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**QIC CEO Conversations Vol. 46: Jeff Kuo, CEO of Gogolook, World's Leading TrustTech company (6902 TT)**

When people talk about Taiwan's business leaders and industry, semiconductors always come to mind. Let's change the gear to young business leaders in young, software-based companies in Taiwan. Starting from 2010, a new wave of entrepreneurs in Taiwan started building up their business as software-based instead of hardware-based. Through all different kinds of strategies, these entrepreneurs built business models that extended beyond Taiwan to many other markets. The world's leading TrustTech company, Gogolook is one of the outstanding companies among its peers. On July 13th, 2023, Gogolook went public on the Taiwan Innovation Board (TIB) of TWSE.

In this episode of CEO Conversations, Jeff Kuo, co-founder and CEO of Gogolook, shares what Trust Technology is all about and his journey of building up a company from scratch to one of the largest Trust Technology companies in the world. Read all about it here: (<https://reurl.cc/xLDvy5>)

**Top Performers of the Month**

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

**Comtrend (8089 TT) +142%  
30D avg. volume increased by 145% vs 90D**

Comtrend focuses on the design and manufacture of broadband gateways. As US, EU and India have announced to invest in total US\$80bn in broadband infrastructure, the market expects the upcoming demand will bring great benefit to the networking supply chain, driving the stock prices of the sector to increase significantly.

**APEX (5210 TT) 124%  
30D avg. volume increased by 51% vs 90D**

Apex focuses on energy storage, system integration, and the development of an electricity trading platform. The recent reelection of the board members triggered a significant price hike. The new management team is known as the owner of CW Group, one of the largest second-hand car dealers in Taiwan.

**Cheng Fwa (5426 TT) +89%  
30D avg. volume decreased by 93% vs 90D**

Cheng Fwa primarily manufactures the casings for Set-Top Boxes and PCs. According to the company, CF has expanded its product application into the fields of storage devices for servers, heat dissipation, and IPC, which benefits the company's margin.

**Soft-World (5478 TT) +79%  
30D avg. volume increased by 131% vs 90D**

Soft-World is a game publisher and payment services provider. The recent increase in stock price is attributed to its record-breaking revenue, coupled with Wanin's acquisition of nearly US\$50 million worth of shares (raising its stake to over 10%).

**Coming Right Up:**

Upcoming QIC Events

Selected Small-Cap News & QIC Commentary

Slow and Steady Taiwan beats Korea by Peter Kurz

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[QIC CEO Conversations Vol. 45: Bobby Sheng, Chairman of Bora Pharmaceutical \(6472 TT\)](#)



[QIC CEO Conversations Vol. 44: Owen Lin, Author of 'Chip Island'](#)



[QIC CEO Conversations Vol. 43: Charles Shen, Chairman of Zhen Ding Technology \(4958 TT\) Part 2](#)

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

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

## Upcoming Events

**Kwong Lung Enterprise (8916 TT)**

3Q23 Analysts Meeting  
December 26, 2023  
@ Taipei City, Taiwan

**Semiconductor Corporate Day**

March 6-7, 2024  
@ Virtual

**15<sup>th</sup> QIC Taiwan CEO Week**

April 16-17, 2024  
@ Singapore

**Healthcare Corporate Day**

June 12-13, 2024  
@ Virtual

**2<sup>nd</sup> Renewable Energy Corporate Day**

August 27-28, 2024  
@ Virtual

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

October 22-23, 2024  
@ Hong Kong

## Top 10 Stock Gainers

Company	Ticker	Price	Change
Comtrend	8089	59.7	142%
APEX	5210	62.8	124%
Cheng Fwa	5426	27.4	89%
Soft-World	5478	179	79%
PDK	6716	144	63%
AOT	3437	31	62%
Allis Electric	1514	87.2	57%
EGIS	6462	124.5	48%
KSECO	5521	14.5	48%
TNP	6593	191	44%

## Top 10 Stock Losers

Company	Ticker	Price	Change
ACE	4763	787	-18%
Medigen	3176	46.05	-17%
FICG	3701	60	-15%
Twinhead	2364	118	-13%
Castles	5258	122.5	-13%
KPEC	6122	60.1	-12%
DingZing	6585	118	-12%
Waffer	6235	112.5	-10%
Group Up	6664	153.5	-10%
Onyx	6569	168.5	-10%

## Top 10 FINI Net Buyers

Company	Ticker	Holding(%)	Change
FocalTech	3545	35.7	11.8
OSE	2329	21.1	10.0
AEC	1514	19.4	9.8
Syncmold	1582	20.1	9.5
Brave Screen	6538	22.0	9.1
Optimax	3051	9.2	8.2
GSEO	3406	25.2	7.2
FE	1519	20.3	7.1
HK	1618	9.9	6.9
In Win	6117	9.0	5.4

## Top 10 FINI Net Sellers

Company	Ticker	Holding(%)	Change
Dynamic Holding	3715	16.4	-8.1
KPEC	6122	4.0	-7.7
Team	4967	9.9	-7.5
Argosy	3217	8.8	-6.6
DAVICOM	3094	1.6	-5.7
Compucase	3032	3.9	-5.1
Giant	9921	38.1	-5.1
PSI	8028	9.0	-4.9
VIS	5347	17.6	-4.7
Laster Tech	3346	4.9	-4.6

**PDK (6716 TT) +63%**  
**30D avg. volume increased by 133% vs 90D**

PADAUK Technology, a microcontroller manufacturer, saw a significant enhancement in its revenue during 3Q23. The management has articulated its proactive strategy to establish a significant presence in the Indian market while consistently nurturing the development of new product lines.

**AOT (3437 TT) +62%**  
**30D avg. volume increased by 156% vs 90D**

AOT focuses on the development of LED packaging technology in Taiwan. The company has consistently surpassed the previous year's monthly revenues for four consecutive quarters while achieving a historically high gross profit margin in 3Q23.

**Allis Electric (1514 TT) +57%**  
**30D avg. volume increased by 115% vs 90D**

Allis Electric is a manufacturer of heavy electrical apparatus in Taiwan. The company mentioned during the analyst meeting that 4Q23 is expected to see a peak, benefiting from Grid Resilience Strengthening Construction Plan from Taipower, rail construction, and semiconductor customer orders.

**EGIS (6462 TT) 48%**  
**30D avg. volume increased by 143% vs 90D**

Egis Technology is a leading fingerprint sensor supplier. With the anticipated improvement in the smartphone market and the inclusion in Samsung's TWS supply chain, Egis Technology is poised to turn losses into profits next year.

**KSECO (5521 TT) +48%**  
**30D avg. volume increased by 114% vs 90D**

Kung Sing Engineering Corporation engages in the construction business in Taiwan. The company announced that it secured a bid worth NT\$8.84 billion from the Railway Bureau of the MOTC, pushing its portfolio in public projects beyond NT\$40 billion within the past year.

**TNP (6593 TT) +44%**  
**30D avg. volume increased by 63% vs 90D**

TNP is a leading player in the field of card production. Boosted by the recovery in domestic and international travel, alongside the peak shopping season, major client card issuances surged, fueling increased operational activity

### TSMC (2330 TT) 2023 Supply Chain Management Forum Presents Awards to Outstanding Suppliers

<https://reurl.cc/Z9n19l>

On December 7th, TSMC held the 2023 Supply Chain Management Forum. President Dr. C.C. Wei expressed gratitude to all supply chain partners for their support and outstanding contributions over the past year. During the event, TSMC presented the 2023 Excellent Supplier Awards to 20 suppliers for their outstanding performance in technology collaboration, global production support, green manufacturing, fab construction management, production capacity, quality control and other categories.

**QIC Comment:** With the anticipated recovery of the semiconductor industry set to unfold next March, we believe it's the opportune moment for international investors to gain deeper insights into the key drivers behind TSMC's global leadership. These companies includes Kinik (1560 TT), Marketch (6196 TT), Gudeng (3680 TT), Solar Applied Materials (1785 TT), C Sun (2467 TT) and Gallant Precision (5443 TT), etc., which are invited to join QIC Semiconductor Corporate Day, March 6th-7th, 2024.

### Oneness Selected for the 2023 Dow Jones Sustainability Indices, First in Taiwan's Pharmaceutical Industry

<https://reurl.cc/mrdrk9>

Oneness Biotech (4743 TT) has achieved a groundbreaking milestone as the first Taiwanese pharmaceutical company included in the esteemed Dow Jones Sustainability Indices (DJSI). The DJSI, renowned for its recognition of sustainable corporate practices, listed only 15 pharmaceutical firms globally in its 2023 edition, with Oneness Biotech emerging as the solitary Taiwanese representative.

**QIC Comment:** In a transformative journey towards bolstering ESG endeavors, QIC has been instrumental in aiding Oneness Biotech's progression since 2021. At the inception of QIC's involvement, Oneness Biotech registered a modest score of 4 in the S&P Corporate Sustainability Assessment (CSA). Over the course of two years, QIC's dedicated support propelled Oneness Biotech's score to an impressive

70, securing the company's placement as the third-ranking emerging market pharmaceutical entity, subsequently earning a coveted spot in the S&P Sustainability Year Book.

This year, Oneness Biotech has further augmented its score to 71, achieving the distinction of being one of only two pharmaceutical companies globally to be included in the DJSI Emerging Markets, underscoring the company's steadfast commitment to sustainable practices.

"We at QIC take great pride in our collaboration with Oneness Biotech, witnessing their unwavering dedication to sustainable development and ESG principles," stated Alex Lee, Founder & CEO of QIC. "The ascent in rankings reflects Oneness Biotech's relentless pursuit of sustainability, earning global recognition."

### AI PC: Major Taiwanese notebook brands follow in Intel's AI PC footsteps and introduce new products

<https://reurl.cc/RWdqNn>

Intel debuted its next-gen processor, Core Ultra, on December 15. In response, all major Wintel PC brands have introduced new products that emphasize AI functions. Taiwan's Acer, ASUS, MSI, and Gigabyte have all unveiled their own AI PCs, with the AI features focusing on power saving, improving work efficiency, and providing users with greater convenience. At present, the AI PCs introduced are just the beginning. It is anticipated that consumers will truly feel the impact of AI when Microsoft launches the new generation of the Windows operating system in 2024.



**QIC Comment:** While the hardware specifications have not been confirmed, we expect that the AI PC/NB models to be launched in 2H24 will primarily target the commercial market, and the penetration of AI PC/NB will further increase in 2025. This will not only drive PC/NB shipments but also lead to upgrades for related components. Within

the component supply chain, we believe Chicony Electronics (2385 TT) could be a key beneficiary of the AI PC/NB trend, as the company is a global leader in NB keyboards, power supplies, and camera modules, all of which will be upgraded for AI PCs/NBs.

### Why do Gogolook (6902 TT), eCloudvalley (6689 TT), and Groundhog Technologies (6906 TT) decide to go public in Taiwan? What are their next steps for the IPO?

<https://pse.is/5glwlq>

The Digital Industry Bureau and the Taiwan Stock Exchange held a "Digital Industry Innovation and Start-up Exchange Forum," inviting three local companies—eCloudvalley, Groundhog, and Gogolook—to share their successful listing experiences. Chairman of the TWSE, Sherman Lin said, "Among the top 10 companies in the world by market value, five belong to the new economy industry, such as Apple, Amazon, Facebook, Microsoft... Obviously, these are industries recognized worldwide. On the contrary, Taiwan in the new economy sector has only 2.5% of the total number of companies and a market value of only 0.5%. Although we are recognized as a world-renowned innovative country, there is such a large gap in the capital market." It is evident that there is much room for improvement in Taiwan's regulatory agencies, investors, start-up companies, and many others.

**QIC Comment:** QIC expects Taiwan will see over 100 listed companies from the new economy industries in 2031. 20 of which will have a market value exceeding US\$1 billion!

### Taiwan pharmacies outnumber 7-Elevens! Tin Tin Pharmacy approved for OTC listing next year

<https://reurl.cc/G4k64A>

Another chain drugstore retailer, "Norbel Baby Co." (6844 TT), is set to be listed on the OTC. With the well-known brand "Tin Tin Pharmacy" in central and southern Taiwan, hailed as the 'profit king of chain pharmacies,' it has already earned more than half of its share capital in the first three quarters. After approval yesterday, its stock rose 2.5% to NT\$195 on the Emerging

Market Board, reaching a high of NT\$218 in September this year. Currently, pharmacy concept stocks such as Great Tree (6469 TT) closed at NT\$341, and MedFirst (4175 TT), which once rose to NT\$134 after going public, has now fallen back to NT\$86.

According to data from the Ministry of Finance, the number of Western medicine retail stores, medical consumables retail stores, and pharmaceutical and medical supplies retail stores reached 15,840 last year, setting a new record in recent years and outnumbering 7-Elevens. Total sales amounted to NT\$166.9 billion, also reaching a new high in recent years. Even Tin Tin Pharmacy, a well-known chain in central and southern Taiwan, has attracted public acquisition of shares and has also passed an OTC listing application.

Founded in 1997 and listed on the Emerging Market Board in 2021, Norbel Baby Co. is a chain drugstore and pharmacy retailer operating under the brand "Tin Tin Pharmacy." It has 90 large specialty stores nationwide, with dedicated pharmacists and professionally trained store service personnel, employing over 600 people. As of today's closing, it is NT\$195, a rise of about 33% since its Emerging Market Board listing.



**QIC Comment:** Looks like the pharmacy space in Taiwan is becoming more competitive than ever. Watching this, it reminds me of the good old days of the contact lens space in Taiwan, where companies like St. Shine (1565 TT) and Ginko (now delisted) used to trade at hefty valuations. However, as more contact lens plays are listed in Taiwan (Pegavision, Brighten Optix, Visco Vision), the sector's valuations eventually drop as some perform better than others. Now, turning back to the pharmacy space, does Great Tree really warrant a 50x PE?

## Slow and Steady Taiwan beats Korea by Peter Kurz, CSO of QIC



Since the 1990's, the relative performance of the Taiwan stock market index versus that of Korea has seesawed dramatically, with Taiwan outperforming over during the Asian Financial Crisis in the late 1990s and Korea outperforming in the early 2000s. But over the last decade, Taiwan has once again outperformed by 90%. Taiwan is very likely to maintain its upward momentum, in my view, and the very fact that Korea recently announced a ban on short-selling of stocks is a strong indication that Korean financial authorities agree.

Short selling is an important component of healthy financial markets. By selling shares borrowed from other long-term investors with the intent of buying them back at lower prices in the future, short sellers reduce market volatility and increase trading volume by increasing effective supply of shares when prices are deemed excessively high and reducing supply when shares fall significantly. And short selling is not restricted to hedge funds alone. For example, a long-time holder of a high-dividend stock could not short it to protect against price declines while continuing to receive its dividends. Thus, Korea's ban on short-selling is not at all positive for its market, as was the initial reaction, but will only further erode investor confidence. Here in Taiwan, we have briefly imposed partial restrictions on short selling during

periods of high volatility, but never an outright ban. That's a sign of strength.

Korean stock market weakness is, indeed, reflected in its moribund GDP growth which has been consistently below 1% since the second half of 2021 while Taiwan's growth has been, up until this year, consistently north of 3%. And as many already know, Taiwan's per capita GDP has now exceeded that of Korea for the first time in 20 years.

Korea's malaise appears to be the result of competition from China at the mass market level, and with Japan in the premium market segment. Unlike Taiwan, Korea has pursued a strategy of creating global brands in heavy industrial sectors such as automobiles, shipbuilding and home appliances as well as in commodity electronics segments such as memory chips, flat panels and batteries. These are industries on which China and Japan have focused, too. And scale advantage afforded by massive domestic markets, these two competing nations can afford to export more cheaply and effectively in their given market segments. Taiwan companies seek smaller market niches which they can dominate without spending heavily on marketing expenses to develop international brand recognition and distribution channels.

Korea has been more recently further squeezed in their middle ground by the sharply falling exchange rates of the RMB and the Japanese yen, albeit for two opposing reasons. The RMB has been pressured by domestic deflationary pressure resulting from a teetering property market bubble. Japan, on the other hand, is suffering capital outflows due to its deeply negative real interest rates. Both spur capital outflow particularly during periods of high US dollar interest rates. Remember it was the 33% devaluation of the RMB in 1994 that ultimately led, in part, to the Asian Financial Crisis in 1997, a full three years later. The RMB has fallen only 14% this time, so the impact won't be nearly so dramatic and not necessarily anytime soon. But a disconcerting precedent, nonetheless.

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