



Handbook for the 2020 Annual Meeting of Shareholders

(TRANSLATION)

Meeting Date: June 11, 2020

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MediaTek Inc.
Procedure for the 2020 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairman Remarks
3. Report Items
4. Acknowledgements
5. Proposed Resolutions
6. Extemporaneous Motions
7. Meeting Adjourned

MediaTek Inc.
Year 2020
Agenda of Annual Meeting of Shareholders

Time: 9:00 a.m., June 11, 2020 (Thursday)

Venue: International Convention Center, MediaTek

No. 1, Dusing 1st Road, Hsinchu Science Park, Hsinchu City, Taiwan R.O.C.

Agenda:

1. Call the meeting to order
2. Chairman remarks
3. Report Items
 - (1). 2019 business report
 - (2). Audit Committee's review report
 - (3). Report on 2019 employees' compensation and remuneration to directors
 - (4). Report on the status of the share repurchase program
4. Acknowledgements
 - (1). Adoption of the 2019 business report and financial statements
 - (2). Adoption of the proposal for distribution of 2019 profits
5. Proposed Resolutions
 - (1). Discussion of cash distribution from capital reserve
 - (2). Suspension of the non-competition restriction on the Company's directors
6. Extemporary Motions
7. Meeting Adjourned

Report Items

Report item (1)

Proposed by the Board of Directors

Subject: 2019 business report.

Descriptions: 2019 business report is attached on page 10-11, Attachment 1.

Report item (2)

Proposed by the Board of Directors

Subject: Audit Committee's review report.

Descriptions: 2019 Audit Committee's review report is attached on page 12, Attachment 2.

Report item (3)

Proposed by the Board of Directors

Subject: Report on 2019 employees' compensation and remuneration to directors.

Descriptions:

- (1). According to Article 24 of the Company's Articles of Incorporation, if there is any profit for a specific fiscal year, the Company shall allocate no less than 1% of the profit as employees' compensation and shall allocate at a maximum of 0.5% of the profit as remuneration to directors, provided that the Company's accumulated losses shall have been covered in advance.
- (2). The Board has adopted a proposal for distribution of 2019 profit as follows: employees' compensation is NT\$317,138,925 and the remuneration to directors is NT\$32,110,317; both shall be paid in cash.

Report item (4)

Proposed by the Board of Directors

Subject: Report on the status of the share repurchase program.

Descriptions: The final status of the third Share Repurchase Program will be reported at the shareholders' meeting on June 11, 2020.

Topic	Explanation
Plan of the Third Share Repurchase Program	
Board of Director resolution	2020/3/20
Purpose of the share repurchase	For the Company's credit and shareholders' rights and interests
Type of shares to be repurchased	Common stocks
Ceiling on total amount of the share repurchase	NT\$238,042,410,101
Scheduled period for the repurchase	2020/03/23~2020/05/22
Planned number of shares to be repurchased(Ratio of the shares to be repurchased to total issued shares of the Company)	15,900,000 shares (1.00%)
Price range	From NT\$301 to NT\$452 per share, provided that, according to the board resolution, repurchasing will still be carried out even if the share price is lower than the aforementioned price range.
Method for the repurchase	Repurchasing at a centralized securities exchange market (Taiwan Stock Exchange)

Acknowledgements

Acknowledgement (1)

Proposed by the Board of Directors

Subject: Adoption of the 2019 business report and financial statements.

Descriptions:

- (1). 2019 financial statements, including the balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows, were audited by independent auditors Shao-Pin Kuo and Wen-Fun Fuh of Ernst & Young.
- (2). For the 2019 business report, independent auditors' report and the aforementioned financial statements, please refer to page 10-11, Attachment 1, page 13-22, Attachment 3, and page 23-32, Attachment 4.

Resolution:

Acknowledgement (2)

Proposed by the Board of Directors

Subject: Adoption of the proposal for distribution of 2019 profits.

Descriptions:

- (1). The proposal for distribution of 2019 profits has been approved by the Board of Directors in the 13th Board Meeting of the 8th session.
- (2). Please refer to the 2019 profit distribution table below:

Descriptions	Amount (NTD)	Remarks
Unappropriated retained earnings of previous years	96,976,480,706	
Plus: Net income of 2019	23,032,720,873	
Plus: Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	8,738,608,580	
Plus: Adjustment for restricted stocks awards	37,237,154	
Less: The differences between the fair value of the consideration paid from acquiring subsidiaries and the carrying amounts of the subsidiaries	(997,073,876)	
Less: Actual loss on defined benefit plans	(58,130,247)	
Earnings available for distribution	127,729,843,190	
Distribution items:		
Legal reserve	(3,075,336,248)	Cash dividend of NT\$5.00 per share; No stock dividend.
Dividend to common shareholders	(7,944,252,165)	
Unappropriated retained earnings	116,710,254,777	

Note:

1. Cash dividend distributions are calculated based on MediaTek's outstanding shares of 1,588,850,433 shares as of April 27, 2020.
2. The cash dividends will be distributed to each shareholder based on shareholding percentages, and be rounded down to the nearest dollar. The amounts under one dollar due to the rounding off are summed and recognized as the Company's other income.
3. According to the Board resolution on April 28, 2020, the Chairman is authorized to determine the cash dividend record date and payment date upon the approval of the profit distribution proposal at the Annual Meeting of Shareholders. In the event the number of outstanding shares is affected by the Company's subsequent shares buyback, transfer or cancellation of treasury stocks, issuance of new shares because of the exercise of employee stock options, issuance or withdrawal of employee restricted stocks awards or other causes, the Chairman is authorized to adjust the distribution percentage per share based on the actual number of the outstanding shares on the cash dividend record date and other related matters.

Chairman: Ming-Kai Tsai Chief Executive Officer: Rick Tsai Chief Financial Officer: David Ku

Resolution:

Proposed Resolutions

Proposal (1)

Proposed by the Board of Directors

Subject: Discussion of cash distribution from capital reserve. Approval is respectfully requested.

Descriptions:

- (1). Pursuant to subparagraph 1, paragraph 1 of Article 241 of the Company Act, the Company plans to distribute cash of NT\$ 8,738,677,382 from the capital reserve from paid-in capital in excess of par value, to the shareholder listed on the register of shareholders on the record date and the expected cash per share is NT\$5.5. Cash payment shall be rounded down to the nearest dollar. The amounts under one dollar due to the rounding off are summed and recognized as the Company's other income.
- (2). According to the Board resolution on April 28, 2020, the Chairman is authorized to determine the record date and payment date upon the approval of cash distribution from capital reserve at the Annual Meeting of Shareholders. In the event the number of outstanding shares is affected by the Company's subsequent shares buyback, transfer or cancellation of treasury stocks, issuance of new shares because of the exercise of employee stock options, issuance or withdrawal of employee restricted stocks awards or other causes, the Chairman is authorized to adjust the distribution amount per share based on the actual number of the outstanding shares on the record date and other related matters.

Resolution:

Proposal (2)

Proposed by the Board of Directors

Subject: Suspension of the non-competition restriction on the Company's directors.

Descriptions:

- (1) Pursuant to Article 209 of the Company Act, "a director who engages in any behavior for himself/herself or on behalf of another person that is within the scope of the company's business shall explain the essential contents of such an act to the shareholders' meeting and obtain its approval."
- (2) Since there are directors of the Company holding concurrent positions at other companies whose business scope is the same or similar to that of the Company, we hereby request the meeting of shareholders to approve the removal of the non-competition restriction imposed on the directors of the Company in accordance with the above mentioned Article 209 of the Company Act.
- (3) The concurrent positions held by the Directors are as follows:

Name	Company Name and Concurrent Position
Ching-Jiang Hsieh (Vice Chairman)	Chairman, Vanchip (Tianjin) Technology Co.,Ltd
Peng-Heng Chang (Independent Director)	Chairman, Chi-Kuang Solar Energy Corp. Director, BIG SUN ENERGY TECHNOLOGY INC. Chairman, Ruei-Yang Solar Corp. Chairman, Ruei-Rih Solar Corp. Chairman, Lumos Corporation
Ming-Je Tang (Independent Director)	Independent Director, Smart-Core Holdings Limited

- (4) Respectfully request the shareholders to remove the non-competition restrictions on the above directors.

Resolution:

Extemporaneous Motions

Meeting Adjourned

Attachment

Attachment 1

MediaTek Inc. 2019 Business Report

Dear Shareholders:

In 2019, MediaTek continued to strengthen global competitiveness. Ranked the 15th largest semiconductor company and the 4th largest IC design company globally, MediaTek achieved a balanced and diversified product and business portfolio with much improved financials. 2019 consolidated revenue reached NT\$246.2 billion and consolidated gross margin increased to 41.9%, from 38.5% in 2018. Operating income grew nearly 40% year over year in dollar terms and consolidated operating margin increased 2.4 percentage points.

Looking back on 2019, MediaTek played important roles in products such as smartphone, AIoT, TV, PMIC and ASIC across multiple regions globally which laid a solid foundation for future development. New technology investments in AI, 5G, WiFi 6, enterprise ASIC and automotive electronics have also made good progress. These are clear indicators of our strong competitiveness and will translate into mid-to long-term growth momentum.

Moving into 5G era, MediaTek closely collaborates with global major operators and demonstrates leading technology capability by launching 5G flagship smartphone SoC - Dimensity 1000 series which integrates high performance ARM A77 CPU and supports 2 Carrier Aggregation providing 4.7Gbps downlink speed – the fastest over Sub-6GHz network in the industry. We will continue to introduce highly competitive 5G products to support smartphones in all price tiers. MediaTek 5G SoC has commenced mass production since late 2019 and is expected to ramp gradually in 2020 with penetration into the US, Europe, Mainland China and South Korea markets. Beyond smartphone, MediaTek successfully expanded applications with its 5G discrete modem. The partnership with Intel to develop 5G laptops is the first step to explore the broader market in the future.

Besides, MediaTek maintains a strong leadership in TV SoC market. We integrate advanced functions, such as 8K, AI and voice-related features, to provide the most comprehensive and industry-leading products to drive the market trend and enable the central device for home entertainment – TV to perform more versatile functionalities. In terms of new technology and related applications, MediaTek has fully grasp the trend of cloud and AI. In response to the rising demand for high-speed transmission derived from cloud computing, MediaTek offers ASICs to first-tier international customers for applications such as enterprise server and datacenter. The first project commenced mass production in 2019. MediaTek incorporated AI function to smartphone, IoT, TV and other platforms to optimize user experience in photo shooting, picture quality and multimedia. It facilitated the collaboration with Amazon to develop a wider range of IoT products with AI and voice control. MediaTek also launched automotive electronics, such as eCockpit and telematics solutions in succession with global automotive ecosystem. We believe the trend of technology migration and more versatile networking products will persist and will benefit MediaTek as we expand the global market. Through the rich and strong IP portfolio owned by MediaTek, we are confident to continue promoting the mid-to-long-term growth of AIoT, PMIC, ASIC and automotive electronics in the global market.

MediaTek is committed in bringing technology to everyone and continues to invest in R&D. Our annual R&D expense reached NT\$63 billion in 2019, ranking the top among listed companies in Taiwan. The company's long-term hard work in technology has also received global recognition repeatedly. In 2008, a total of 11 papers were published by the ISSCC (International Solid-State Circuits Symposium) and the number of papers ranked among the top three in the world. MediaTek also won "Outstanding Asia-Pacific Semiconductor Company" award from Global Semiconductor Alliance for the seventh time. Moreover, MediaTek was selected by the Ministry of Economic Affairs for its branding development program and won "Top 10 Best Taiwanese Global Brands" award for five consecutive years as the only

semiconductor company to be included, demonstrating our efforts in technology and R&D to further enhance our brand image.

In terms of corporate social responsibility implementation, MediaTek has invested more than NT\$1.8 billion in the past 19 years in talent cultivation and social care, including “Genius for Home” – a program to promote digital innovation competition for local society and talent cultivation programs for students. The exceptional performance of MediaTek was awarded “The Most Prestigious Sustainability Award – Top Ten Domestic Corporates”, “Growth through Innovation Award”, “People Development Award”, and “Social Inclusion Award”. MediaTek makes low power consumption chipsets with our own green innovation. The annual carbon reduction from the end products using MediaTek’s chipsets is equivalent to the carbon adsorption of 295 Da-an Forest Parks, contributing to global energy conservation and environmental protection. In addition, we built the largest enterprise kindergarten within Hisn-Chu Science Park to create a better workplace for employees. We also held the first responsible supply chain seminar to join hands with upstream and downstream manufacturers to create a green supply chain. These all demonstrate MediaTek’s commitment to sustainable development.

In summary, we firmly believe that with MediaTek’s technology and platform combined, our high competitiveness in the global market will persist. Albeit some short-term market uncertainties in 2020, with sound financial structure and deep collaboration with global customers on various product lines, our confidence for the mid to long-term operating goals remains. MediaTek will continue to focus on value creation and execution, to achieve technological leadership in important areas, to provide the best user experience with our innovative technology, and to become a respected company that demonstrates strategic influence on the global stage and continues to improve shareholder value. Lastly but not the least, we would like to extend our sincere appreciation to all of our shareholders for your long-term trust and continuous support.

Chairman: Ming-Kai Tsai

Chief Executive Officer: Rick Tsai

Chief Financial Officer: David Ku

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 business report, financial statements, and proposal for allocation of profits. The CPA firm of Ernst & Young was retained to audit MediaTek's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and profit allocation proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

To MediaTek Inc. 2020 Annual General Shareholders' Meeting

MediaTek Inc.

Chairman of the Audit Committee: Chung-Yu Wu

April 28, 2020



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English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders
of MediaTek Inc.

Opinion

We have audited the accompanying consolidated balance sheets of MediaTek Inc. and its subsidiaries as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MediaTek Inc. and its subsidiaries as of December 31, 2019 and 2018, and their consolidated financial performance and cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of MediaTek Inc. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2019 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

MediaTek Inc. and its subsidiaries recognized NT\$246,221,731 thousand as net sales, which includes sale of goods in the amount of NT\$242,284,500 thousand and services and other operating revenues in the amount of NT\$3,937,231 thousand for the year ended December 31, 2019. Main source of revenue comes from sales of chips. Due to the fact that the product portfolio and the pricing methods are varied and sales discounts are usually directly included or indirectly implied in purchase orders or in practice, it is necessary for the Company to judge and determine the performance obligation of a contract, the timing of its satisfaction, and the estimate of the variable considerations. As a result, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal control which is related to the timing of revenue recognition; performing test of details on samples selected from details of sales, reviewing the significant terms of sales agreements, testing five steps of revenue recognition and tracing to relevant documentation of transactions; performing test for contract modification, test for contract consolidation and test for principal and agent; adopting audit sampling on trade receivables and performing confirmation procedures on final balance and key terms of sales agreements; and reviewing transactions for certain period before and after the reporting date, analyzing the reasonableness of fluctuations and selecting samples to perform cutoff procedures, tracing to relevant documentation to verify that revenue has been recorded in the correct accounting period; besides, we also review if there is condition of significant reversals in subsequent periods.

We also considered the appropriateness of the disclosures of sales. Please refer to Note 4, Note 5 and Note 6 in notes to consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of MediaTek Inc. and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate MediaTek Inc. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of MediaTek Inc. and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of MediaTek Inc. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of MediaTek Inc. and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause MediaTek Inc. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within MediaTek Inc. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2019 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of MediaTek Inc. as of and for the years ended December 31, 2019 and 2018.

Kuo, Shao-Pin

Fuh, Wen-Fun

Ernst & Young, Taiwan

March 20, 2020

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars)

	Notes	December 31, 2019	%	December 31, 2018	%
ASSETS					
Current assets		\$		\$	
Cash and cash equivalents	4, 6(1)	177,544,914	39	143,170,245	36
Financial assets at fair value through profit or loss-current	4, 5, 6(2)	6,342,734	1	5,026,696	1
Financial assets at fair value through other comprehensive income-current	4, 5, 6(3)	19,026,604	4	13,468,075	3
Financial assets measured at amortized cost-current	4, 5, 6(4), 8	259,415	-	3,005,650	1
Notes receivables, net	6(2)	2,811	-	2,950	-
Trade receivables, net	4, 5, 6(5), 6(2)	26,829,271	6	28,929,826	7
Trade receivables from related parties, net	4, 5, 6(5), 6(2), 7	5,000	-	6,605	-
Other receivables	6(6)	6,313,078	1	8,229,716	2
Current tax assets	4, 5, 6(29)	552,689	-	910,984	-
Inventories, net	4, 5, 6(7)	27,615,237	6	30,979,767	8
Prepayments	6(8), 7	1,550,085	1	1,523,281	1
Other current assets		687,263	-	783,729	-
Total current assets		266,729,101	58	236,037,524	59
Non-current assets					
Financial assets at fair value through profit or loss-noncurrent	4, 5, 6(2)	6,868,203	2	3,986,224	1
Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	50,223,077	11	32,083,500	8
Financial assets measured at amortized cost-noncurrent	4, 5, 6(4), 8	2,570,042	1	480,106	-
Investments accounted for using the equity method	4, 6(9)	13,616,525	3	12,711,958	3
Property, plant and equipment	4, 6(10), 8	38,889,940	8	37,603,586	10
Right-of-use assets	4, 6(23)	2,890,906	1	-	-
Investment property, net	4, 6(11), 8	956,450	-	917,343	-
Intangible assets	4, 6(12), 6(13), 7	70,917,102	15	73,788,598	18
Deferred tax assets	4, 5, 6(29)	4,769,887	1	4,776,271	1
Refundable deposits		270,561	-	288,449	-
Net defined benefit assets-noncurrent		-	-	14,825	-
Long-term prepaid rent		-	-	147,660	-
Total non-current assets		191,972,693	42	166,798,520	41
Total assets		\$ 458,701,794	100	\$ 402,836,044	100

The accompanying notes are an integral part of the consolidated financial statements.

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars)

	Notes	December 31, 2019	December 31, 2018	
		\$	\$	%
LIABILITIES AND EQUITY				
Current liabilities				
Short-term borrowings	6(14)	57,254,570	51,056,528	13
Financial liabilities at fair value through profit or loss-current	4, 5, 6(2)	9,085	4,932	-
Contract liabilities-current	4, 5, 6(21)	2,693,530	1,508,874	-
Trade payables		21,407,328	16,982,909	4
Trade payables to related parties	7	906,224	704,262	-
Other payables	6(15)	27,562,938	30,481,779	8
Other payables to related parties	7	20,364	459	-
Current tax liabilities	4, 5, 6(29)	1,721,632	2,904,187	1
Lease liabilities-current	4, 6(23)	499,032	-	-
Other current liabilities	6(16)	18,002,871	17,512,343	4
Current portion of long-term liabilities	6(17), 8	1,020,441	1,435,806	1
Total current liabilities		131,098,015	122,592,079	31
Non-current liabilities				
Long-term borrowings	6(17), 8	165,825	244,104	-
Long-term payables		1,079,607	681,175	-
Net defined benefit liabilities-noncurrent	4, 6(18)	869,001	819,631	-
Deposits received		565,773	188,534	-
Deferred tax liabilities	4, 5, 6(29)	6,805,508	2,973,703	1
Lease liabilities-noncurrent	4, 6(23)	2,360,427	-	-
Non-current liabilities-others		1,358,100	1,010,911	-
Total non-current liabilities		13,204,241	5,918,058	1
Total liabilities		144,302,256	128,510,137	32
Equity attributable to owners of the parent				
Share capital	6(19)			
Common stock		15,896,473	15,915,070	4
Capital collected in advance		3,780	-	-
Capital surplus	6(19), 6(20), 6(31)	82,392,203	85,237,214	21
Retained earnings	6(19)			
Legal reserve		41,507,689	39,431,639	10
Undistributed earnings		127,729,843	108,577,764	27
Other equity	6(20)	45,276,326	23,840,504	6
Treasury shares	4, 6(19)	(55,970)	(55,970)	-
Equity attributable to owners of the parent		312,750,344	272,946,221	68
Non-controlling interests	4, 6(19), 6(31)	1,649,194	1,379,686	-
Total equity		314,399,538	274,325,907	68
Total liabilities and equity		\$ 458,701,794	\$ 402,836,044	100

The accompanying notes are an integral part of the consolidated financial statements.

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

MEDIATEK INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2019	%	2018	%
Net sales	4, 5, 6(21)	\$ 246,221,731	100	\$ 238,057,346	100
Operating costs	4, 5, 6(7), 6(24), 7	(143,176,223)	(58)	(146,333,658)	(61)
Gross profit		103,045,508	42	91,723,688	39
Operating expenses	6(22), 6(23), 6(24), 7				
Selling expenses		(10,954,054)	(4)	(11,456,060)	(5)
Administrative expenses		(6,538,333)	(3)	(6,765,538)	(3)
Research and development expenses		(63,001,401)	(26)	(57,548,771)	(24)
Expected credit gains		15,732	-	229,157	-
Total operating expenses		(80,478,056)	(33)	(75,541,212)	(32)
Operating income		22,567,452	9	16,182,476	7
Non-operating income and expenses					
Other income	4, 6(25), 7	5,076,437	2	5,009,617	2
Other gains and losses	4, 6(26)	1,084,783	1	3,861,940	2
Finance costs	6(27)	(1,628,685)	(1)	(1,723,738)	(1)
Share of profit of associates accounted for using the equity method	4, 6(9)	(72,618)	-	361,190	-
Changes in associates and joint ventures accounted for using the equity method		4,459,917	2	7,509,009	3
Net income before income tax		27,027,369	11	23,691,485	10
Income tax expense	4, 5, 6(29)	(3,823,059)	(2)	(2,909,089)	(1)
Net income		23,204,310	9	20,782,396	9
Other comprehensive income	4, 6(9), 6(28), 6(29)				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plan		(73,142)	-	(152,757)	-
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		33,059,665	13	314,857	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		2,889,013	1	(1,232,013)	(1)
Income tax relating to those items not to be reclassified to profit or loss		(3,321,857)	(1)	161,158	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		(2,828,823)	(1)	1,012,687	1
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		37,134	-	(18,899)	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		59,033	-	(6,453)	-
Other comprehensive income, net of tax		29,821,023	12	78,580	-
Total comprehensive income		\$ 53,025,333	21	\$ 20,860,976	9
Net income (loss) for the periods attributable to :					
Owners of the parent	6(30)	\$ 23,032,721		\$ 20,760,498	
Non-controlling interests	6(31)	171,589		21,898	
		\$ 23,204,310		\$ 20,782,396	
Total comprehensive income for the periods attributable to :					
Owners of the parent		\$ 52,896,235		\$ 20,860,790	
Non-controlling interests		129,098		186	
		\$ 53,025,333		\$ 20,860,976	
Basic Earnings Per Share (in New Taiwan Dollars)	6(30)	\$ 14.69		\$ 13.26	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(30)	\$ 14.57		\$ 13.18	

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Financial Statements Originally Issued in Chinese
MEDIATEK INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2019 and 2018
(Amounts in thousands of New Taiwan Dollars)

Description	Share capital		Equity attributable to owners of the parent				Other equity				Treasury shares	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital collected in advance	Capital surplus	Legal reserve	Retained earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) from available-for-sale financial assets	Others					
Balance as of January 1, 2018	\$ 15,814,140	\$ 231	\$ 88,210,819	\$ 36,998,379	\$ 100,629,197	\$ (2,540,288)	\$ -	\$ 21,062,950	\$ (597,815)	\$ (55,970)	\$ 259,811,643	\$ 1,387,370	\$ 261,199,013	
Effects of retrospective application and restatement	-	-	-	2,221,085	2,221,085	-	(21,062,950)	-	-	-	-	9,103,526	9,103,526	
Restated balance as of January 1, 2018	15,814,140	231	88,210,819	36,998,379	102,850,282	(2,540,288)	27,945,391	(21,062,950)	(597,815)	(55,970)	268,915,169	1,387,370	270,302,539	
Appropriation and distribution of 2017 earnings:	-	-	-	2,433,260	(2,433,260)	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	2,433,260	(2,433,260)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	(11,844,548)	(11,844,548)	-	-	-	-	-	(11,844,548)	-	(11,844,548)	
Total	-	-	-	2,433,260	(14,277,808)	-	-	-	-	-	-	-	-	
Cash dividends distributed from capital surplus	-	-	(3,948,182)	-	-	-	-	-	-	-	(3,948,182)	-	(3,948,182)	
Profit for the year ended December 31, 2018	-	-	-	20,760,498	20,760,498	-	-	-	-	-	20,760,498	21,898	20,782,396	
Other comprehensive income for the year ended December 31, 2018	-	-	-	(137,225)	(137,225)	1,027,946	(790,429)	-	-	-	100,292	(21,712)	78,580	
Total comprehensive income	-	-	-	20,623,273	20,623,273	1,027,946	(790,429)	-	-	-	20,860,790	186	20,860,976	
Share-based payment transactions	447	(231)	30,648	-	-	-	-	-	-	-	30,864	-	30,864	
Adjustments due to dividends that subsidiaries received from parent company	-	-	77,941	-	-	-	-	-	-	-	77,941	-	77,941	
Changes in associates and joint ventures accounted for using the equity method	-	-	(4,327)	(31,091)	(31,091)	-	-	-	-	-	(35,418)	-	(35,418)	
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	38,318	(1,379,861)	(1,379,861)	-	-	-	-	-	(1,379,861)	(206,070)	(1,585,931)	
Changes in ownership interests in subsidiaries	-	-	837,359	66,351	66,351	-	-	-	(76,618)	-	38,318	(26,798)	11,520	
Issuance of restricted stock for employees	100,483	-	(5,362)	-	-	-	-	-	-	-	236,510	-	236,510	
Changes in other capital surplus	-	-	-	-	-	-	-	-	-	-	(5,362)	-	(5,362)	
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	726,618	726,618	-	(726,618)	-	-	-	-	-	-	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	224,998	224,998	
Balance as of December 31, 2018	15,915,070	-	85,237,214	39,431,639	108,577,764	(1,222,342)	26,428,344	-	(1,365,498)	(55,970)	272,946,221	1,379,686	274,325,907	
Appropriation and distribution of 2018 earnings:	-	-	-	2,076,050	(2,076,050)	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	2,076,050	(2,076,050)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	(11,601,283)	(11,601,283)	-	-	-	-	-	(9,525,233)	-	(9,525,233)	
Total	-	-	-	2,076,050	(11,601,283)	-	-	-	-	-	(9,525,233)	-	(9,525,233)	
Cash dividends distributed from capital surplus	-	-	(4,762,617)	-	-	-	-	-	-	-	(4,762,617)	-	(4,762,617)	
Profit for the year ended December 31, 2019	-	-	-	23,032,721	23,032,721	-	-	-	-	-	23,032,721	171,589	23,204,310	
Other comprehensive income for the year ended December 31, 2019	-	-	-	(58,130)	(58,130)	(2,727,299)	32,648,943	-	-	-	29,865,514	(42,491)	29,823,023	
Total comprehensive income	-	-	-	22,974,591	22,974,591	(2,727,299)	32,648,943	-	-	-	52,896,235	129,098	53,025,333	
Share-based payment transactions	1,744	3,780	26,686	-	-	-	-	-	-	-	32,210	115,930	148,140	
Adjustments due to dividends that subsidiaries received from parent company	-	-	70,147	-	-	-	-	-	-	-	70,147	-	70,147	
Changes in associates and joint ventures accounted for using the equity method	-	-	9,810	-	-	-	-	-	-	-	9,810	-	9,810	
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	992	(997,074)	(997,074)	-	-	-	-	-	(996,082)	24,480	(971,602)	
Changes in ownership interests in subsidiaries	-	-	(11,520)	-	-	-	-	-	-	-	(11,520)	-	(11,520)	
Issuance of restricted stock for employees	(20,341)	-	1,692,596	37,237	37,237	-	-	-	268,785	-	1,978,277	-	1,978,277	
Changes in other capital surplus	-	-	128,895	-	-	-	-	-	-	-	128,895	-	128,895	
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	8,738,608	8,738,608	-	(8,754,607)	-	-	-	(15,999)	-	(15,999)	
Balance as of December 31, 2019	\$ 15,896,473	\$ 3,780	\$ 82,302,203	\$ 41,507,689	\$ 127,729,843	\$ (3,949,641)	\$ 50,325,680	\$ -	\$ (1,096,713)	\$ (55,970)	\$ 312,790,344	\$ 1,649,194	\$ 314,399,538	

The accompanying notes are an integral part of the consolidated financial statements.

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

MEDIATEK INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018
(Amounts in thousands of New Taiwan Dollars)

Description	2019	2018
Cash flows from operating activities :		
Profit before tax from continuing operations	\$ 27,027,369	\$ 23,691,485
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	4,258,016	3,705,288
Amortization	4,128,225	3,865,516
Expected credit gains	(15,732)	(229,157)
Gains on financial assets and liabilities at fair value through profit or loss	(120,723)	(307,121)
Interest expenses	1,628,685	1,723,738
Gains on derecognition of financial assets measured at amortized cost	(113,066)	(26,388)
Interest income	(4,198,286)	(3,900,942)
Dividend income	(388,662)	(739,625)
Share-based payment expenses	2,019,119	170,699
Share of profit or loss of associates accounted for using the equity method	72,618	(361,190)
Losses on disposal of property, plant and equipment	14,469	18,596
Property, plant and equipment transferred to expenses	3,356	1,738
Losses on disposal of intangible assets	23,050	-
Gains on disposal of non-current assets held for sale	(813,152)	(3,460,483)
Losses on disposal of investments	16,119	5,653
Losses on disposal of investments accounted for using the equity method	-	8,825
Impairment of non-financial assets	46,096	22,760
Others	258	-
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	(4,002,653)	1,018,248
Notes receivables	139	(139)
Trade receivables	1,967,476	(3,486,673)
Trade receivables from related parties	1,605	(6,605)
Other receivables	590,355	(111,701)
Inventories	3,390,495	(4,551,184)
Prepayments	(68,401)	(442,698)
Other current assets	96,466	816,895
Contract liabilities	1,184,656	79,519
Trade payables	7,561,372	(2,653,280)
Trade payables to related parties	201,962	132,669
Other payables	(1,537,716)	(1,297,737)
Other payables to related parties	19,905	459
Other current liabilities	625,299	6,000,892
Net defined benefit liabilities	(8,947)	(2,943)
Non-current liabilities-others	(136,102)	284,328
Cash generated from operating activities:		
Interest received	3,119,610	3,855,851
Dividend received	692,603	1,116,364
Interest paid	(1,607,039)	(1,740,309)
Income tax paid	(3,072,902)	(2,858,509)
Net cash provided by operating activities	<u>42,605,942</u>	<u>20,342,839</u>
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(2,859,849)	(2,568,130)
Proceeds from disposal of financial assets at fair value through other comprehensive income	12,815,323	13,391,304
Proceeds from capital return of financial assets at fair value through other comprehensive income	174,983	270,357
Acquisition of financial assets measured at amortized cost	(2,350,377)	(8,550,886)
Proceeds from redemption of financial assets measured at amortized cost	3,016,688	7,261,168
Acquisition of investments accounted for using the equity method	(135,477)	(686,191)
Proceeds from disposal of investments accounted for using the equity method	7,956	715
Net cash outflow from disposal of subsidiaries	-	(30,879)
Proceeds from capital return of investments accounted for using the equity method	126,697	-
Proceeds from disposal of non-current assets held for sale	-	4,729,801
Acquisition of property, plant and equipment	(5,615,810)	(4,652,766)
Proceeds from disposal of property, plant and equipment	16,588	17,547
Decrease in refundable deposits	17,888	30,641
Acquisition of intangible assets	(2,332,489)	(2,150,513)
Decrease in long-term prepaid rent	-	7,291
Net cash provided by investing activities	<u>2,882,121</u>	<u>7,069,459</u>
Cash flows from financing activities :		
Increase (decrease) in short-term borrowings	6,690,952	(13,568,777)
Repayment of long-term borrowings	(78,279)	(92,088)
Increase in deposits received	377,239	9,062
Cash payment for the principal portion of the lease liabilities	(423,648)	-
Proceeds from exercise of employee stock options	167,389	6,052
Cash dividends	(14,161,809)	(15,630,378)
Acquisition of ownership interests in subsidiaries	(979,358)	(1,585,931)
Disposal of ownership interests in subsidiaries (without losing control)	2,281	-
Change in non-controlling interests	(11,520)	275,186
Net cash used in financing activities	<u>(8,416,753)</u>	<u>(30,586,874)</u>
Effect of changes in exchange rate on cash and cash equivalents	(2,696,641)	1,006,445
Net increase (decrease) in cash and cash equivalents	34,374,669	(2,168,131)
Cash and cash equivalents at the beginning of the year	143,170,245	145,338,376
Cash and cash equivalents at the end of the year	<u>\$ 177,544,914</u>	<u>\$ 143,170,245</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku



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English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders
of MediaTek Inc.

Opinion

We have audited the accompanying parent company only balance sheets of MediaTek Inc. as of December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of MediaTek Inc. as of December 31, 2019 and 2018, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of MediaTek Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2019 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

MediaTek Inc. recognized NT\$136,467,915 thousand as net sales, which includes sale of goods in the amount of NT\$131,729,250 thousand and services and other operating revenues in the amount of NT\$4,738,665 thousand for the year ended December 31, 2019. Main source of revenue comes from sales of chips. Due to the fact that the product portfolio and the pricing methods are varied and sales discounts are usually directly included or indirectly implied in purchase orders or in practice, it is necessary for the Company to judge and determine the performance obligation of a contract, the timing of its satisfaction, and the estimate of the variable considerations. As a result, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal control which is related to the timing of revenue recognition; performing test of details on samples selected from details of sales, reviewing the significant terms of sales agreements, testing five steps of revenue recognition and tracing to relevant documentation of transactions; performing test for contract modification, test for contract consolidation and test for principal and agent; adopting audit sampling on trade receivables and performing confirmation procedures on final balance and key terms of sales agreements; and reviewing transactions for certain period before and after the reporting date, analyzing the reasonableness of fluctuations and selecting samples to perform cutoff procedures, tracing to relevant documentation to verify that revenue has been recorded in the correct accounting period; besides, we also review if there is condition of significant reversals in subsequent periods.

We also considered the appropriateness of the disclosures of sales. Please refer to Note 4, Note 5 and Note 6 in notes to the parent company only financial statements.



Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of MediaTek Inc., disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate MediaTek Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of MediaTek Inc.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of MediaTek Inc.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of MediaTek Inc. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause MediaTek Inc. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within MediaTek Inc. and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2019 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kuo, Shao-Pin

Fuh, Wen-Fun

Ernst & Young, Taiwan

March 20, 2020

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars)

	Notes	December 31, 2019	%	December 31, 2018	%
ASSETS					
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 103,679,288	25	\$ 60,204,772	18
Financial assets at fair value through profit or loss-current	4, 5, 6(2)	782,571	-	779,574	-
Financial assets at fair value through other comprehensive income-current	4, 6(3)	-	-	418,691	-
Financial assets measured at amortized cost-current	4, 6(4), 8	-	-	9,705	-
Trade receivables, net	4, 6(5), 6(20)	13,182,615	4	9,128,184	3
Trade receivables from related parties, net	4, 6(5), 6(20), 7	673,955	-	452,446	-
Other receivables	6(6)	4,205,208	1	3,226,167	1
Other receivables from related parties	7	687,669	-	7,661,565	3
Current tax assets	4, 5, 6(27)	423,785	-	473,886	-
Inventories, net	4, 5, 6(7)	12,916,017	3	8,999,711	3
Prepayments	6(8)	670,675	-	504,129	-
Other current assets		554,248	-	595,604	-
Total current assets		137,776,031	33	92,454,434	28
Non-current assets					
Financial assets at fair value through profit or loss-noncurrent	4, 6(2)	192,990	-	-	-
Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	2,998,636	1	2,707,975	1
Financial assets measured at amortized cost-noncurrent	4, 6(4), 8	563,244	-	435,789	-
Investments accounted for using the equity method	4, 6(9)	192,782,688	47	191,249,878	57
Property, plant and equipment	4, 6(10)	20,003,889	5	12,988,180	4
Right-of-use assets	4, 6(21)	1,655,739	-	-	-
Intangible assets	4, 6(11), 6(12)	54,646,668	13	28,975,722	9
Deferred tax assets	4, 5, 6(27)	3,501,079	1	3,164,112	1
Refundable deposits		72,152	-	62,262	-
Total non-current assets		276,417,085	67	239,583,918	72
Total assets		\$ 414,193,116	100	\$ 332,038,352	100

The accompanying notes are an integral part of the parent company only financial statements.

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

MEDIATEK INC.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars)

	Notes	December 31, 2019	%	December 31, 2018	%
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings	6(13)	\$ 51,601,684	13	\$ 24,555,667	8
Financial liabilities at fair value through profit or loss-current	4, 5, 6(2)	-	-	4,520	-
Contract liabilities-current	4, 5, 6(19)	1,783,144	-	1,004,412	1
Trade payables	7	11,040,313	3	3,776,187	1
Trade payables to related parties	6(14), 7	1,371,870	-	730,252	-
Other payables	4, 5, 6(27)	17,907,377	4	15,915,872	5
Current tax liabilities	4, 5, 6(21)	641,347	-	983,457	-
Lease liabilities-current	4, 6(15)	90,418	-	-	-
Other current liabilities		10,205,088	3	9,514,546	3
Current portion of long-term liabilities		661,680	-	750,394	-
Total current liabilities		95,302,921	23	57,235,307	18
Non-current liabilities					
Long-term payables		818,950	-	307,330	-
Net defined benefit liabilities-noncurrent	4, 6(16)	657,843	-	607,132	-
Deposits received	7	425,644	-	54,061	-
Deferred tax liabilities	4, 5, 6(27)	2,200,929	1	571,064	-
Lease liabilities-noncurrent	4, 6(21)	1,567,901	-	-	-
Non-current liabilities-others		468,584	-	317,237	-
Total non-current liabilities		6,139,851	1	1,856,824	-
Total liabilities		101,442,772	24	59,092,131	18
Equity					
Share capital	6(17)				
Common stock		15,896,473	4	15,915,070	5
Capital collected in advance		3,780	-	-	-
Capital surplus	6(17), 6(18)	82,392,203	20	85,237,214	25
Retained earnings	6(17)				
Legal reserve		41,507,689	10	39,431,639	12
Undistributed earnings		127,729,843	31	108,577,764	33
Other equity	6(18)	45,276,326	11	23,840,504	7
Treasury shares	4, 6(17)	(55,970)	-	(55,970)	-
Total equity		312,750,344	76	272,946,221	82
Total liabilities and equity		\$ 414,193,116	100	\$ 332,038,352	100

The accompanying notes are an integral part of the parent company only financial statements.

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

MEDIATEK INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2019	%	2018	%
Net sales	4, 5, 6(19), 7	\$ 136,467,915	100	\$ 88,795,775	100
Operating costs	4, 5, 6(7), 6(22), 7	(80,852,750)	(59)	(52,423,845)	(59)
Gross profit		55,615,165	41	36,371,930	41
Unrealized gross profit on sales		(150,628)	-	-	-
Realized gross profit on sales		84,166	-	81,656	-
Gross profit, net		55,548,703	41	36,453,586	41
Operating expenses	6(20), 6(22), 7				
Selling expenses		(6,286,976)	(5)	(4,762,776)	(5)
Administrative expenses		(2,937,472)	(2)	(2,505,329)	(3)
Research and development expenses		(36,868,477)	(27)	(26,437,628)	(30)
Expected credit gains		3,527	-	124,657	-
Total operating expenses		(46,089,398)	(34)	(33,581,076)	(38)
Operating income		9,459,305	7	2,872,510	3
Non-operating income and expenses					
Other income	4, 6(23), 7	1,911,630	2	1,647,868	2
Other gains and losses	4, 6(24), 7	185,783	-	83,713	-
Finance costs	6(25)	(980,383)	(1)	(947,792)	(1)
Share of profit of subsidiaries, associates, and joint ventures accounted for using the equity method	4	14,762,669	11	17,197,361	19
Total non-operating income and expenses		15,879,699	12	17,981,150	20
Net income before income tax		25,339,004	19	20,853,660	23
Income tax expense	4, 5, 6(27)	(2,306,283)	(2)	(93,162)	-
Net income		23,032,721	17	20,760,498	23
Other comprehensive income	4, 6(9), 6(16), 6(26), 6(27)				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit plan		(66,098)	-	(125,966)	-
Unrealized gains from equity instrument investments measured at fair value through other comprehensive income		1,743,040	1	161,495	-
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method which may not be reclassified to profit or loss		30,863,517	23	(964,473)	(1)
Income tax relating to those items not to be reclassified to profit or loss		13,220	-	20,189	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		(2,727,299)	(2)	1,027,946	1
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		351	-	(1,665)	-
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method which may be reclassified to profit or loss		36,783	-	(17,234)	-
Other comprehensive income, net of tax		29,863,514	22	100,292	-
Total comprehensive income		\$ 52,896,235	39	\$ 20,860,790	23
Basic Earnings Per Share (in New Taiwan Dollars)	6(28)	\$ 14.69		\$ 13.26	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(28)	\$ 14.57		\$ 13.18	

The accompanying notes are an integral part of the parent company only financial statements.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars)

Description	Share capital		Capital surplus	Retained earnings		Exchange differences resulting from translating the financial statements of foreign operations	Other equity		Treasury shares	Equity attributable to owners of the parent
	Common stock	Capital collected in advance		Legal reserve	Undistributed earnings		Unrealized gains (losses) from available-for-sale financial assets	Others		
Balance as of January 1, 2018	\$ 15,814,140	\$ 231	\$ 88,210,819	\$ 36,998,379	\$ 100,629,197	\$ (2,250,288)	\$ -	\$ (597,815)	\$ (55,970)	\$ 252,811,643
Effects of retrospective application and restatement	-	-	-	2,221,085	2,221,085	-	27,945,391	-	-	9,103,526
Restated balance as of January 1, 2018	15,814,140	231	88,210,819	36,998,379	102,850,282	(2,250,288)	27,945,391	(597,815)	(55,970)	268,915,169
Appropriation and distribution of 2017 earnings:	-	-	-	2,433,260	(2,433,260)	-	-	-	-	-
Legal reserve	-	-	-	2,433,260	(2,433,260)	-	-	-	-	-
Cash dividends	-	-	-	(11,844,548)	(11,844,548)	-	-	-	-	(11,844,548)
Total	-	-	-	2,433,260	(14,277,808)	-	-	-	-	(11,844,548)
Cash dividends distributed from capital surplus	-	-	(3,948,182)	-	-	-	-	-	-	(3,948,182)
Profit for the year ended December 31, 2018	-	-	-	-	20,760,498	-	-	-	-	20,760,498
Other comprehensive income for the year ended December 31, 2018	-	-	-	(137,225)	(137,225)	1,027,946	(790,429)	-	-	100,292
Total comprehensive income	-	-	-	-	20,623,273	1,027,946	(790,429)	-	-	20,860,790
Share-based payment transactions	447	(231)	30,648	-	-	-	-	-	-	30,864
Adjustments due to dividends that subsidiaries received from parent company	-	-	77,941	-	-	-	-	-	-	77,941
Differences of Associates Accounted for Using Equity Method	-	-	(4,327)	-	(31,091)	-	-	-	-	(35,418)
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	-	-	(1,379,861)	-	-	-	-	(1,379,861)
Changes in ownership interests in subsidiaries	-	-	38,318	-	-	-	-	-	-	38,318
Issuance of restricted stock for employees	100,483	-	837,359	-	66,351	-	-	(767,683)	-	236,510
Changes in other capital surplus	-	-	(5,362)	-	-	-	-	-	-	(5,362)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	726,618	-	(726,618)	-	-	-
Balance as of December 31, 2018	15,915,070	-	88,237,214	39,431,639	108,577,764	(1,222,342)	26,428,344	(1,365,498)	(55,970)	272,946,221
Appropriation and distribution of 2018 earnings:	-	-	-	2,076,050	(2,076,050)	-	-	-	-	-
Legal reserve	-	-	-	2,076,050	(2,076,050)	-	-	-	-	-
Cash dividends	-	-	-	(9,525,233)	(9,525,233)	-	-	-	-	(9,525,233)
Total	-	-	-	2,076,050	(11,601,283)	-	-	-	-	(9,525,233)
Cash dividends distributed from capital surplus	-	-	(4,762,617)	-	-	-	-	-	-	(4,762,617)
Profit for the year ended December 31, 2019	-	-	-	-	23,032,721	-	-	-	-	23,032,721
Other comprehensive income for the year ended December 31, 2019	-	-	-	(58,130)	(58,130)	(2,727,299)	32,648,943	-	-	29,863,514
Total comprehensive income	-	-	-	-	22,974,591	(2,727,299)	32,648,943	-	-	52,896,235
Share-based payment transactions	1,744	3,780	26,686	-	-	-	-	-	-	32,210
Adjustments due to dividends that subsidiaries received from parent company	-	-	70,147	-	-	-	-	-	-	70,147
Changes in associates and joint ventures accounted for using the equity method	-	-	9,810	-	-	-	-	-	-	9,810
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	992	-	(997,074)	-	-	-	-	(996,082)
Changes in ownership interests in subsidiaries	(20,341)	-	(11,520)	-	-	-	-	-	-	(11,520)
Issuance of restricted stock for employees	-	-	1,692,596	-	37,237	-	-	268,785	-	1,978,277
Changes in other capital surplus	-	-	128,895	-	-	-	-	-	-	128,895
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,738,608	-	(8,754,607)	-	-	(15,999)
Balance as of December 31, 2019	\$ 15,896,473	\$ 3,780	\$ 82,392,203	\$ 41,507,689	\$ 127,729,843	\$ (3,949,641)	\$ 50,322,680	\$ (1,096,713)	\$ (55,970)	\$ 312,750,344

The accompanying notes are an integral part of the parent company only financial statements.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

(Amounts in thousands of New Taiwan Dollars)

Description	2019	2018
Cash flows from operating activities :		
Profit before tax from continuing operations	\$ 25,339,004	\$ 20,853,660
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	2,129,051	1,580,054
Amortization	2,326,828	974,765
Excepted credit gains	(3,527)	(124,657)
(Gains) losses on financial assets and liabilities at fair value through profit or loss	(41,507)	7,028
Interest expenses	980,383	947,792
Interest income	(1,729,211)	(1,571,875)
Share-based payment expenses	1,922,383	151,151
Share of profit of subsidiaries, associates, and joint ventures accounted for using the equity method	(14,762,669)	(17,197,361)
(Gains) losses on disposal of property, plant and equipment	(2,087)	1,062
Property, plant and equipment transferred to expenses	-	1,200
Losses on disposal of investments	-	611
Realized gains on sales	(84,166)	(81,656)
Others	23,740	-
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	(159,000)	160,000
Trade receivables	3,383,759	(1,272,599)
Trade receivables from related parties	(137,085)	147,712
Other receivables	(80,601)	(689,099)
Other receivables from related parties	(82,836)	(13,404)
Inventories	1,706,253	(2,156,824)
Prepayments	(109,026)	(288,684)
Other current assets	69,368	875,350
Contract liabilities	778,732	181,164
Trade payables	3,489,486	(1,115,170)
Trade payables to related parties	522,768	361,189
Other payables	(1,166,166)	(1,358,205)
Other current liabilities	177,539	5,426,936
Long-term payables	(6,270)	13,275
Net defined benefit liabilities	(15,387)	(796)
Non-current liabilities-others	(2,318)	317,237
Cash generated from operating activities:		
Interest received	1,054,608	1,738,080
Dividend received	4,710,846	4,858,901
Interest paid	(970,905)	(952,823)
Income tax paid	(1,501,512)	(1,023,002)
Net cash provided by operating activities	<u>27,760,475</u>	<u>10,751,012</u>
Cash flows from investing activities :		
Proceeds from disposal of financial assets at fair value through other comprehensive income	524,246	902,095
Acquisition of financial assets measured at amortized cost	(217,047)	(113,591)
Proceeds from redemption of financial assets measured at amortized cost	99,297	39,000
Acquisition of investments accounted for using the equity method	(2,199,986)	-
Proceeds from disposal of investments accounted for using the equity method	5,627,036	-
Proceeds from capital return of investments accounted for using the equity method	-	5,600,000
Cash received through merger	3,945,737	-
Acquisition of property, plant and equipment	(4,346,815)	(1,989,035)
Proceeds from disposal of property, plant and equipment	16,924	3,272
Decrease in refundable deposits	2,650	16,064
Acquisition of intangible assets	(996,511)	(805,527)
Net cash provided by investing activities	<u>2,455,531</u>	<u>3,652,278</u>
Cash flows from financing activities :		
Increase (decrease) in short-term borrowings	27,046,017	(15,649,589)
Increase in deposits received	371,583	4,802
Cash payment for the principal portion of the lease liabilities	(94,523)	-
Proceeds from exercise of employee stock options	167,389	6,052
Cash dividends	(14,231,956)	(15,708,319)
Net cash provided by (used in) financing activities	<u>13,258,510</u>	<u>(31,347,054)</u>
Net increase (decrease) in cash and cash equivalents	43,474,516	(16,943,764)
Cash and cash equivalents at the beginning of the year	60,204,772	77,148,536
Cash and cash equivalents at the end of the year	<u>\$ 103,679,288</u>	<u>\$ 60,204,772</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

Appendix

Appendix 1

MediaTek Inc. Article of Incorporation

Date: June 14, 2019

Approved by the Annual General Shareholders' Meeting 2019

Section One – General Provisions

Article 1

The Company shall be incorporated as a company limited by shares under the Company Act of the Republic of China, and its name shall be MediaTek Inc. (in the English language).

Article 2

The scope of business of the Corporation shall be as follows:

- CC01080: Electronic parts and components manufacture.
- F401030: Manufacture and export business.
- I301010: Information & software services.
- I501010: Product design.
- F401021: Restrained Telecom Radio Frequency Equipments and Materials Import.
- F601010: Intellectual Property

1. Researching, developing, producing, manufacturing, and sales the following products:
 - (1). Multimedia integrated circuits (ICs);
 - (2). PC peripheral ICs;
 - (3). High-end consumer electronic ICs;
 - (4). Other Application-Specific ICs;
 - (5). Patents or IC layout copyright licensing related to the abovementioned ICs.
2. Providing hardware and software design, development, testing, maintenance and technology consulting services for the abovementioned products.
3. Conducting import and export trade for the abovementioned products.

Article 2-1

When the Company becomes a shareholder of limited liability of another company, the total amount of the Company's investment will not be subject to the restriction of not more than 40% of the Company's paid-in capital as provided in Article 13 of the Company Act.

Article 3

The Company is headquartered in the Hsinchu Science-Based Industrial Park in Taiwan, Republic of China, and shall be free, upon approval of the Board of Directors and government authorities in charge, to set up representative or branch offices at various locations within or outside the territory of the Republic of China, whenever the Company deems it necessary.

Article 4

Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Article 4-1

The Company may provide endorsement and guarantee to other companies. The process shall be handled in accordance with the Company's Operating Procedures of Endorsement/Guarantee.

Section Two – Capital Stock

Article 5

The total capital stock of the Company shall be in the amount of 20 Billion New Taiwan Dollars, divided into 2 billion shares at NT\$10 par value each share, and may be paid-up in installments. Among which Two Hundred Million New Taiwan Dollars of the total capital stock (divided into 20 million shares at NT\$10 par value each share) will be reserved for issuing stock options, and may be issued in installments in accordance with the resolution of the Board of Directors.

Article 6

The share certificates of the Company shall all be name-bearing share certificates, and shall be signed by or affixed with seals of Director(s) representing the Company, and authenticated by the competent authorities of the government or the certification organization approved by the competent authorities. The Company may be exempted from printing share certificates if the shares are registered with a domestic securities depository enterprise.

Article 7

Registration for transfer of shares shall be suspended 60 days immediately before the date of annual general shareholders' meeting, and 30 days immediately before the date of any special shareholders' meeting, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Article 7-1

Where the Company issues any employee stock options, the employees who are qualified to subscribe to such employee stock options shall include employees of subordinate companies that meet certain qualification(s).

Where the Company issues any new shares, the employees who are qualified to subscribe to such shares shall include employees of subordinate companies that meet certain qualification(s).

Where the Company issues any employee restricted shares, the employees who are qualified to subscribe to such shares shall include employees of subordinate companies that meet certain qualification(s).

Where the Company proposes to transfer any treasury shares purchased in accordance with the laws, the transferees shall include the employees of subordinate companies that meet certain qualification(s).

Section Three – Shareholders' Meeting

Article 8

Shareholders' meetings of the Company are of two types, namely: (1) Annual General Shareholders' Meetings – which shall be convened by the Board of Directors within 6 months after the end of each fiscal year, and (2) Special Shareholders' Meetings – which shall be convened whenever necessary in accordance with the relevant laws, rules and regulations of the Republic of China.

Article 9

The shareholders' meeting shall be presided by the Chairman of the Board of Directors of the Company. In case the Chairman is on leave or otherwise cannot exercise his duty and authority for any reason, the vice chairman shall act on his behalf. In case there is no vice chairman or the vice chairman is also on leave or otherwise cannot exercise his duty, the Chairman shall

appoint a director to act as his deputy; otherwise, the directors shall elect from among themselves a chairman to preside over the shareholders' meeting. If a shareholders' meeting is convened by a person other than the Board of Directors, the shareholders' meeting shall be chaired by that convener. If there are two or more conveners for a shareholders' meeting, one of them shall be elected to chair the meeting.

Article 10

Notices shall be sent to all shareholders for the convening of annual general shareholders' meetings – at least 30 days in advance for annual general shareholders' meetings and at least 15 days in advance for special shareholders' meetings. The meeting date, venue and the purpose(s) for convening such shareholders' meeting shall be clearly stated in the meeting notices.

Article 11

If a shareholder is unable to attend a shareholders' meeting, he/she may appoint a representative to attend it, with a Shareholder Proxy Form issued by the Company, in accordance with the Company Act of the Republic of China, and the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 12

Except as otherwise provided by other laws or regulations, each share is entitled to one voting right.

Article 13

Except as otherwise provided by other laws or regulations, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than 50% of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. Shareholders of the Company can vote through the electronic voting system, the details of which shall be handled in accordance with relevant laws and regulations.

Article 13-1

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the Chairman of the meeting. Shareholders shall be notified of the minutes within 20 days after the meeting. The minutes specified above shall be distributed in accordance with the provisions of the Company Act.

Section Four – Directors and Audit Committee

Article 14

The Company shall have five to nine Directors, with the actual number to be determined by the Board. There shall be at least three Independent Directors in the Board. The election of Directors and Independent Directors shall be conducted in accordance with Article 192-1 of the Company Act, where the system of nomination of candidates shall be adopted. The relevant professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to Independent Directors shall be governed by the relevant provisions of the Company Act and Securities and Exchange Act. The independent and non-Independent Directors shall be elected at the same time, and the number of elected directors shall be calculated separately. The term of Directors is three years, and shall be elected in the shareholders' meetings. Their term of office shall be three years, and shall be eligible for re-election. After the company went public, the total number of shares that all Directors shall hold should be in accordance with the requirements of the competent authorities. The Board of Directors is authorized to determine

the compensation for the Directors, taking into account the standards of the industry. The Company may, in accordance with applicable laws and regulations or rules issued by competent authorities, purchase Directors and Officers Liability Insurance with respect to liabilities resulting from exercising directors' duties during their terms of office.

Article 14-1

If the Director(s) also serve(s) other position(s) in the Company, his/her compensation for such duties shall be set forth by the competent authority in charge of securities.

Article 14-2

The following relationship shall not be permitted for more than a majority of the Company's Director:

1. Spouse
2. Relative within the Second Degree of relationship.

Article 15

The Board of Directors shall be formed by elected Directors and shall have the following responsibilities:

1. Preparing business report.
2. Proposing allocation plans of earnings or proposals to make up loss.
3. Proposing plans for increasing or decreasing capital.
4. Drafting important rules and contracts.
5. Appointing or discharging the Company's managers.
6. Setting up or dissolving branches.
7. Compiling Budget Reports and Final Reports.
8. Performing other duties authorized by the Company Act or shareholders' meeting.

Article 16

The Directors shall elect from among themselves a Chairman of the Board of Directors, and a Vice Chairman of the Board of Directors based on business need, by a majority vote in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall be the chairman of shareholders' meetings, and shall have the authority to represent the Company.

Article 17

Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, unless otherwise regulated by the Company Act. Directors may be notified of the Board of Directors meeting via written notices, as E-mail or fax. Except as otherwise provided in the Company Act of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority or more of total Directors and resolutions shall be adopted with the concurrence of the majority or more of the Directors present at the meeting.

Article 18

Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors of the Company. In case the Chairman is on leave or otherwise cannot exercise his duty, the vice chairman shall act on his behalf. In case there is no vice chairman or the vice chairman is also on leave or otherwise cannot exercise his duty, the Chairman shall appoint a director to act as his deputy; otherwise the directors shall elect from among themselves a chairman to preside over the Meeting of the Board of Directors. Directors shall attend the Meeting of the Board of Directors. When a Director is unable to attend any Meeting of the Board of Directors, he may appoint another Director to attend on his behalf, but no Director may act as proxy for more than one Director.

Article 19

The Company shall form an Audit Committee, which is composed of all Independent Directors. Details including number of members, terms, responsibilities and rule of meeting shall be stipulated separately in the Organization Rules of Audit Committee in accordance with the rules in the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies".

Section Five – Management of the Company**Article 20**

The Company may, by resolution of the Board of Directors, appoint one or more managers.

Article 21

The scope of duties and power of managers of the Company may, in addition to what are specified in the Articles of Incorporation, also be defined in the contract.

Section Six – Financial Reports**Article 22**

The Company's fiscal year shall be from January 1st of each year to December 31st of the same year. After the end of each fiscal year, the Company shall prepare final accounts for that year.

Article 23

After the end of each fiscal year, in accordance with Article 228 of the Company Act, the following reports shall be prepared by the Board of Directors, and be submitted to the shareholders' meeting for acceptance.

1. Business Report.
2. Financial Statements.
3. Proposal Concerning Appropriation of Profits or Covering of Losses.

Article 24

If there is any profit for a specific fiscal year, the Company shall allocate no less than 1% of the profit as employees' compensation and shall allocate at a maximum of 0.5% of the profit as remuneration to Directors, provided that the Company's accumulated losses shall have been covered in advance. Employee's compensation may be distributed in the form of shares or in cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualification. The Board of Directors is authorized to determine the qualification of such employees. The remuneration to Directors shall be paid in cash.

Article 24-1

If there is any profit in an annual general financial statement of the Company, such profit shall be distributed in the following orders:

1. Reserve for tax payments.
2. Offset accumulated losses in previous years, if any.
3. Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock.
4. Allocation or reverse of special reserves as required by law or government authorities.
5. The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

Since the Company is in an industry in a growth phase, the dividend policy shall take into consideration factors such as the Company's current and future investment environment, needs for capital, domestic and overseas competition, capital budgeting plans, etc., to come out with a proposal that strike a balance among shareholders' benefits and the Company's long-term financial plans. Each year the Board of Directors shall prepare a profit distribution proposal and report it at the shareholders' meeting. After considering financial, business and operational factors, the Company may distribute the whole of distributable profits for the year; dividends to shareholders may be distributed in cash or in stock, and the cash dividends shall not be lower than 10% of total dividends to shareholders.

Section Seven – Supplementary Provisions

Article 25

The organization of the Company shall be defined in separate internal regulations.

Article 26

For matters not provided for in the Articles of Incorporation, it shall be handled in accordance with the Company Act of the Republic of China.

Article 27

These Articles of Incorporation were resolved on May 21, 1997. The first amendment was made on September 1, 1997, the second amendment was made on July 3, 1998, the third amendment was made on June 21, 1999, the fourth amendment was made on June 9, 2000, the fifth amendment was made on September 28, 2000, the sixth amendment was made on June 8, 2001, the seventh amendment was made on June 3, 2002, the eighth amendment was made on May 16, 2003, the ninth amendment was made on June 9, 2004, the tenth amendment was made on June 13, 2005, the eleventh amendment was made on June 21, 2006, the twelfth amendment was made on June 11, 2007, the thirteenth amendment was made on June 15, 2010, the fourteenth amendment was made on June 15, 2011, the fifteenth amendment was made on June 13, 2012, the sixteenth amendment was made on June 12, 2015, the seventeenth amendment was made on June 24, 2016, the eighteenth amendment was made on June 15, 2017, and the nineteenth amendment was made on June 14, 2019.

Appendix 2

MediaTek Inc. Rules and Procedures of Shareholders' Meeting

Effective after approval at the 2010 shareholder's meeting

Article 1

Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.

Article 2

Shareholders attending the Meeting in person or through a proxy shall wear the attendee badge, and submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

Article 3

When the number of shares represented by the shareholders present at the Meeting has constituted 50% or more of the total outstanding shares, the chairman shall call the Meeting to order at the time scheduled for the Meeting.

Article 4

The agenda of the Meeting shall be set by the Board of Directors. The Meeting shall proceed in accordance with the agenda.

Article 5

Proposals not in the Meeting's agenda will not be discussed or put to vote. The Chairman may announce to end a discussion of any resolution if the Chairman deems it appropriate.

Article 6

The Chairman may put a resolution to vote at the end of a discussion.

Article 7

Except otherwise specified in the Company Law of the Republic of China, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted for by casting ballots if no objection is voiced after solicitation by the Chairman.

Article 8

When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with the shareholder's Attendance Card number, the shareholder's name, and the number of shares held. The sequence of speeches by shareholders should be decided by the Chairman.

Article 9

Unless otherwise permitted by the Chairman, each shareholder shall not, for each discussion item, speak more than two times, with each time not exceeding three minutes.

Article 10

In case the speech of any shareholder violates the abovementioned provision or exceeds the scope of the discussion item, the Chairman may stop the speech of such shareholder. In case a shareholder does not obey the Chairman's instruction or does not maintain order at the Meeting place, the Chairman may stop such shareholder from attending the Meeting.

Article 11

During the Meeting, the Chairman may set a time for intermission.

Article 12

In cases of force majeure, the Meeting shall be discontinued. The Meeting shall be resumed an hour after the incident is over.

Article 13

Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.

Article 14

The Rules and Procedures shall be effective from the date it is resolved by the Board of Directors and approved by the Shareholders' Meeting. The same applies in case of revision.

Appendix 3

MediaTek Inc. Shareholdings of Directors

1. The shareholdings of the Company's Directors and percentage of shareholdings required by law are listed below:

The Company's total outstanding shares:	1,590,045,213
Total shareholdings of all Directors required by law:	38,161,085
As of April 13, 2020, total shareholdings of all Directors (except Independent Directors)	45,786,172

2. As of April 13, 2020, the shareholder registration record date for 2020 Annual Shareholders' Meeting, the individual Directors and their aggregate shareholdings are listed below:

Title	Name	Date Elected	Shares	%
Chairman	Ming-Kai Tsai	June 15, 2018	41,241,668	2.59%
Vice Chairman	Ching-Jiang Hsieh	June 15, 2018	4,164,756	0.26%
Director	Lih-Shyng Tsai	June 15, 2017	296,370	0.02%
Director	Cheng-Yaw Sun	June 15, 2018	29,244	0.00%
Director	Kenneth Kin	June 15, 2018	-	-
Director	Gon-Wei Liang	June 15, 2018	54,134	0.00%
Independent Director	Chung-Yu Wu	June 15, 2018	236,000	0.02%
Independent Director	Peng-Heng Chang	June 15, 2018	-	-
Independent Director	Ming-Je Tang	June 15, 2018	-	-
Holding of all directors			46,022,172	2.89%