 1500	5.5	Rigid	8 (max 12)	MP
GoVisionox	Guan, China	1500 x 1850	6	Rigid, Flexible	15 (max 30)	4Q18 MP
EverDisplay	Shanghai, China	730 x 920	4.5	Rigid	21	MP
EverDisplay	Shanghai, China	1500 x 1850	6	Flexible	30	4Q18 MP
Truly	Huizhou, China	730 x 920	4.5	Rigid	15 (max 30)	MP
Truly	Huizhou, China	1500 x 1850	6	Flexible	30	4Q18 MP
MGV(BBK)	Ningbo, China	1500 X 1850	6	Flexible	30 (max 60)	4Q19 MP
CSOT	Wuhan, China	1500 x 1850	6	Flexible	45	1Q20 MP
Royole	Guandong, China	1300 X 1500	5.5	Flexible	15	4Q18 MP

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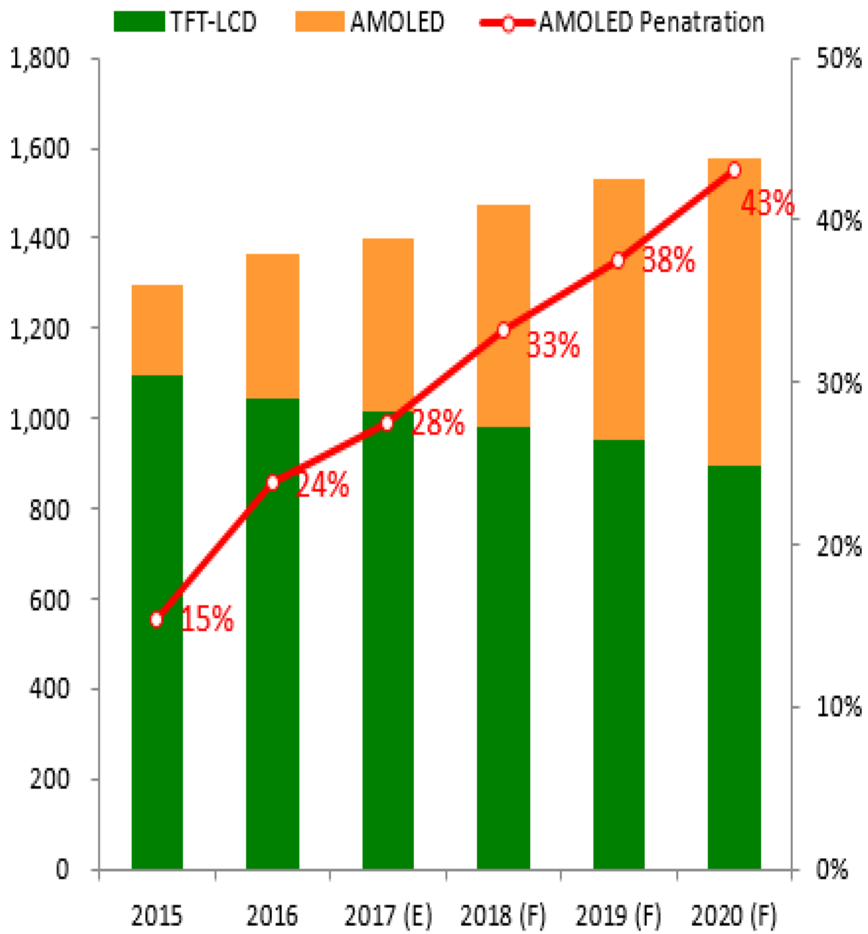
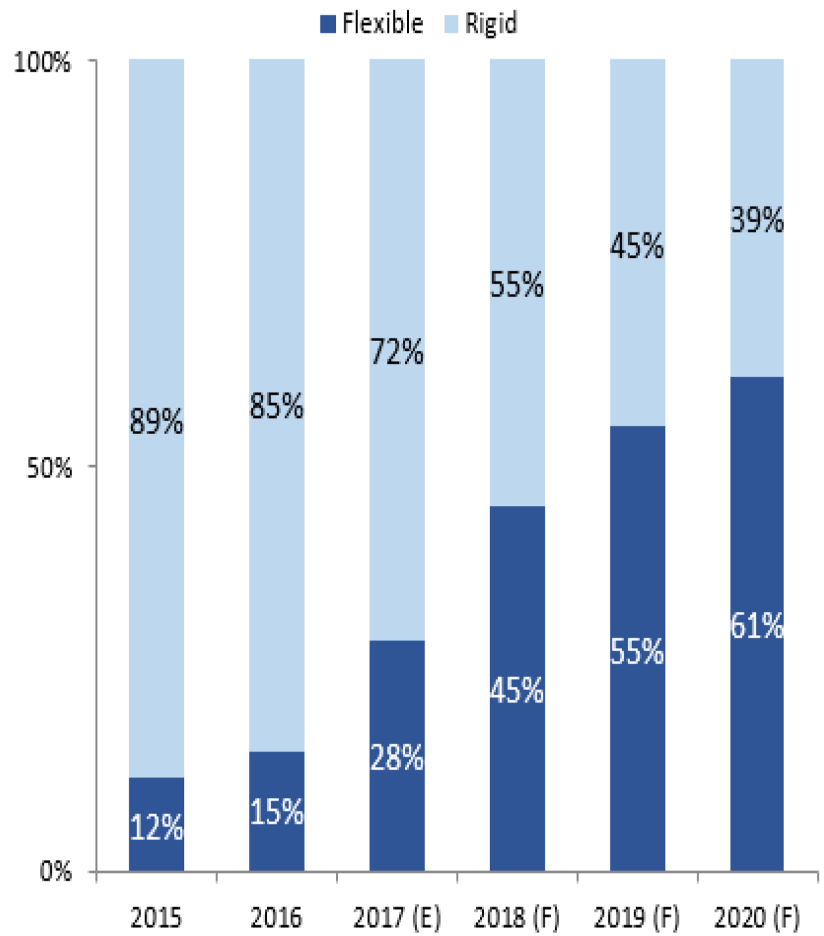
Market Status – AMOLED Develop Trend





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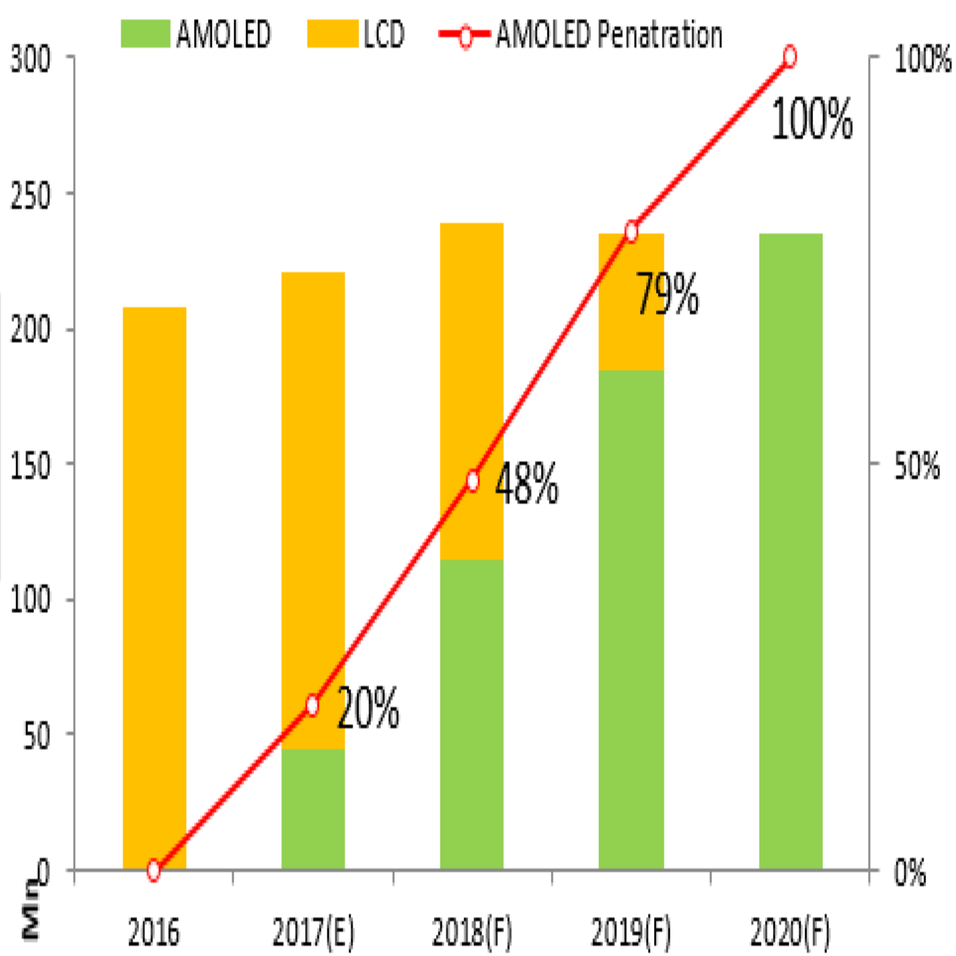
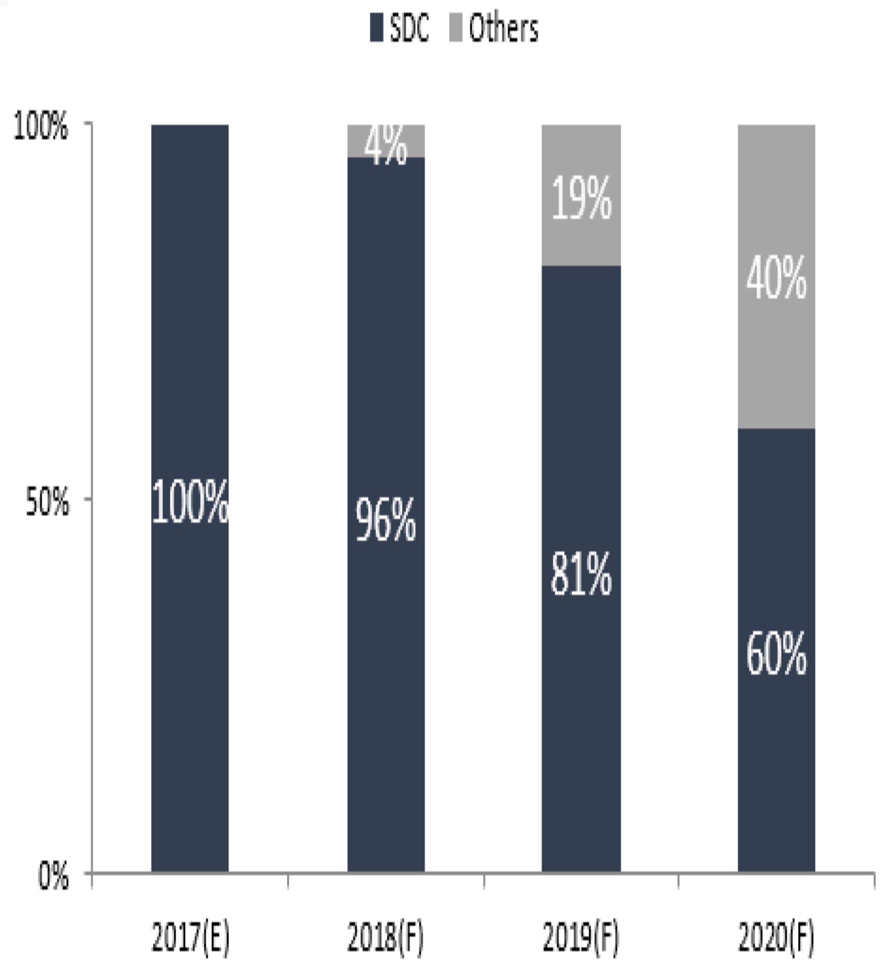
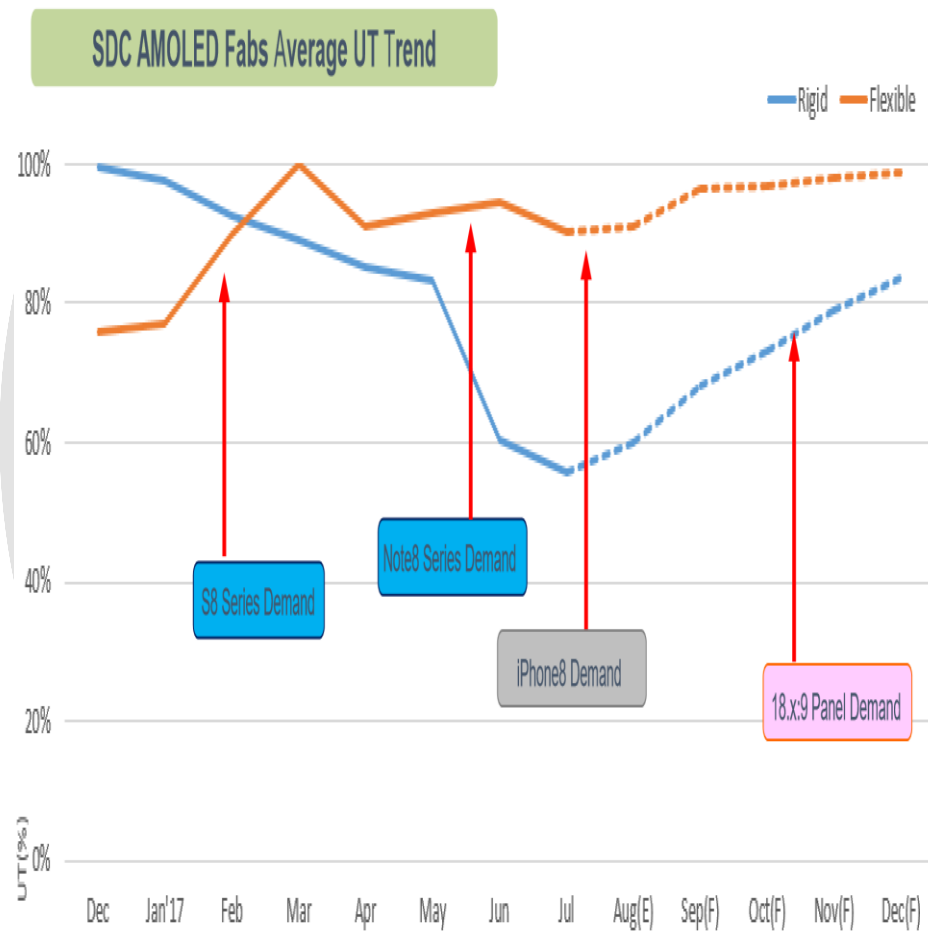
Market Status – AMOLED Develop Trend





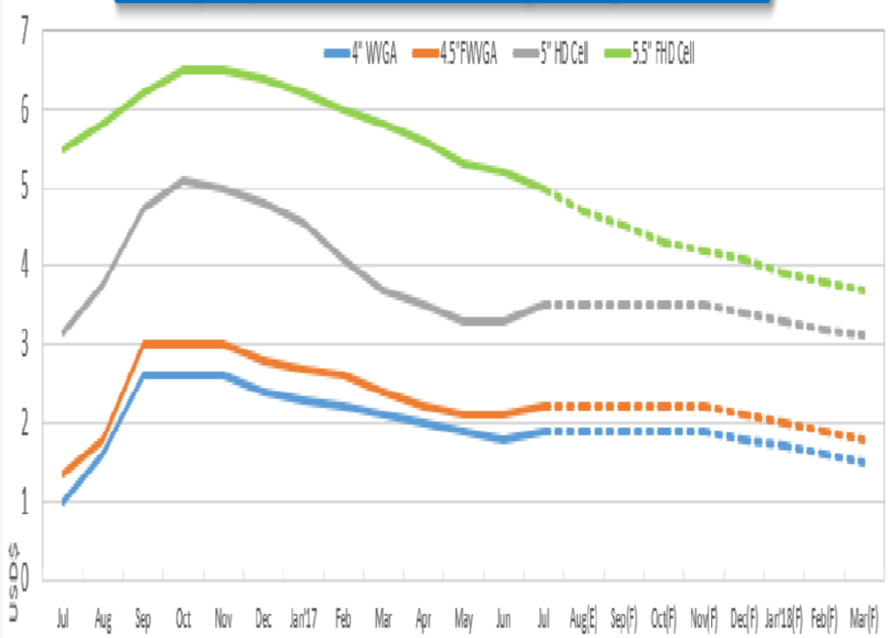
TRENDFORCE

Market Status – AMOLED Develop Trend



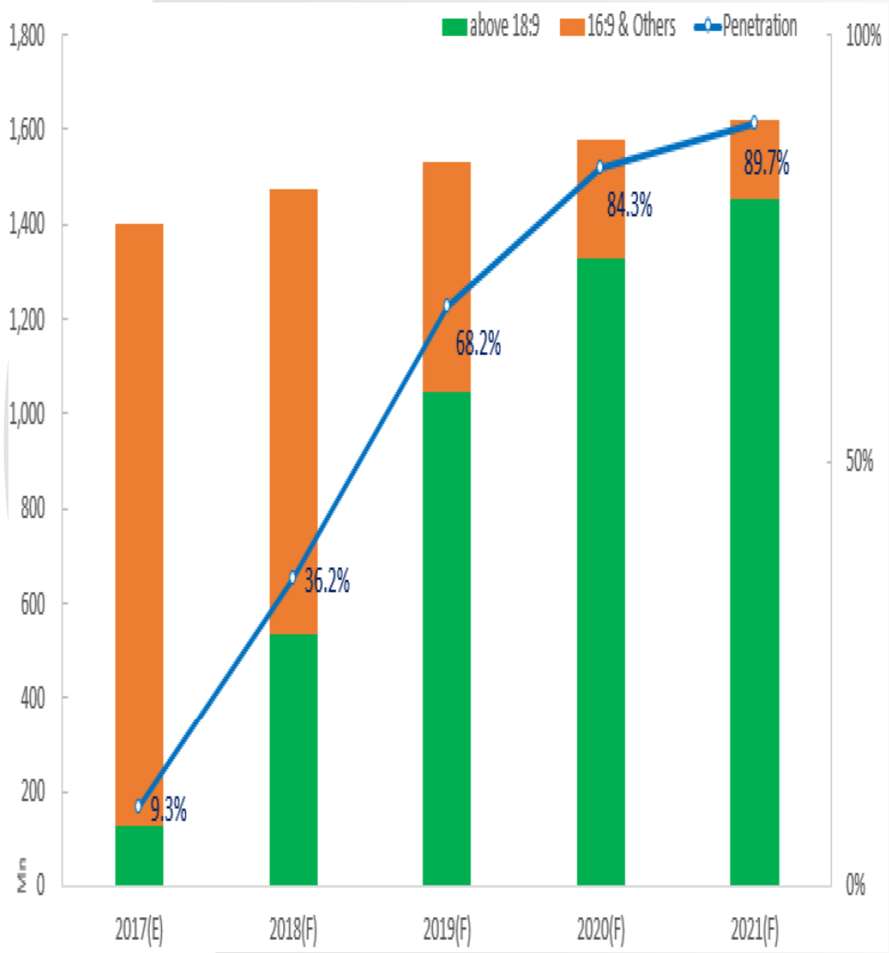
a-Si panel price rebounds in the short-term.

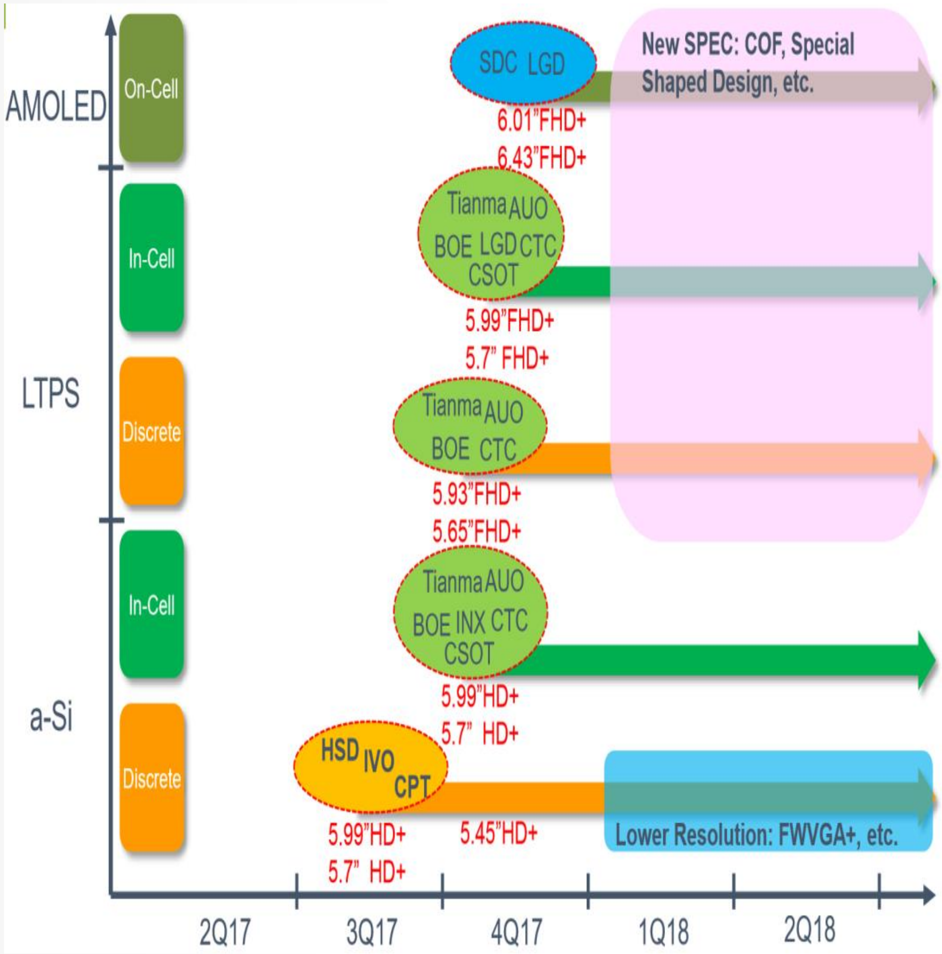
LTPS panel price remains weak and is waiting for 18:9 panel demand.



TrendForce

Market Status – AMOLED Develop Trend





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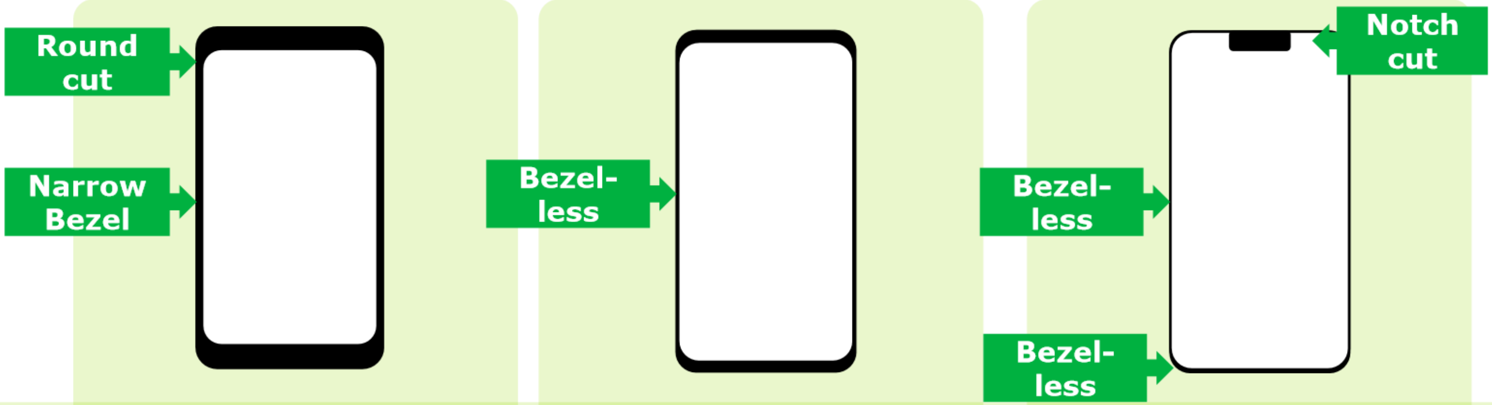
Market Status – AMOLED Develop Trend



Lin-up	▪ Mid-end	▪ Mid to high-end	▪ premium
Requirement	▪ HD+/ FHD+ ▪ Round cut ▪ Narrow bezel (L/R) ▪ COG (Chip on Glass) ▪ New D-IC	▪ HD+/ FHD+ /WQHD+ ▪ Round cut ▪ Bezel less (L/R) ▪ Narrow bezel (U/D) ▪ COF/two metal COF ▪ new D-IC	▪ FHD+ / WQHD+ ▪ Round cut ▪ Bezel less (U/D/R/L) ▪ Notch cut ▪ COP (Chip on Plastic) ▪ new D-IC
LCD vs AMOLED	▪ Both LCD and AMOLED are available to make. ▪ Cost competiveness is key factor	▪ Both LCD and AMOLED are available to make. ▪ But, demand for edge-curved will be to AMOLED	▪ For LCDs, notch design can be a challenges for backlight and cutting process, and cost compared to flexible AMOLED.

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Agenda

3 Q & A

Thanks for Your Attention!