

I. Letter to Shareholders

Annual General Meeting of Shareholders 2020

Dear Shareholders, Ladies and Gentlemen,

The semiconductor packaging and testing operations of the PTI Group benefited from the vibrant development of advanced technologies such as artificial intelligence, 5G communications, Internet-of-Things, intelligent driving, and high-performance computing as well as strong demand for personal computer and electronic terminal products driven by work from home and tele-education with both memory and logic IC products delivering an outstanding performance. Our 2020 annual revenue was a record high and profits were also the second highest on the record.

We believe 2021 will see a continuation of the shortage in packaging and testing capacity. There will be no easing in the US, China, and Taiwan tensions in the near future either. The entire industry and market will continue to be dominated by active developments in advanced technology. The latest wave of global changes, industry reshuffling and technology of upgrades represent an important opportunity for PTI to embrace reform, transformation and sustainable development. We have therefore adopted the following initiatives:

Organizational reform:

PTI is continuing to recruit advanced engineering talent and cultivate middle/high-level managers. We hope our manufacturing expertise can be leveraged to accelerate the development and production of advanced packaging and testing technologies, as well as strengthen our business development ability.

Product portfolio optimization, diversification of customer base, and continued growth:

Memory packaging and testing is the foundation of PTI. We will strive to maintain our status as the No.1 provider of memory packaging and testing services in the world. We will also work with strategic partners to expand our production capacity and upgrade our technology so that we can succeed together. In the future, PTI will focus more time and effort on the development of advanced technologies and customers for logic and heterogeneous integration.

Group resources will be consolidated to establish our position as the leading international provider of one-stop packaging and testing services for the full range of

semiconductor products.

Greatek - Specializes in packaging and testing services for mid- to low-end products.

It leads the industry in production technology, quality, cost, efficiency and service.

Greatek will continue to expand its capacity to gain more market share.

Tera Probe/TeraPower - Collaboration with international customers in Japan, Taiwan, Europe, and US will be stepped up to expand testing services for logic wafers and final products.

PTI - Existing advanced packaging and testing technology for memory products will be used as the basis for aggressive expansion of products and customers in high-end logic and heterogeneous integration.

The industry has always viewed PTI as a leading provider of packaging and testing services for memory products. I am pleased to report to our shareholders that PTI is now more than just the top Outsourced Semiconductor Assembly and Testing (OSAT) company for memory products in the world. We are now a comprehensive OSAT with the capability to handle logic products. We do not aim to be “one of the best packaging and testing service providers in the world.” Our ultimate goal is to become “the world No.1 in technology, quality, and service.”

My thanks go out to all shareholders for all the support and encouragement that they provide to employees and management team of the PTI Group.

I wish everyone all the best of health and success in all endeavors.

Thank you again for all your support. We wish you all the very best.

Sincerely,
D.K. Tsai

PTI Chairman

Powertech Technology Inc. 2020 Business Report

I. 2020 Business Operations Report

According to the World Economic Outlook published by the International Monetary Fund (IMF) in January 2021, global economic declined by 3.5% in 2020 due to the impact from pandemic of COVID-19. Many financial stimulate plans were in place to secure individual and business cash flow uninterrupted during the first half of 2020. Global economic showed signs of improvement in the second half of 2020 from the recovery of China and developing countries.

Semiconductor product demand was driven by remote demand from pandemic and higher penetration of 5G smartphone. 2020 global semiconductor revenue was about US\$449.8 billion which was 7.3% increased from 2019. 2020 Taiwan semiconductor industry outperformed global average at NT\$3,222.2 billion (US\$108.9 billion) which was 20.9% increased from previous year base on a study of Industrial Economics and Knowledge (IEK) published in Feb 2021. Revenue of Taiwan IC packaging sector was NT\$377.5 billion with 9.0% growth from 2019, and revenue of Taiwan IC testing sector was NT\$171.5 billion with 11.1% growth from 2019.

PTI 2020 revenue increased 14.5% from 2019 with strong remote demand on server, notebook, and mobile devices. PTI 2020 revenue and profit outperform industry average and peers and met our expectations. PTI will continue to invest in technologies to provide excellent quality and services going forward. PTI 2020 accomplishment contributed by its excellent quality and services, operations efficiency improvement, efficient cost control, new technologies and products development, equipment investment, and strategic alliance strengthening.

Details of 2020 revenue and profitability are reported as follow:

1.2020 Operations Results

PTI Consolidated revenue of 2020 was NT\$76.181 billion, which was 14.51% increase from 2019 consolidated revenue of NT\$66.525 billion. 2020 net income belonged to parent company was NT\$6.66 billion which was 14.11% from 2019 NT\$5.84 billion.

2.Financial Status

2020 Consolidated Statement of Cash Flow (in NT\$1,000)

a. Net cash inflow from operating activities	19,301,292
b. Net cash outflow from investing activities (Changes mainly from acquisition of machinery and equipment)	16,734,519
c. Net cash outflow from financing activities (Mainly for distribution of cash dividends and repayment of bank loans)	3,007,278

3. Profitability Analysis

Analysis Items		2020	2019
Profitability	Operating Income / Capital Ratio	137.56%	111.82%
	Pre-tax Net Income / Capital Ratio	133.41%	109.19%
	Return on Assets	7.78%	6.79%
	Return on Equity	14.44%	12.74%
	Net Income (Loss) Ratio	8.75%	8.78%
	Net Income(Loss) Per Share	\$8.60	\$7.52

4. R&D Updates

PTI has been constantly devoted to new technologies and production technologies development to meet industry standards and customers' demand. 2020 R&D expenses were NT\$2.196 billion which was about 2.88% of consolidated revenue. In addition to DRAM and NAND Flash products, PTI has been developing advanced packaging & testing and heterogeneous integration, such as Flip Chip (FC), System in Package (SiP), Wafer Level Package (WLP), CMOS image sensor (CIS), 2.5D/3D Through Silicon Via (TSV), and Fan-Out Panel Level Package (FOPLP). PTI has completed the lab for Antenna in Package (AiP) and Radio Frequency (RF) to provide certify services of 5G products. Apply TSV technologies on CIS products to enhance performance of health care, surveillance, and automotive devices. FOPLP has been engaged with customers in development and certification to provide comprehensive solutions.

II. 2021 Operations Plans

1. Plan Outlines:

- (1) Promise, Technology and Integration are our core values.
- (2) Focus on the assembly and final testing sectors in semiconductor industry

- in order to generate the profits together with our customers and vendors.
- (3) Devoted to the research and development of advanced technologies and launch new products to enhance corporate growth momentum.
 - (4) Provide full services to customers with quality and exquisite technologies.
 - (5) Integrated corporate resources to enhance operation performances and ensure corporate profitability and sustainability.
 - (6) Provided employee trainings to talent, addressed employee benefits and interest of shareholders to create mutual benefits.

2. Sales Forecast volume:

The World Semiconductor Trade Statistics (WSTS) estimated the global semiconductor market keep positive growth by 8.4% and will reach US\$ 469.4 billion in 2021. According to Industry, Science and Technology International Strategy Center of Industrial Technology Research Institute (ISTI of ITRI), the production value for Taiwan IC industry in 2021 will grow around 3.5% to US\$ 117.8 billion. Overall semiconductor industry outlook is optimistic with positive growth in both global and Taiwan market.

Based on the data from IC Insights, the sales and revenue for overall IC market will grow 12% in 2021. According to the analysis of the world's top ten semiconductor companies in 2020, both memory and logic semiconductors have shown substantial growth compared to 2019. Looking forward to the future, with the rise of emerging electronic applications, new functions in artificial intelligence, 5G, ADAS, data centers, remote teaching and various mobile devices will be introduced. The field of semiconductor applications and the number of applications are expected to continue growing in 2021.

The deployment of 5G will be the major driver for the coming years.

TrendForce estimated global smartphone shipment for 2021 will reach 1.36 billion units, increase 9% from 2020.

Canalys identified that remote working and digital learning will be the key trend to drive PC (including desktops, tablets and notebooks) market growth in 2021 and beyond. Global PC shipment will increase 1.4% to reach 464.4 million units in 2021 as Canalys pointed out. According to DIGITIMES

Research, global server shipment will rise 5.6% and hit 17 million units in 2021, according to DIGITIMES Research.

The COVID-19 has disrupted business activities worldwide, and it will still be the major factor to affect the global economy. Also, the ongoing disputes between U.S. and China play a major uncertainty for the global economy.

PTI projects good revenue growth in DRAM, NAND Flash, Logic, and advanced packaging in 2021.

2021 Sale forecast volume:

Item	Sale Forecast Volume
Assembly	15 billion packages
Final Test	9.2 billion packages
Bumping	980 K wafers
Chip Probing	2.6 million wafers
SSD & SiP	140 million pcs

3. Production and Marketing Strategies:

- (1) Provide the turn-key services to customers for cycle time and overall cost reduction.
- (2) Maintain the leading position in memory packaging and testing market.
- (3) Continue developing Logic business and enhancing technology development for Flip-Chip, Solid State Drive (SSD), Wafer Level Packaging (WLP), Chip Probing (CP), and Fan-Out Panel Level packaging (FOPLP) to create business growth.
- (4) Developing new customers, new markets, and new products at the same time enhancing the relationship with existing customers.
- (5) Improve corporate competitive advantages by cost reduction and resources integration.

Chairman: D.K. Tsai
Tseng

President: J.S. Leu

Head of Accounting: Evan