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

Over the past two decades, Taiwan has been continuously devoted to the development of the biotechnology and medical industry. As of the end of 2022, the total market value of the listed biotech industry in Taiwan has reached NT\$ 1.47 trillion, with an overall profit of approximately NT\$ 25 billion. Due to the limited domestic market in Taiwan, Taiwanese pharmaceutical companies have had to internationalize to thrive. Taiwan's pharmaceutical manufacturers are among the most densely certified by the US FDA FDA GMP inspections globally, producing at least several dozen international pharmaceutical active ingredients in Taiwan, which are sold in over 100 countries worldwide.

In recent years, Contract Development and Manufacturing Organizations (CDMOs) have become a focal point, especially with the outbreak of the COVID-19 pandemic, leading to a surge in demand for vaccines and essential medicines. CDMOs with the capability to design and manufacture have become prominent players in the market.

Among them, Bora Pharmaceuticals not only stands as the largest capacity CDMO company in Taiwan but also possesses 7 production facilities globally, with over 1,200 multinational employees and supplying pharmaceutical products to over 100 companies worldwide. In the first eight months of 2023, Bora Pharmaceuticals generated a consolidated revenue of NT\$9.98 billion

(+195% YoY). Between 2017-2022, Bora Pharmaceuticals boasts a 5-year CAGR of 97% in revenue, 91% in gross profit, 172% in operating income, and 166% in net profits.

More about Taiwan's crucial role in the world of pharmaceuticals, and Bora's strategies and future growth directions can be found: (<https://reurl.cc/Ny7rG6>).

Top Performers of the Month

Here are the top 10 small-cap (US\$100mn-10bn) performers of the month from October 27th to November 27th.

RDC (3228 TT) +91% **30D avg. volume increased by 76% vs 90D**

RDC specializes in designing CPUs and SoCs. The company's automation and IPC-related businesses have gradually rebounded. Regarding the mid-to-low-end industrial control market, new customers for the company's x86-based CPU have provided positive feedback. In addition, in the field of edge AI and HPC, RDC has benefited from the trend and has started to offer turn-key services to its customers.

Bonny (8467 TT) +90% **30D avg. volume increased by 12% vs 90D**

Bonny specializes in developing and manufacturing carbon fiber products. Recently, the company has broken into the supply chain of Airbus with its composite components for aircraft. According to Bonny, the mass production and shipment for the Airbus A320 series are scheduled in 1H24. The management team mentioned that the current order from Airbus can fulfill the production of 3,600 aircraft.

Previous CEO Conversations Vol.



[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](#)



[QIC CEO Conversations Vol. 42: Charles Shen, Chairman of Zhen Ding Technology \(4958 TT\) Part 1](#)



[QIC CEO Conversations Vol. 41: Charles Li, Chairman of PlayNitride Inc. \(6854 TT\)](#)

More can be found at

www.qtumic.com/insight/conversations

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

Taiwan Small-Cap Lookout

Upcoming Events

Chicony Electronics (2385 TT)

Non-Deal Roadshow
December 19, 2023
@ Virtual

Kwong Lung Enterprise (8916 TT)

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

Semiconductor Corporate Day

March 6-7, 2024
@ Virtual

15th QIC Taiwan CEO Week

April 16-17, 2024
@ Singapore

Healthcare Corporate Day

June 12-13, 2024
@ Virtual

2nd Renewable Energy Corporate Day

August 27-28, 2024
@ Virtual

16th QIC Taiwan CEO Week

October 22-23, 2024
@ Hong Kong

Top 10 Stock Gainers

Company	Ticker	Price	Change
RDC	3228	232	91%
Bonny	8467	147.5	90%
Hwang Chang	2543	33.3	80%
Jarilly	3548	223	62%
PDK	6716	139.5	61%
FocalTech	3545	120.5	55%
AOT	3437	28.5	54%
Alcor Micro	8054	83	53%
My Humble House	2739	56.2	52%
KPEC	6122	69.2	50%

Top 10 Stock Losers

Company	Ticker	Price	Change
ACE	4763	848	-21%
RUBYTECH	8048	70.5	-18%
Wah Hong	8240	34.45	-18%
PEI	4162	103	-13%
Twinhead	2364	122	-12%
Ezconn	6442	71.6	-11%
Lida	4552	31.3	-10%
Unictron	6792	91.2	-10%
In Win	6117	50	-10%
YFC-Boneagle	6220	26	-9%

Top 10 FINI Net Buyers

Company	Ticker	Holding(%)	Change
FocalTech	3545	35.3	21.1
KPEC	6122	13.5	11.3
Chin-Poon	2355	35.5	9.6
AURAS	3324	24.1	8.7
Rexon	1515	15.6	8.2
MPI	6223	22.5	6.9
AzureWave	3694	11.7	6.4
AWSC	8086	15.7	6.1
Jetwell	3147	8.6	6.0
Alcor Micro	8054	9.1	5.6

Top 10 FINI Net Sellers

Company	Ticker	Holding(%)	Change
Twinhead	2364	1.5	-7.8
Laster Tech	3346	7.3	-6.4
Liontravel	2731	8.9	-6.1
SIS	2363	6.1	-5.7
Bioteque	4107	14.4	-5.5
ma-tek	3587	11.3	-5.5
Wistron	3231	29.5	-5.0
Dynamic Holding	3715	22.7	-4.8
Compucase	3032	5.5	-4.8
PSI	8028	9.5	-4.6

Hwang Chang (2543 TT) +80% 30D avg. volume increased by 79% vs 90D

Construction company Hwang Chang has benefited from the government's Forward-Looking Infrastructure projects. As of October this year, the contract value of ongoing projects in hand has reached NT\$39.4 billion, reaching record high. For the projects in hand, marine engineering accounts for 44%, driving the gross margin to reach record high. According to Hwang Chang, the company plans focus more on marine engineering / offshore wind power projects which has higher demand and margin in the future.

Jarilly (3548 TT) +62% 30D avg. volume increased by 40% vs 90D

Jarillytec designs and manufactures stamping parts, hinges, and metal injections/MIM internationally. Driven by surging demand in the foldable device and Apple's new laptop, the company anticipates a fundamental turnaround and foresees significant growth in 2024.

PDK (6716 TT) +61% 30D avg. volume increased by 110% vs 90D

PDK develops, manufactures, and sells microcontrollers. The market is optimistic about the global expansion of customer outreach, fueled by the growth momentum stemming from the integration of lithium battery charging management and MCUs.

FocalTech (3545 TT) +55% 30D avg. volume increased by 80% vs 90D

FocalTech design and manufacture human-machine interface solutions internationally. The company underscores operational stability in the 3Q23, propelled by enhanced inventory strength preceding the peak consumer season while maintaining an optimistic outlook for the upcoming year.

AOT (3437 TT) +54% 30D avg. volume increased by 171% vs 90D

Advanced Optoelectronic Technology(AOT) focuses on the development of LED packaging technology. The company turned profitable in 3Q23, breaking a streak of five consecutive quarters of losses. AOT is optimistic about the robust growth from automotive market.

Alcor Micro (8054 TT) +53% 30D avg. volume increased by 91% vs 90D

Alcor Micro is a fabless IC Design Company. The company announced a NT\$700mn investment in StarRiver Semiconductor, securing a holding of 55%. Alcor Micro is strategically transitioning to an ASIC and IP licensing company through M&A.

My Humble House (2739 TT) +52%
30D avg. volume increased by 144% vs 90D

My Humble House, a renowned hotel group in Taiwan, has announced a record-breaking 3Q23 net income of NT\$132mn. Boosted by increased exposure during the Taipei International Travel Fair and year-end banquet opportunities, the company is poised to achieve a peak in annual revenue and profit.

KPEC (6122 TT) +50%
30D avg. volume increased by 38% vs 90D

King Polytechnic Engineering Co.(KPEC) is an engineering and construction company. The company announced that in partnership with LeeMing Construction, they have jointly won the bid for the construction of Taichung Arena. This contract is expected to significantly boost KPEC's revenue and profit.

MediaTek (2454 TT) launches the Dimensity 8300 mid-to-high-end processor; the new device is expected to be available as early as the end of the year.

(<https://reurl.cc/GK3myv>)

The Dimensity 8300 is produced using TSMC's second-generation 4nm process. It boasts a 20% increase in CPU peak performance and a 30% reduction in power consumption compared to the previous generation. It is the first in its class to support generative AI, with a maximum capacity of 100 billion parameters for large-scale language models. The chip integrates MediaTek's AI processor, the APU 780, featuring a generative AI engine and enabling the smooth execution of innovative applications for terminal-based generative AI.

QIC Comment: Two weeks after MediaTek debuted flagship Dimensity 9300 on Nov. 6th, the company introduced Dimensity 8300 for mid-to-high-end smartphones. With competitive performance and pricing, we expect MediaTek to continue to capture smartphone recovery entering December and lead other smartphone-related names to rebound, including FocalTech (3545 TT) and Egis (6462 TT), before entering the traditional smartphone light season of 1Q24.

PCB Industry: The PCB market will grow by 4.9% year-on-year in 2024, indicating a recovery.

(<https://reurl.cc/8NgVeb>)

Prismark forecasts that the global Printed Circuit Board (PCB) market will experience a year-on-year growth of 4.9% in 2024. The recovery of the PCB market in 2024 will be driven by 1) the conclusion of inventory adjustments, 2) the improving demand for consumer products including smartphones and PCs/notebooks, and 3) the increasing demand for new applications including electric vehicles, AI servers, and satellite communication.

QIC Comment: This is consistent with Zhen Ding's (4958 TT) view that its operation has bottomed out in 2023 and will resume growth in 2024. In 2024, in addition to a recovery in consumer electronics, Zhen Ding expects double digit revenue growth for server/automotive applications as well as IC substrates. Bloomberg consensus expects Zhen Ding's 2024 revenue to grow by 12.7% YoY, with net income growing at 39.4% YoY.

Great Tree Pharmacy (6469 TT) Adjusts Store Target, Aims for Pet Stores to Break Even by 2024

(<https://reurl.cc/z6nxV0>)

Amidst fierce competition among domestic pharmacies, Taiwan's leading chain pharmacy, Great Tree Pharmacy, has confirmed a slight adjustment to its goal of reaching a thousand stores by 2025. While the number of owned stores will still maintain an annual growth rate of nearly 20%, the figure for partnership stores will slow down to avoid getting caught in intense competition. Regarding its plans for pet store chains, Great Tree mentioned that it currently has around 9 pet store locations. Despite losses amounting to over 40 million, the losses have not expanded further, indicating some benefits from resource-sharing and cost-sharing. The company also plans to leverage its current team of 14-17 veterinarians to introduce pet products into the Great Tree pharmacy channel, expanding the substantial contribution of the pet team to the group. Analysts anticipate that next year, Great Tree's revenue from its pet stores will include profit-sharing from chain channels and supplied pharmacy products, reducing losses and possibly achieving breakeven or even a slight profit.



QIC Comment: Great Tree Pharmacy continues to be the leading pharmacy chain in Taiwan in terms of execution. However, its success has also attracted the interest of other pharmacy chains, cosmetic beauty store chains, and even supermarket chains. Therefore, we anticipate that competition is likely to further intensify, potentially resulting in a moderation of topline growth. We are also conservative about its pet store business, as we believe the company does not enjoy the same advantages as it does in the pharmacy chain.

Approval Granted: Oneness Biotech's (4743) Diabetes Foot Ulcer New Drug Fespixon Receives Regulatory Green Light in China! Anticipated Entry into China Market by Early 2024.

(<https://reurl.cc/A0vG9Z>)

In September, Taiwan Copper Clad Laminate (CCL) leaders EMC, TUC and ITEQ's consolidated revenue increased by 11.46%, 6.42% and 1.43% MoM, respectively. This was attributed to the traditional peak season and the support from advanced materials for AI servers. For 4Q23, the market expects EMC's revenue could maintain at the 3Q23 level and TUC's revenue to be better than 3Q23, both driven by strong demand from high-end materials for AI servers and switches. Meanwhile, the market expects ITEQ's 4Q23 revenue could grow QoQ, driven by automotive and server applications.

QIC Comment: ITEQ's 3Q23 revenue increased by 22.5% QoQ and 4.8% YoY, returning to annual growth. This was mainly driven by the solid demand from AI servers and automotive electronics. That said, we believe ITEQ is a key beneficiary of the fast-growing AI server trend, as it not only is the key CCL supplier of Nvidia's L40S mainboard and OCP accelerator module (OAM), but also successfully qualified for a CSP's self-designed ASIC based AI server. It also has made breakthroughs in high-end automotive electronics (ADAS/EV/Vehicle

Computing/loV) materials, and expects to achieve double-digit revenue growth this year, with continued momentum in the next few years. We believe ITEQ's operation has bottomed out in 1H23 and will resume growth in 2H23 and 2024.

NanPao Resins Chemical (4766 TT) sees the inventory levels of brand customers are decreasing gradually and expects to resume revenue growth next year

(<https://reurl.cc/OjKxg7>)

NanPao sees the inventory levels of brand customers are decreasing gradually, and inventory adjustments have decelerated. Although the outlook for 2H23 is expected to be better than 1H23, it will still be challenging to continue to grow this year. By consistently investing in R&D and expanding its customer base, the company expects to resume revenue growth next year. NanPao will strengthen its industry-leading position and continue gaining market share.



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QIC Comment: NanPao is the dominant Global No. 1 producer of athletic footwear adhesives. Unlike its chemical peers, which suffered from lower raw material prices and its footwear peers, which had a relatively bad year due to inventory concerns, NanPao has been expanding its margins seven quarters in a row and achieved record high earnings on stable raw material prices and structural improvements such as better product mix. This unique and niche but relatively undiscovered company may have another good year next year with sustainable high margins and growing revenue.

Meet the CEO of QIC



Alex Lee

Alex Lee is the founder and current CEO of Quantum International Corporation (QIC). With over 30 years of experience in the Investment Banking and Securities field, he has held various positions, including CEO and Senior Advisor of Yuanta Securities, Country Head, Head of Taiwan Equity, Managing Director and Country Manager of Deutsche Bank Taiwan, Country Manager of CSFB Taiwan, Country Manager and Managing Director of Barclays Securities Taiwan. With a passionate commitment to promoting Taiwan's financial markets, he has served

as an Executive Director of the Taiwan Securities Association since 2001, playing a key role in establishing the "Foreign Affairs Committee" and serving as its convener, actively contributing to the internationalization and competitiveness of Taiwan's capital markets. Under his leadership as CEO of Yuanta Securities, he successfully assembled the company into the best regional brokerage firm in Taiwan— Yuanta Securities was recognized by international investors as one of the top five brokerages in Taiwan, unprecedented for a local broker.

Quantum International Corporation (QIC) is the first independent international financial advisory institution dedicated to serving enterprises in the Greater China region, addressing capital market issues, and ultimately enhancing corporate equity value. QIC consists of an elite team of professionals with extensive financial backgrounds and international capital market experience. Each member has years of experience in the international capital markets. QIC provides a diverse and high-quality range of capital market services with the goal of enhancing equity value for enterprises. These services include shareholder equity research and solution development, equity capital market (ECM) solutions, corporate mergers and acquisitions, corporate public relations consulting, and solutions for special shareholder meeting matters.



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Anything in particular that you'd like to see in our next Monthly Newsletter?

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