

**CHANG WAH
TECHNOLOGY CO., LTD
CWTC*(6548)**

May 26, 2020

Outline

- A. Denomination Changes and Cash Dividends
- B. Major Resolutions of the Board of Directors on April 20
- C. Back to Taiwan Investment and Expansion Plan
- D. Business Overview
- E. Industry and Future Prospects
- F. Q&A

A. Denomination Changes and Cash Dividends

Denomination Change: CWTC * (Denomination of 1 NTD per share)

- CWTC was relisted on September 9, 2019. The original denomination of 10 NTD was changed to 1 NTD. It was the first OTC company to apply the flexible denomination stock system. Therefore, the stock name CWTC was added * to CWTC *.
- After changing the denomination of CWTC *, the share capital remained unchanged, while the number of issued shares increased to 364,131,050 shares, which is 10 times the original number of shares. Therefore, CWTC * earnings and dividends from the third quarter of 2019 are calculated based on the number of new shares.

- Volume changes before and after**

Average (number of sheets)	Base on 2019/8/28	Base on 2020/3/31	Rate of change
Week	71	332	368%
Month	53	500	843%
Quarter	30	410	1,267%
Year	28	359	1,182%
2019/9/9~2020/3/31	-	625	-

PS : 2019/8/28(the last trading day of the original stock), 2019/9/9(new shares were re-listed).

- **Comparison of calculation of net profit per share before and after denomination change**

Quarterly	Net income attributable to shareholders of the parent (million NTD)	Old shares (36,413,105 shares) calculation Net profit per share after tax (NTD)	New shares (364,131,050 shares) calculation Net profit per share after tax (NTD)
2020/Q1	127	3.60	0.36
2019/Q4	155	4.42	0.44
2019/Q3	184	5.20	0.52
2019/Q2	145	4.10	0.41
2019/Q1	123	3.48	0.35

Cash Dividend:1.24 NTD per share in 2019

- CWTC* On March 18, 2020, the board of directors approved a cash dividend of 1.24 NTD per share for the full year 2019, and the dividend payout rate was 72%.
- CWTC* decided to distribute the surplus every half year last year, and the cash dividend of 0.34 NTD for the first half was paid on January 15, 2020.
- The board of directors approved a cash dividend of 0.9 NTD per share in the second half of the year, with a total cash dividend of 1.24 NTD in 2019.

- Comparison of differences in cash dividends per share before and after denomination changes

term	2019 Net profit per share after tax (NTD)	2019年 Cash dividend per Share (NTD)
Old shares (36,413,105 shares) calculation	17.2	12.4
New shares (364,131,050 shares) calculation	1.72	1.24

- 2015 ~ 2019 dividend

term	2015	2016	2017	2018	2019/H1	2019/H2
Net profit per share after tax	2.66	1.97	14.62	23.60	0.76	0.96
Stock dividend per Share	0	0	0	0	0	0
Cash dividend per Share	3.00	1.20	11.50	17.00	0.34	0.90
Total dividend per Share	3.00	1.20	11.50	17.00	1.24	
Dividend payout rate	113%	61%	79%	72%	72%	

Note: Net profit and dividends per share in 2019 are calculated based on 364,131,050 new shares.

B. Major Resolutions of the Board of Directors on April 20

- Resolution : CWTC* sold 44% of the equity of the reinvestment company Ohkuchi Materials Co., Ltd. (OM) to Sumitomo Metal Mining Co., Ltd. (SMM) for 490 million JPY.
- Reasons : CWTC acquired 49% of OM equity in September 2017, and CWE Group was then responsible for OM's agency sales business and operating customer relations.
- Consideration: The Japanese production environment is not conducive to L/F manufacturing.

Differences before and after selling OM equity

2017/9~2020/4

- CWE Group agent OM products
- CWTC* recognized 49% of OM profit

2020/5~

- CWTC* continues to serve OM customers
- CWTC* purchases fixed assets (production machines) and intangible assets (technology / patents) from OM
- CWTC* successively received OM's existing products and returned to Taiwan for production

C.Back to Taiwan Investment and Expansion Plan

Back to Taiwan Investment

- September 2019, through the Ministry of Economic Affairs, "Welcome Taiwanese Businessmen to the Joint Review Conference," CWTC planned to invest 3 billion NTD to expand the plant and new equipment at the Nanxun plant in Kaohsiung.
- On November 7, 2019, the board of directors passed and initially invested 500 million NTD to build a new plant in the existing plant.
- A new etching production line will be built to actively expand production of QFN products. Acquired OM equipment and technology / patents, etc., and mass production in Taiwan.

Expansion Plan

- Expand production capacity in Taiwan and China, and build a new factory in a new location in China.
- Taiwan, China and Malaysia are the three major production bases, focusing on markets outside China, China and Southeast Asia.
- By undertaking the production technology and know-how of OM, Taiwan's technological capabilities are improved.

D. Business Overview

Financial Results(Consolidated Income Statement/QoQ)

MN NTD	1Q 2020		4Q 2019		QoQ
	Amount	%	Amount	%	%
Revenues	2,154	100	2,442	100	(12)
Cost of Goods Sold	1,795	83	1,994	82	(10)
Gross Profit	359	17	448	18	(20)
Operating Expenses	182	8	227	9	(20)
Operating Income	177	8	221	9	(20)
Non-operating Income	12	1	(2) -	0	0
Income before Tax	189	9	219	9	(14)
Tax	59	3	59	2	0
Net Income	130	6	160	7	(19)
Income Attributable to Shareholders of the parent	127		156		(19)
EPS(NTD)	0.36		0.44		
EBITDA	352		388		

Financial Results(Consolidated Income Statement/YoY)

MN NTD	1Q 2020		1Q 2019		YoY
	Amount	%	Amount	%	%
Revenues	2,154	100	2,156	100	(0)
Cost of Goods Sold	1,795	83	1,808	84	(1)
Gross Profit	359	17	348	16	3
Operating Expenses	182	8	173	8	5
Operating Income	177	8	175	8	1
Non-operating Income	12	1	10	0	20
Income before Tax	189	9	185	9	2
Tax	59	3	61	3	(3)
Net Income	130	6	124	6	5
Income Attributable to Shareholders of the parent	127		123		3
EPS(NTD)	0.36		0.35		
EBITDA	352		364		

Financial Results(Consolidated Income Statement)

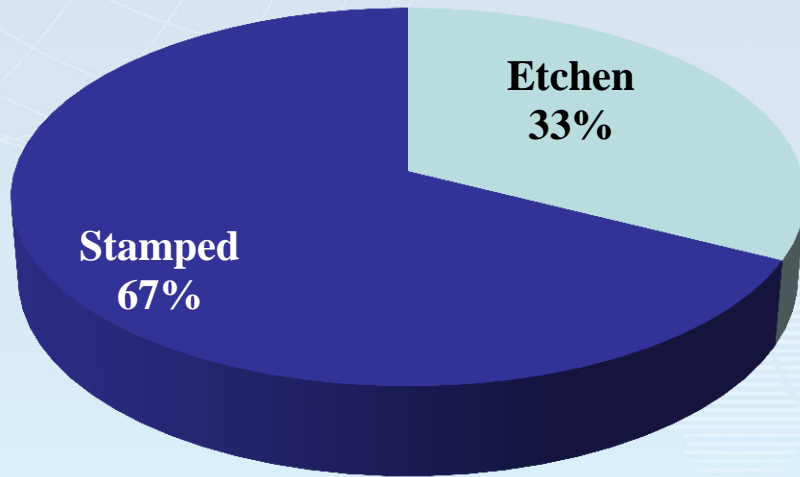
MN NTD	2020		2019		YoY
	Amount	%	Amount	%	%
Revenues	9,320	100	9,785	100	(5)
Cost of Goods Sold	7,739	83	7,983	82	(3)
Gross Profit	1,581	17	1,802	18	(12)
Operating Expenses	748	8	708	7	6
Operating Income	833	9	1,094	11	(24)
Non-operating Income	66	1	112	1	(41)
Income before Tax	899	10	1,206	12	(25)
Tax	280	3	354	4	(21)
Net Income	619	7	852	9	(27)
Income Attributable to Shareholders of the parent	607		843		(28)
EPS(NTD)	1.72		2.36		
EBITDA	1,596		1,867		

Consolidated Balance Sheet Summary

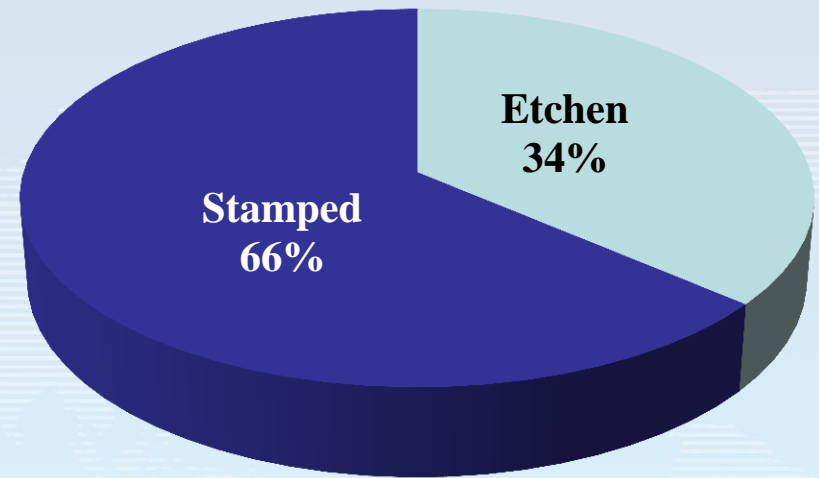
Amount NTD in MN	2017.12.31 (IFRSs)	2018.12.31 (IFRSs)	2019.12.31 (IFRSs)	2020.03.31 (IFRSs)
Cash & Short-Term Investments	2,131	2,304	3,076	3,571
Accounts Receivable	1,816	1,925	2,002	1,711
Current Assets	5,350	5,791	6,502	6,803
Long-Term Investments	146	169	174	158
Current Liabilities	2,150	2,758	2,964	3,457
Long-Term Liabilities	3,970	4,617	5,558	6,130
Shareholders' Equity	5,064	5,098	4,904	4,660
Total Assets	9,100	9,788	10,544	10,874
Book Value Per Share (NT\$)	140.0	140.0	13.5	12.8
Current Ratio	249%	210%	219%	197%
Debt Ratio	44%	47%	53%	56%

Products Percentage(Process)

2018



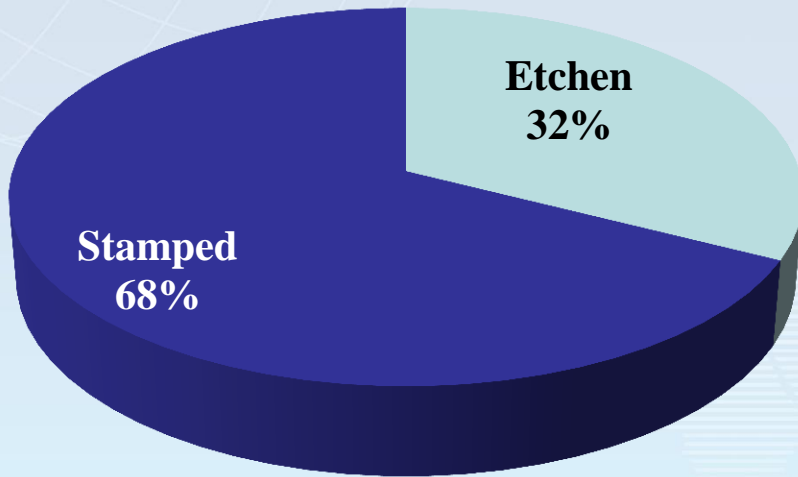
2019



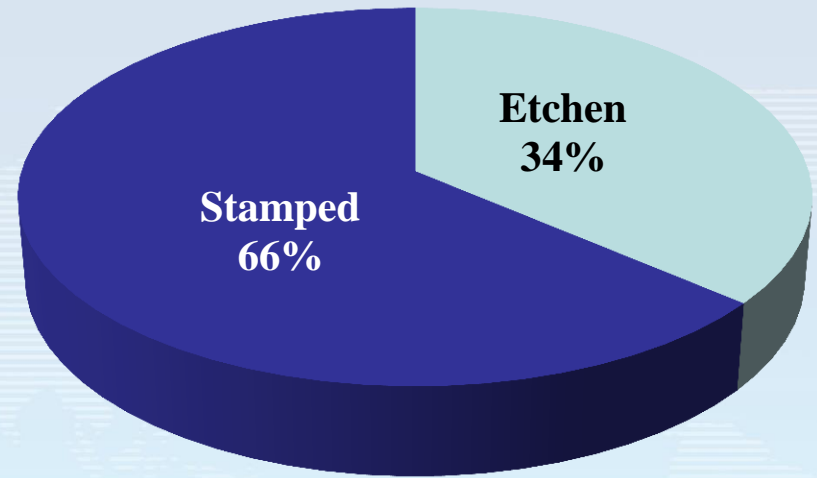
*Classified by sales amount (US\$)

Products Percentage(Process)

1Q 2019



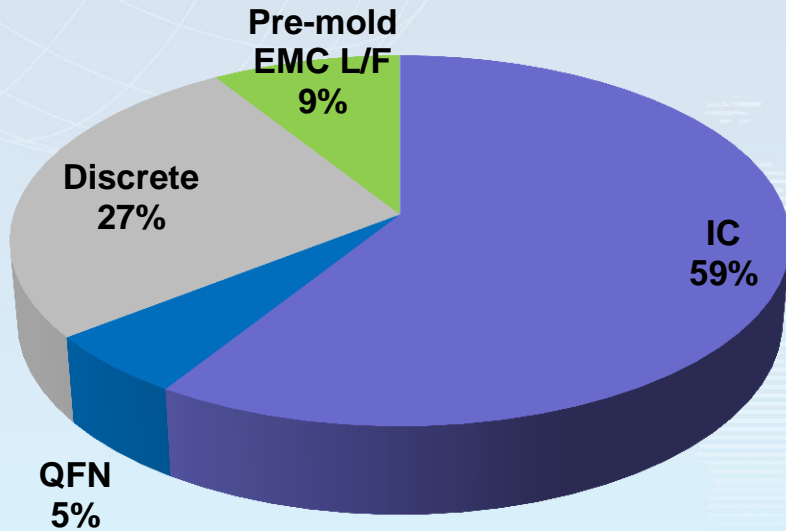
1Q 2020



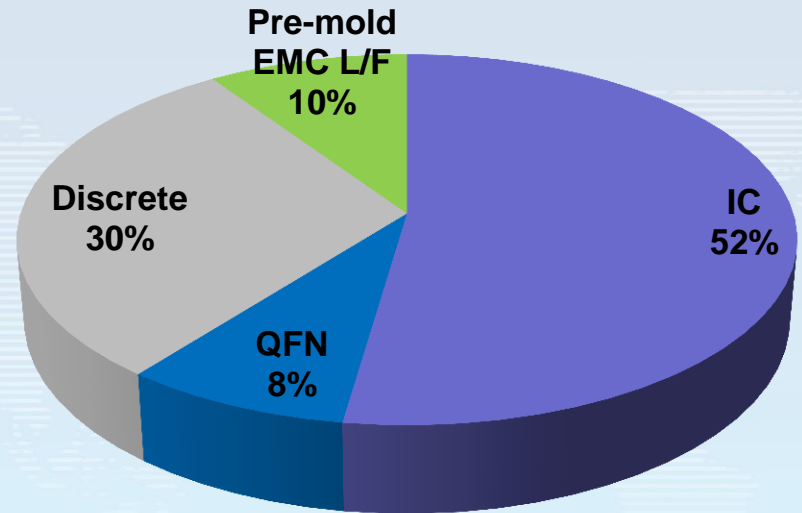
*Classified by sales amount (US\$)

Products Percentage(Application)

2018



2019



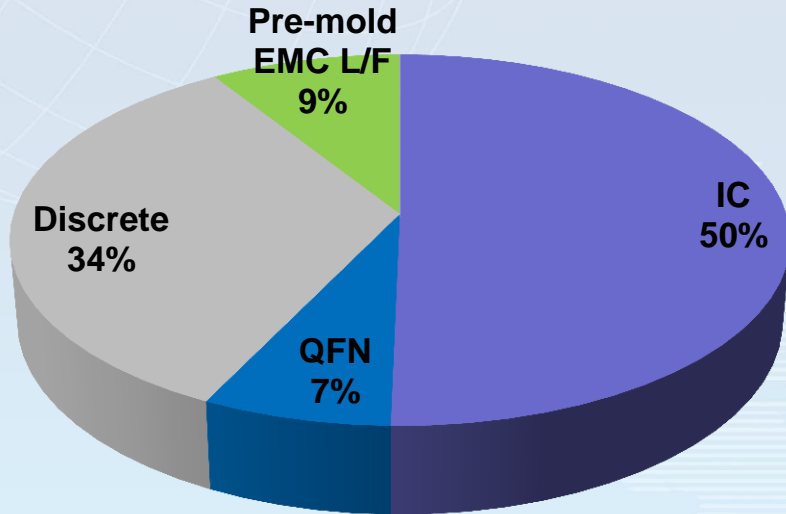
IC : SOP 、 TSSOP 、 TSOP 、 QFP

Discrete : SOT

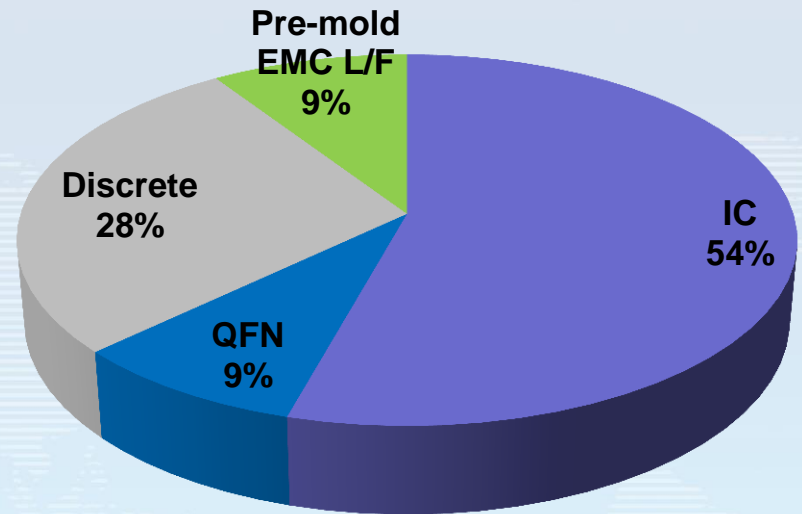
*Classified by sales amount (US\$)

Products Percentage(Application)

1Q 2019



1Q 2020

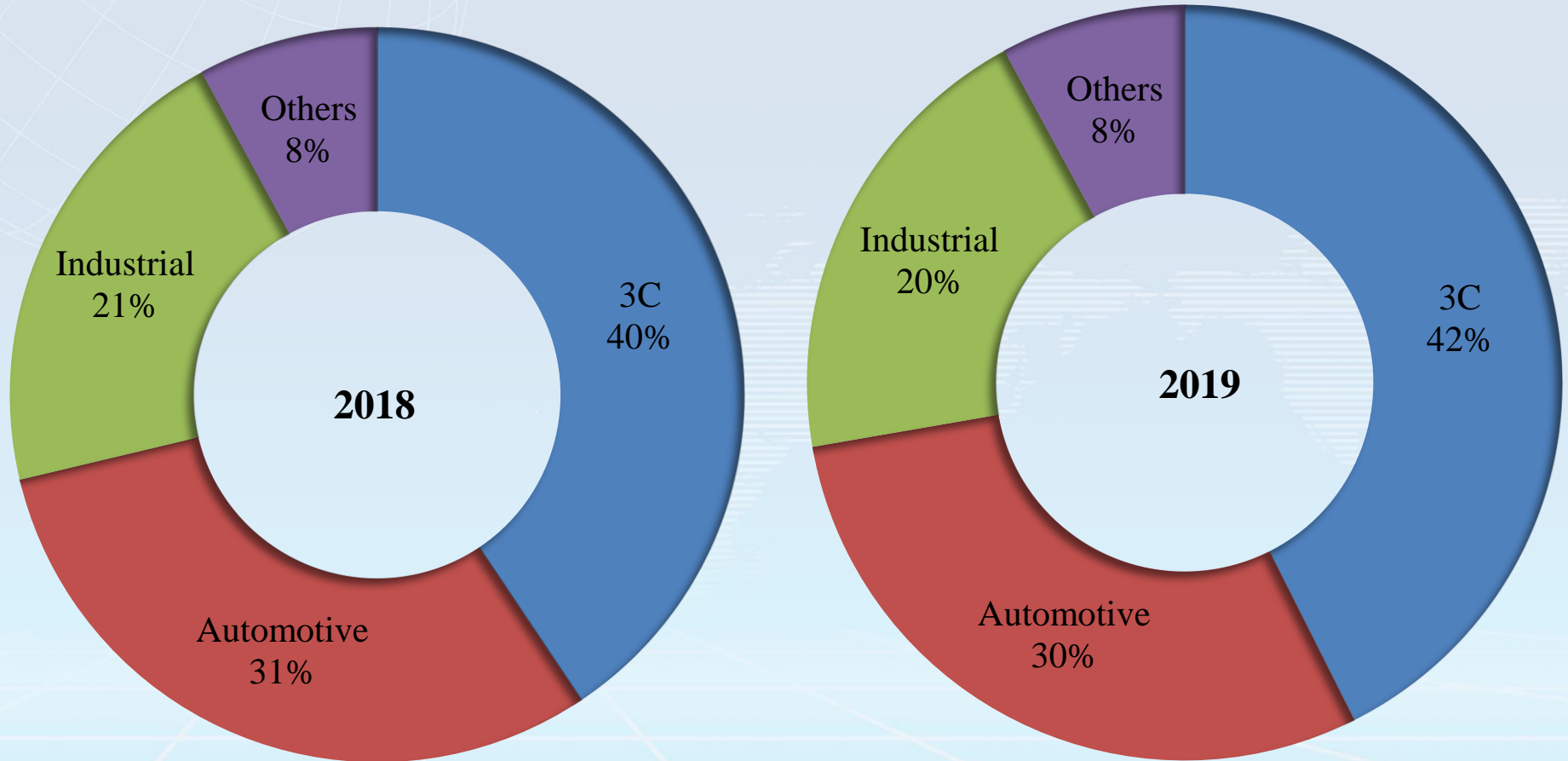


IC : SOP 、 TSSOP 、 TSOP 、 QFP

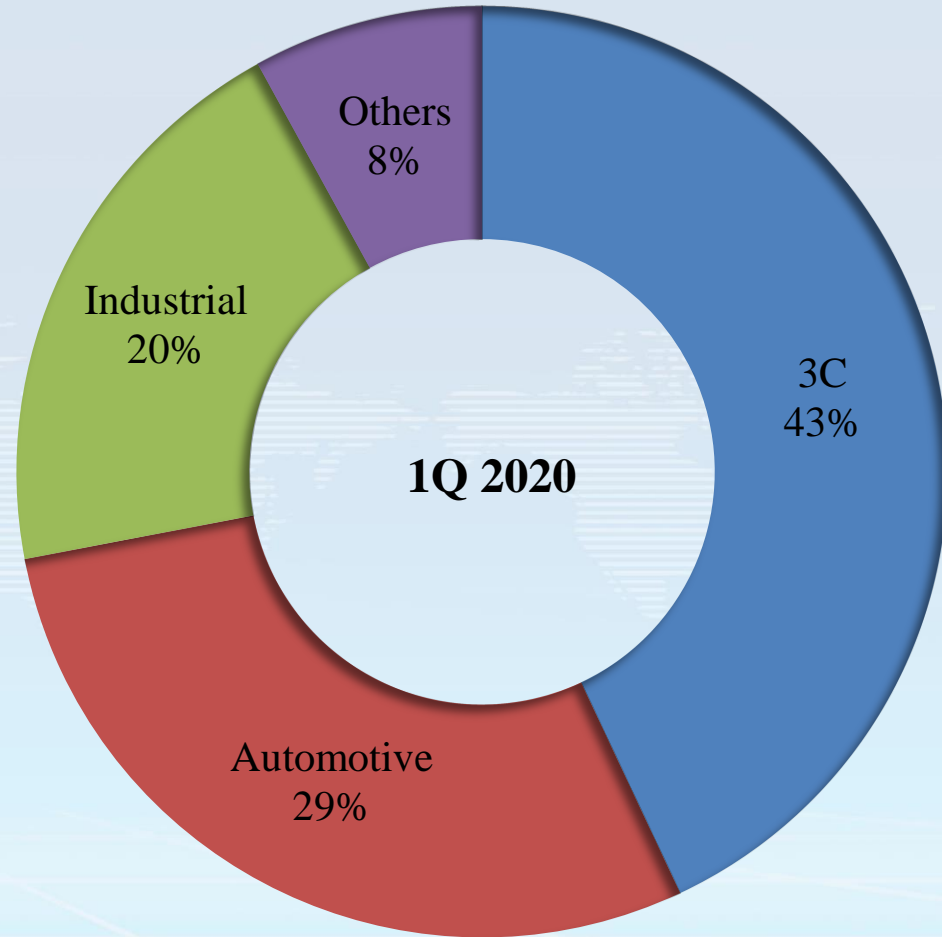
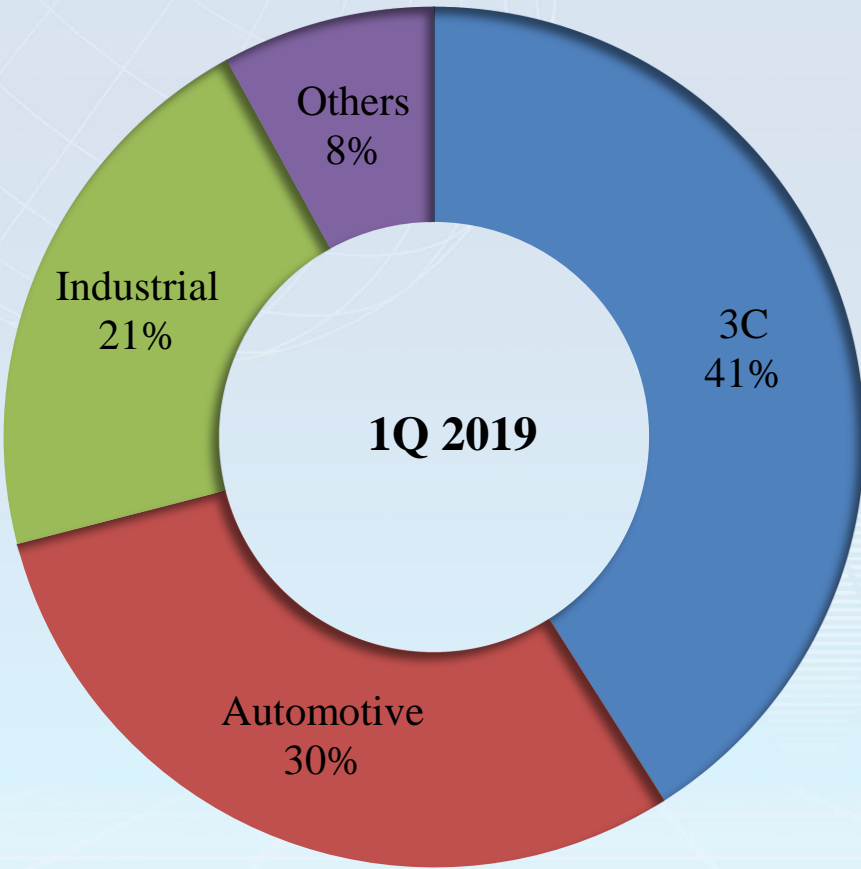
Discrete : SOT

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Lead Frame Application



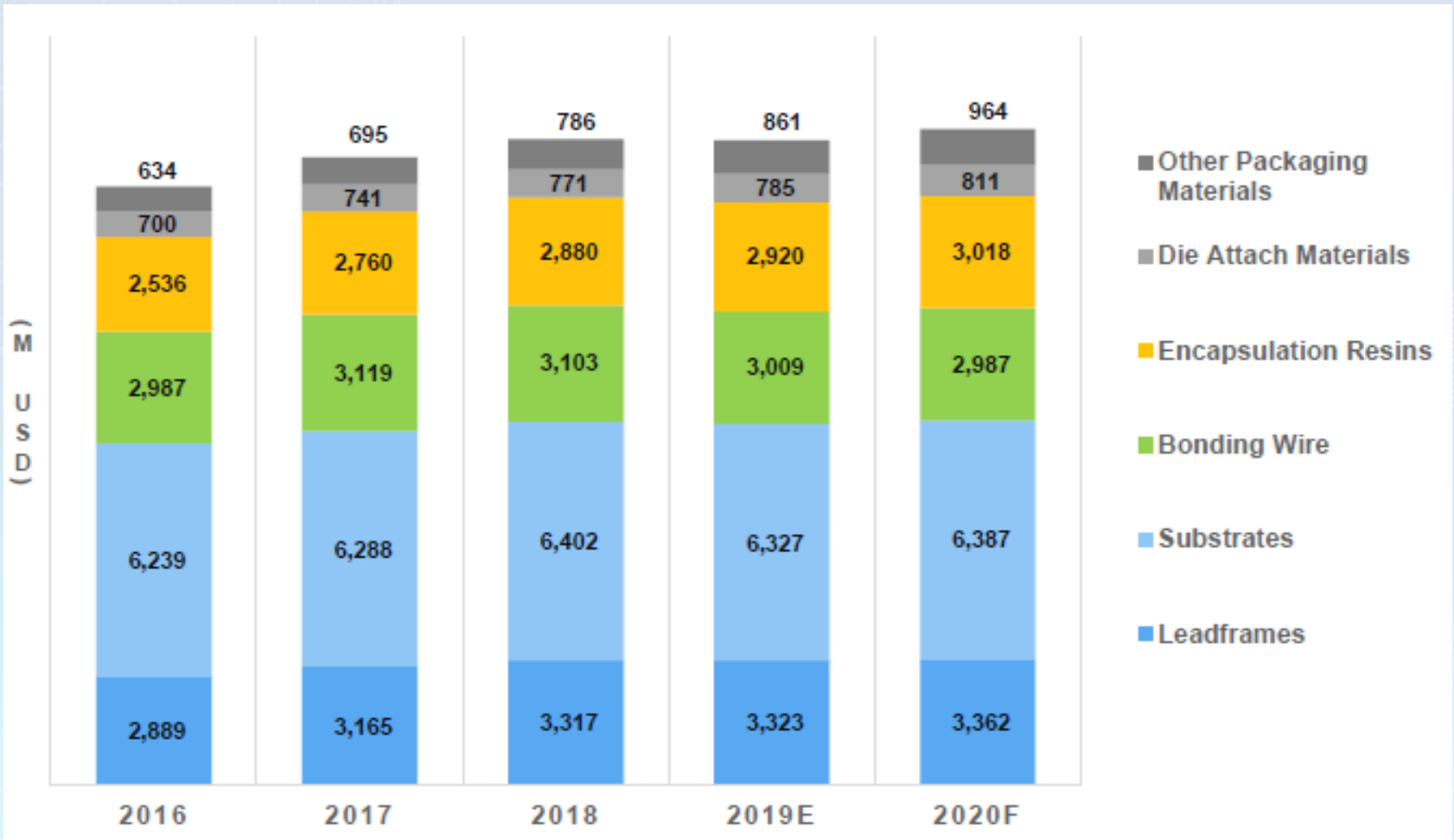
Lead Frame Application





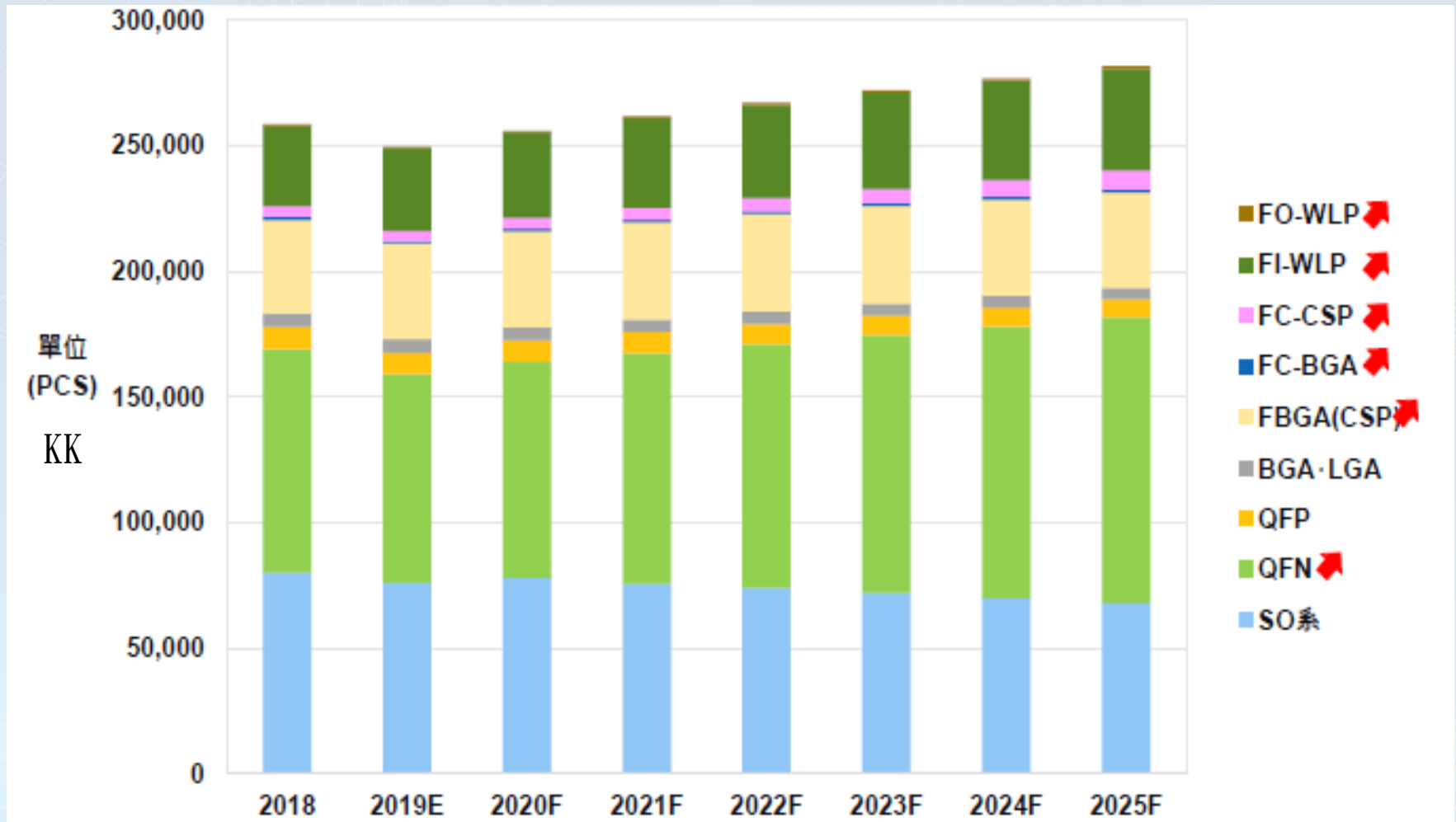
E.Industry and Future Prospects

Global Semiconductor Packaging Materials Market Size



Source: ITRI(2019/10/29)

Semiconductor Packaging Market



Source: ITRI(2019/10/29)

Market Status

- 2Q 2020 : Revenus QoQ and YoY have the opportunity to grow
- Y2020 : High uncertainty in the second half

Because~

Crude oil price

COVID-19

US stocks trend

The second trade war

Future Prospects

- QFN
- Back to Taiwan to expand the new factory
- Undertake OM business
- plans to build a new factory in China
- M&A Opportunity

F. Q&A