



## CEO Conversations LII: Taiwan's Crucial Role in the AI Global Supply Chain — An Interview with CSun's General Manager Frank Liang and Captain Global's CIO Jonah Cheng

Since the advent of ChatGPT in late 2022, the world has witnessed an AI revolution. As a pivotal player in the global semiconductor and AI supply chains, Taiwan has garnered significant international attention. Since then, the Taiwan Stock Index has surged over 70%, making it the best performer globally. In this edition, we are honored to feature an exclusive interview with Jonah Cheng, a former top tech analyst at UBS and now the CIO of Captain Global Fund, and Frank Liang, the president of CSUN, a leading advanced packaging equipment company.

In this interview, we delve into their professional journeys, contributions to Taiwan's AI and technology sectors, and their vision for the future. Discover how Jonah's insights into AI developments and Frank's pioneering work in advanced packaging are driving industry change. Learn about the challenges they have overcome, the innovations they have spearheaded, and their ongoing commitment to positioning Taiwan as a leader in the global tech arena.

Read More Here: <https://reurl.cc/kyd7XK>

## Top Performers of the Month

Here are the top 10 small-cap (US\$100mn-10bn) performers of the month.

The No. 1 Taiwan Small-Cap Capital Market Advisory Firm

### Hsin Ba Ba (9906 TT) +104% 30D avg. volume increased by 31% vs 90D

Hsin Ba Ba focuses on real estate development and sales in southern Taiwan. The company is experiencing a surging demand for real estate benefiting from TSMC's expansion in Tainan and Kaohsiung as well as government policies that offer favorable interest rates to the younger generation. Looking ahead, Hsin Ba Ba plans to launch five projects in Tainan, Kaohsiung, and Pingtung in the next two years, which are expected to contribute over NT\$30bn in revenue, driving the company's share price to double over the past month.

### KTC (2524 TT) +74% 30D avg. volume increased by 62% vs 90D

KTC is a leading real estate development company in southern Taiwan. Benefiting from TSMC's expansion plan in south Taiwan and the favorable policies, the company's construction business is estimated to achieve a record-high EPS of NT\$5 in FY24, driving the company's share price to surge.

### GLTD (3188 TT) +69% 30D avg. volume increased by 40% vs 90D

GLTD develops, sells, and leases residential and commercial properties. Management reports that Kaohsiung's real estate market remains strong. The company will launch the "Xin High-Speed Rail 5" project this year, expected to generate 5 billion NTD in sales. They are also accelerating projects to ensure revenue visibility for the next three years. computing power AI technology service company.

### Hiyes (2348 TT) +60% 30D avg. volume decreased by 20% vs 90D

Hiyes engages in the real estate agency and brokerage businesses in Taiwan. Management notes that Taiwan's economy is recovering, with stable financial markets and support from the Youth Home Loan Program boosting housing demand. This positive market sentiment is driving strong growth in the company's agency business.

## Coming Right Up:

Upcoming QIC Events

Selected Small-Cap News & QIC Commentary

Taiwan Digital Health Aspirations by Peter Kurz, CSO of QIC

Previous CEO Conversations Vol.



[CEO Conversations 51: Reshaping Taiwan's Telecom and Startup Industry — An Interview with Taiwan Mobile President Jamie Lin](#)



[CEO Conversations 50: QIC Teams Up with ITRI to Venture into Overseas Markets: Powerful Collaboration Forges Cross-Domain Biotech Innovation Platform](#)



[CEO Conversations 49: Unveiling the Impacts of Taiwan's ETF Surge: Insights from Chairmen of Taiwan's Leading Investment Trusts](#)

More can be found at  
[www.qtumic.com/insight/conversations](http://www.qtumic.com/insight/conversations)

## Upcoming Events

Taiwan Semiconductor Supply Chain  
and Energy Resilience

August 20-21, 2024

@ Virtual



Scan the QR Code for Registration!

16<sup>th</sup> QIC Taiwan CEO Week

October 22-23, 2024

@ Hong Kong

Top 10 Stock Gainers				Top 10 Stock Losers			
Company	Ticker	Price	Change	Company	Ticker	Price	Change
Hsin Ba Ba	9906	180	104%	FD	8085	44.2	-39%
KTC	2524	93.2	74%	Asmedia	5269	1,570	-30%
GLTD	3188	52.4	69%	RDC	3228	276	-29%
Hiyes	2348	279.42	60%	Kaori	8996	344.5	-29%
Fu Yu Property	4907	109.5	53%	TSTI	8099	84.9	-28%
KYE	2365	59.2	53%	CIAS	9958	218.5	-28%
SY	5455	87	50%	GUC	3443	1,205	-25%
Li Ming	6212	110	46%	GCS	4991	34.95	-25%
Ritek	2349	16.05	41%	LandMark	3081	127	-24%
Hwang Chang	2543	60.2	37%	AETHERTEK	3219	50.5	-24%

  

Top 10 FINI Net Buyers				Top 10 FINI Net Sellers			
Company	Ticker	Holding(%)	Change	Company	Ticker	Holding(%)	Change
GEMTEK	4906	26	8%	LU HAI	2115	37	-8%
EASTECH	5225	55	8%	M.J.	8466	40	-7%
CviLux	8103	30	7%	In Win	6117	1	-7%
Global Tek	4566	11	7%	FITH	3712	3	-7%
Lemtech-KY	4912	18	7%	BHI (Bizlink)	3665	44	-6%
CHEM	1513	23	6%	SerComm	5388	18	-6%
Gudeng	3680	23	5%	U-Tech	3050	9	-5%
Kinsus	3189	16	5%	AURAS	3324	17	-5%
Primax	4915	48	5%	Wah Lee	3010	10	-5%
UNEEC	3013	8	5%	EVERLIGHT	2393	26	-5%

**Fu Yu Property (4907 TT) +53%**  
**30D avg. volume increased by 40% vs 90D**

Fu Yu operates in the construction materials and building industry, primarily commissioning construction firms to develop commercial buildings and residential properties for rental and sale. This year, Fu Yu successfully handed over three completed projects, generating a total sales revenue exceeding NTD 6.3 billion. In the first half of the year, the company has already recorded a revenue of NTD 3.095 billion, representing a year-on-year increase of approximately 57 times, marking a new record for this period.

**KYE (2365 TT) +53%**  
**30D avg. volume increased by 58% vs 90D**

KYE Systems operates in the computer and peripheral equipment industry, primarily in manufacturing and trading computer peripherals. Recently, the market has shown significant interest in AI and robotics-related concept stocks. As an AI robotics concept stock, KYE Systems is viewed with optimistic expectations for its future development. In June 2024, KYE Systems reported revenue of NT\$89.04 million, representing a year-on-year growth rate of 68.94% and a month-on-month growth rate of 1.06%.

**SY (5455 TT) +50%**  
**30D avg. volume decreased by 1% vs 90D**

Sheng Yi specializes in wholesale construction materials and real estate development, focusing on residential projects in Hsinchu County and the City. Upcoming expansions are expected to boost employment and drive housing

demand, leading to potential revenue growth.

**Li Ming (6212 TT) +46%**  
**30D avg. volume decreased by 3% vs 90D**

L.M. commissions the construction of residential and office buildings for rental and sale, focusing on the Hsinchu City real estate market. Steady operations and a thriving local market have generated positive investor sentiment and high expectations for the company's continued growth.

**Ritek (2349 TT) +41%**  
**30D avg. volume decreased by 39% vs 90D**

Ritek Corporation specializes in digital storage media, electro-optical products, and electronic components, operating in the energy, media, display panels, and cultural and creative industries. Last year, the energy sector contributed over 30% to Ritek's revenue. U-TECH, a Ritek subsidiary, has invested in the Houju Power Plant, establishing 298 solar power facilities with a total installed capacity of 41.5 MW by the end of the year.

**Hwang Chang (2543 TT) +37%**  
**30D avg. volume increased by 7% vs 90D**

Hwang Chang General Contractor Co., Ltd. specializes in heavy construction projects, including wastewater treatment facilities, the Tien-Mu Baseball Stadium, highways, and bridges. With a project backlog exceeding NT\$60 billion, the company benefits from continuous government infrastructure investment, ensuring a favorable operational outlook for the next 2 to 3 years. Recent maritime engineering project acquisitions are expected to boost profitability.

## Gogolook (6902 TT) Achieves Success in the Japanese Market, Joins Rakuten Mobile Ecosystem

<https://reurl.cc/pvD21Q>

TrustTech leading provider Gogolook announced on July 11 that its Japanese subsidiary, has entered into a partnership with Japanese telecommunications company Rakuten Mobile. This collaboration will offer Rakuten Mobile users the exclusive “迷惑電話・SMS対策 by Whoscall” (Caller-ID & SMS Filter by Whoscall) product and payment solutions. This collaboration with Rakuten Mobile, one of Japan’s four major telecom operators, further solidifies Whoscall’s reputation. By leveraging Rakuten Mobile’s well-established local telecom ecosystem, the partnership will offer the “Anti-Scam Call & SMS by Whoscall” service to enhance customer protection against scams and harassment, increasing the service’s penetration rate.

**QIC Comment:** Many Taiwanese consumer brands and start-ups target to enter the Japanese market to take advantage of the large market size but not a lot of them succeeded. Rakuten Mobile keeps the “Whoscall” brand in this program, which is rare for a relatively young, less well-known, foreign brand. This supports QIC’s view that we expect more listed companies from the new economy industry. QIC expects Taiwan to see over 100 listed companies from the new economy industries in 2031. Twenty of which will have a market value exceeding US\$1 billion!

## Apple is reportedly in talks with its Asian supply chain, with a potential release of its first “foldable iPhone” in 2026.

<https://reurl.cc/E6K5QR>

Recent reports indicate that Apple’s iPhone is set to undergo its most revolutionary hardware redesign in 2026 with the introduction of the first foldable iPhone. This move aims to challenge the foldable smartphone market, currently dominated by Samsung Electronics and several Chinese brands. Sources reveal that Apple has made substantial progress in the design and technology of foldable phones and has approached some Asian supply chain partners for relevant components.

**QIC Comment:** Although there is still uncertainty about whether Apple will release a foldable iPhone in 2026, typically foldable smartphones will drive spec

upgrades and content growth of flexible printed circuits (FPC) compared to regular smartphones. Zhen Ding (4958 TT) is a leading supplier of FPC for Apple and has already collaborated with several Chinese brands on foldable smartphones. As a result, we believe if Apple does launch a foldable iPhone, Zhen Ding is expected to be a key beneficiary.

## TSMC Released “Foundry 2.0” strategy during 2Q24 earnings conference

<https://reurl.cc/g678RV>

TSMC’s “Foundry 2.0” redefines the industry’s future milestones, incorporating more OSAT and mask vendors, while addressing global antitrust and chip tariff issues proactively.

TSMC notes this new definition better reflects the company’s expanding market opportunities. Under “Foundry 2.0”, the wafer manufacturing industry’s size in 2023 is nearly \$250 billion, compared to the previous \$115 billion. It’s projected to grow nearly 10% in 2024, offering a more complete industry landscape.

TSMC’s CFO and spokesperson Mr. Wendell Huang explains the redefinition is due to the blurring lines as international IDM companies enter the foundry market. TSMC’s expanding influence, especially in advanced packaging, necessitates this broader definition. TSMC will focus on cutting-edge backend technologies to support clients in creating forward-looking products.



**QIC Comment:** TSMC’s Foundry 2.0 reflects that chip manufacturing requires a collaborative approach. Semiconductor advancements in wafer manufacturing, packaging, and substrates are crucial for enhancing AI chip performance, with new packaging technologies including CoWoS, SoIC and FOPLP becoming key battlegrounds beyond Moore’s Law. QIC continues to foster interaction between Taiwan’s semiconductor supply chain and global investors. We sincerely invite you to participate in the QIC ‘Taiwan Semiconductor Supply Chain and Energy Resilience’ online investment forum on August 20 and 21.

**For event details and registration, please contact QIC’s Yvonne Huang before August 2 (Phone: +886-2-2325-2330; Email: [yvonnehuang@qtumic.com](mailto:yvonnehuang@qtumic.com)) and register online at <https://forms.gle/gMgtALzhXbwUd74N7>.**

## Rise of ‘Light Play’ Trend: 69% of Internet Users Play Digital Games

<https://reurl.cc/kydZv9>

The Market Intelligence & Consulting Institute (MIC) released a consumer survey on digital games, revealing that a significant 69% of internet users in Taiwan have a habit of playing digital games. Among the various types, mobile games lead with 77% of respondents playing them, far ahead of computer games (25%), console games (17%), and web games (12%). Mobile games are popular across all age groups, with over 80% of players aged 36-55 playing them. The survey shows that the gap between mobile games and other game types has widened over the past three years, with the difference from computer games increasing from 23% in 2021 to 52% in 2023. Additionally, the trend of “light play,” defined as playing games for less than 2 hours daily, is becoming more evident, with nearly 80% of players falling into this category, a 5% increase year-on-year. Conversely, heavy players who game for 4-5 hours or more daily have decreased by 1.6%.

Regarding players’ spending behavior, MIC reported that 54% of players do not habitually pay for games. Among those who do, the most common payment methods are “one-time purchase (19%), game store purchases (16%), one-time use payments (15%), subscription services (9%), and DLCs (8%).” Observing the overall monthly spending, the largest group (44%) spends between TWD 300 to 1,000, while 21% spend between TWD 1,000 to 3,000, and 7% spend more than TWD 3,000. Additionally, 51% of players in Taiwan have participated in gaming-related consumption or activities, with the top five types being “watching live game streams, watching game-related anime, watching game-related videos, watching esports competitions, and buying models/figures.”

**QIC Comment:** Taiwan remains a leading country globally in terms of mobile platform revenue and average spending per capita. We continue to believe that leading game publishers in Taiwan, such as Gamania (6180 TT), will benefit from this trend and remain defensive during market corrections due to their sustainable cash flow from games and decent dividend yields.

## PharmaEssentia's flagship product Besremi was approved in China for polycythemia vera

<https://reurl.cc/qvdmVD>

On 7/5, PharmaEssentia announced that the China NMPA approved the marketing authorization application for Besremi in polycythemia vera (PV). According to the guidelines of the Chinese Society of Clinical Oncology (CSCO), Ropoginterferon alpha (Besremi) is the only medication recommended as a Class I (preferred) treatment for both high and low-risk PV, underscoring its significant recognition within the medical community in China. PharmaEssentia notes that there are approximately 400,000 PV patients in China. Current clinical treatments include phlebotomy, hydroxyurea (HU), other interferons, and JAK2 inhibitors. Additionally, PharmaEssentia reported a record-high monthly revenue of NT\$850mn in June, reflecting a 7.31% MoM growth and a remarkable 66.63% YoY growth. The cumulative revenue for the first half of 2024 reached NT\$3.96 billion, up 83.97% compared to the same period last year.

**QIC Comment:** *The NMPA's decision signifies that PharmaEssentia has conquered another major global market. Following its success in Europe, the United States, and Japan, the world's most populous market, China, has now been integrated into its portfolio. PharmaEssentia plans to launch sales in China in 4Q2024. While initial penetration might be gradual due to the potential need to establish a presence in the healthcare insurance system during the first one to two years, the vast market remains highly promising.*

*Monthly revenue in June continued to show robust growth, driven by sustained expansion in the U.S. market, strong demand from European partners, and growth in the Japanese market. In the first quarter of this year, PharmaEssentia's operating income already officially turned positive, and the trend of this positive operating profit is expected to expand in 1Q2024. Although operating expenses*

*are anticipated to rise in 2H2024 due to the commencement of clinical trials for primary myelofibrosis, the company remains on track to turn around this year. Broker's consensus estimates for PharmaEssentia's 2024/2025 EPS are NT\$5.635 and NT\$14.138. Since the announcement of June revenues, the stock price has surged by 15.7%, closing at NT\$656 (Market cap. US\$6.8bn) on July 31.*

## Taiwan Digital Health Aspirations by Peter Kurz, CSO of QIC

Taiwan has among the best healthcare systems in the world in terms of quality, price, and availability, but could success at home hamper our ability to create a competitive, export-oriented healthcare industry as well? Looking at digital health solutions in particular, we can find instances where that is indeed the case. Digital health covers everything from electronic hardware and software integration to telemedicine to genetic data-based precision medicine or drug discovery. Taiwan should be seeking a global role in the provision of a broader array of digital health solutions, including telemedicine, wearable electronic devices, mobile apps and AI-based diagnostics and analytics.

It has often baffled me why Taiwan, with its obvious strength in electronics manufacturing and strong healthcare system has not been more successful in integrating hardware and software into medical devices. I can only assume, with some justification, that the reason is that those operating in the electronics industry are so used to commercializing devices or components within a short product cycle, as little as six months, that they lack the patience to spend three to seven years typically required for medical devices.

Digital health companies globally have made early gains in offering software solutions, particularly focusing on the collation of electronic patient health data from disparate sources and analyzing the data to identify otherwise undetected medical issues for each individual. Given the coordinating role of the National Health Insurance Administration, Taiwan

has implemented such systems already. The problem is that the system we have are not as comprehensive nor readily available to patients in a usable fashion. Government agencies are not hardwired to respond to market needs, only government directives. Moreover, these systems are not portable as products to sell to overseas markets.

Telemedicine is another area where Taiwan faces unique challenges. In many more advanced economies, patients have limited access to healthcare professionals and often have long waits for appointments. For them, telemedicine is a highly attractive alternative. But in Taiwan, patients typically have unlimited and immediate access to any doctor they wish to see. Moreover, our high population density throughout the western part of the island means that we mostly all live near hospitals or clinics. Telemedicine regulations in the US are quite liberal and there are already substantial players operating in this space. However, relatively few provide virtual doctor consultations and drug prescriptions but rather focus on mental or sexual health issues, where patients tend to avoid physical visitations. These are services we in Taiwan could use despite the strength of our healthcare system. However, Taiwan regulations require at least one physical visitation before allowing patients to then rely on telehealth services. This makes their offerings far less attractive.

Population genetic studies, of which Taiwan has been a global leader, are rendered uncompetitive as well because of government regulations preventing the export of such data and, to some extent, even the derivative algorithms. These studies are essential in developing more sophisticated disease prevention strategies and are furthermore made more precise and effective when combined with studies in other populations around the world. Therefore, for digital health solutions to be more broadly offered here in Taiwan, and for this area to develop into an export industry, regulators must be risk takers; they must, quite honestly, allow for some compromise between individual patient rights and the broader good for society and the economy.

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