



# **Handbook for the 2021 Annual Meeting of Shareholders**

**(TRANSLATION)**

**Meeting Date: June 10, 2021**

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**MediaTek Inc.**  
**Procedure for the 2021 Annual Meeting of Shareholders**

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

**MediaTek Inc.**  
**Year 2021**  
**Agenda of Annual Meeting of Shareholders**

**Time:** 9:00 a.m., June 10, 2021 (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). 2020 business report
  - (2). Audit Committee's review report
  - (3). Report on 2020 employees' compensation and remuneration to directors
4. Acknowledgements
  - (1). Adoption of the 2020 business report and financial statements
  - (2). Adoption of the proposal for distribution of 2020 profits
5. Proposed Resolutions and Election
  - (1). Discussion of cash distribution from capital reserve
  - (2). Discussion on issuance of Restricted Stock Awards
  - (3). Election of the 9th session directors (including independent directors)
  - (4). Suspension of the non-competition restrictions on the 9th session directors of the Company
6. Extemporary Motions
7. Meeting Adjourned

## Report Items

### Report item (1)

Proposed by the Board of Directors

Subject: 2020 business report.

Descriptions: 2020 business report is attached on page 13-14, Attachment 1.

### Report item (2)

Proposed by the Board of Directors

Subject: Audit Committee's review report.

Descriptions: 2020 Audit Committee's review report is attached on page 15, Attachment 2.

### Report item (3)

Proposed by the Board of Directors

Subject: Report on 2020 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 2020 profit as follows: employees' compensation is NT\$546,125,145 and the remuneration to directors is NT\$55,295,171; both shall be paid in cash.

## Acknowledgements

### Acknowledgement (1)

Proposed by the Board of Directors

Subject: Adoption of the 2020 business report and financial statements.

Descriptions:

- (1). 2020 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 2020 business report, independent auditors' report and the aforementioned financial statements, please refer to page 13-14, Attachment 1, page 16-25, Attachment 3, and page 26-35, Attachment 4.

Resolution:

### Acknowledgement (2)

Proposed by the Board of Directors

Subject: Adoption of the proposal for distribution of 2020 profits.

Descriptions:

- (1). The proposal for distribution of 2020 profits has been approved by the Board of Directors in the 19th Board Meeting of the 8th session.
- (2). Please refer to the 2020 profit distribution table below:

Descriptions	Amount (NTD)	Remarks
Unappropriated retained earnings of previous years	116,710,254,777	
Plus: Net income of 2020	40,916,799,654	
Plus: Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	15,625,247,299	
Plus: Adjustment for restricted stocks awards	3,351,862	
Less: Changes in associates and joint ventures accounted for using the equity method	(99,498,651)	
Less: Actual loss on defined benefit plans	(57,307,566)	
Less: Treasury stock retired	(46,643,163)	
Earnings available for distribution	173,052,204,212	
Distribution items:		
Legal reserve	(5,634,194,944)	Cash dividend of NT\$21.00 per share; No stock dividend.
Dividend to common shareholders	(33,398,284,101)	
Unappropriated retained earnings	<u>134,019,725,167</u>	

#### Note:

1. Cash dividend distributions are calculated based on MediaTek's outstanding shares of 1,590,394,481 shares as of April 27, 2021.
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, 2021, 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\$25,446,311,696 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\$16. 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, 2021, 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: Discussion on issuance of Restricted Stock Awards

Descriptions:

- (1). To attract and retain talents, and to encourage the employees to dedicate themselves to accomplish the Company's mid-term and long-term operating goals, it is proposed to issue Restricted Stock Awards in accordance with Paragraph 9, Article 267 of the Company Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers (the "Offering Regulations") issued by Financial Supervisory Commission.
- (2). Terms of the proposed Restricted Stock Awards are as below:
  - a. The reason why it is necessary to issue Restricted Stock Awards for employees:

To attract and retain talents, motivate and to foster the best interests of the Company and its shareholders, and further ensure the alignment of shareholders' interests with those of the Company's employees.
  - b. Qualification requirements for employees:
    - (a) To protect shareholder's interest, the Company shall cautiously manage the program. Only full-time permanent employees of the Company and its subsidiaries who are employed on the date that the Restricted Stock Awards are granted and meet certain performance requirements shall be eligible to participate in the program. The Restricted Stock Awards will be further limited to employees who are: (I) highly related to the future strategy and development of the Company (II) critical to the Company's business operation (III) key technical talent.

(b) The number of granted Restricted Stock Awards under the program shall be determined with regard to seniority, position, performance, overall contribution, special contribution and other management-related factors. The number of shares granted under the program shall be reviewed by the Chairman and approved by the Board of Directors. However, awards under the program to employees who are managerial officers or members of the Board of Directors are subject to the approval from the Compensation Committee.

(c) Employees holding 10% or more of the Company's issued common shares, all the members of Compensation Committee, and non-employee members of the Board of Directors are not eligible to receive awards under the program.

(d) The sum of the aggregate number of shares granted to each employee shall comply with the Offering Regulations.

c. Expected issue price: Awards under the program shall be gratuitous.

d. Determination of terms and conditions (including vesting conditions, handling of employee's failure to meet the vesting condition and inheritance):

(a) Vesting conditions:

(I) Employee's continuous employment with the Company through the vesting dates, no breach of the employee's employment terms and conditions or any other employment-related agreement, employee handbook, non-compete and confidentiality agreements or any agreement with the Company and achievement of both the employee's individual performance goals by the employee and the Company's operation objectives by the Company during the vesting period are required to receive the vested shares. The vesting period would be from 2021 to 2024 and in accordance with the issue rule approved under each effective registration. The percentage of the maximum number of the shares vesting on any particular year shall comply with the issue rule approved under each effective registration. The actual percentage and number of the shares vesting on any particular year will be based on the employee's achievement of individual performance goals and the Company's achievement of operational objectives of such particular year. The measuring of the achievement level of the Company's operational objective for vested shares shall be calculated based on the index on an annual basis and on a cumulative basis, and where the periods for measuring overlap, the period with the highest performance for the particular index shall be the period used for measuring. The share calculation shall be rounded down to the nearest whole share.

(II) The individual performance goals are the employee's year-end performance rating for the year preceding the vesting date at "I" rating or higher for the performance year preceding each vesting date and the employee's achievement of job performance criteria (as determined by the Company), which will be set by the Company and agreed with the employee. The Company's operational objectives include the following four indexes: (1) the Company's total shareholder return ("TSR") compared to that of Taiwan's top 50 companies by market cap in electronic components industry; (2) revenue growth rate; (3) gross margin ("GM%"); and (4) operating margin ("OPM%"). Each index has its own threshold level and target level. The percentage of the vested shares would be 0% if the Company's operational performance result is below the threshold level; 50% if the performance result meets or exceeds the threshold level; and 100% if the performance result meets or exceeds the target level. For rounding rules applied to calculations, it shall be rounded down to the nearest integer to determine if the threshold level or the target level is achieved. If the performance result is greater than the threshold but less than the target level, the percentage



of vested Shares determined by the applicable index shall be calculated by the interpolation method. For purposes of determining if the threshold level or the target level is achieved, calculations shall be rounded down to the nearest whole percent, while, for performance results between the threshold level and the target level, calculations will be rounded up or down to the nearest hundredth percent. The weighting and the range of threshold to target level of each index are set forth in the table below, and the threshold and target levels for each index will be set by the Company for each award under the program and specified in the applicable Restricted Stock Award Agreement with the employee. The judgement of the achievement level of the indexes shall be based on the Company's consolidated financial statements certified by a certified public accountant for the corresponding performance periods.

Operational Index	TSR Ranking (against Taiwan's Top 50 Companies by Market Cap in Electronic Components Industry)	Revenue Growth %	Gross Margin %	Operating Margin %
Weighting	20%	25%	25%	30%
Threshold and Target Range	25th ~ 50th (P25~P50)	10% ~ 23%	44% ~ 46%	15%~18%

(b) Measures to be taken when employees fail to achieve the vesting conditions or in the event of inheritance:

The Company will revoke the issued restricted stock awards without consideration and cancel the full number of the shares in accordance with the terms of the issuance rules set by the Company and approved under the effective registration.

e. Expected total amounts (shares) of issuance:

The number of shares available for issuance by the Company under this program shall not exceed 19,080,000 common shares, each share having a par value of NT\$ 10, for a total amount of NT\$190,800,000. The total number of shares available for issuance is equivalent to about 1.2% of the Company's issued common shares. It is allowed to register with the competent authority in one time or multiple times for issuances over a period of 1 year from the date of approval of shareholders' meeting. It is allowed to have one or multiple issuance over a period of 1 year from the date of receiving the approval notice from competent authority based on the actual need. The actual number of restricted stock awards to be issued shall be under the estimated maximum expense of NT\$9,000,000,000. If calculated with reference to the average share price of February of 2021, the Restricted Stock Awards available for issuance would be 9,521,000 shares; however, the actual number of Restricted Stock Awards to be issued shall be calculated with reference to the share price before the issuance. The actual number of Restricted Stock Awards to be issued will still be subject to the Board of Directors' approval in accordance with the applicable laws and regulations and announced accordingly after obtaining the Board of Directors' approval.

f. Calculated expense amount:

The Company shall value the shares' fair market value and record expenses during the vesting period annually. The proposed number of Restricted Stock Awards in 2021 Annual Shareholders' General Meeting shall not exceed 19,080,000 shares. The actual number of Restricted Stock Awards to be issued, under the estimated maximum expense of NT\$9,000,000,000, will be calculated with reference to the share price before the issuance and subject to the Board of

Directors' approval in accordance with the applicable laws and regulations. The actual number of restricted stock awards to be issued will be announced accordingly after obtaining the Board of Directors' approval. If the Restricted Stock Awards are issued in the end of the August of 2021, the amortized expense estimated to be in the amount of NT\$1,561,591,000, NT\$4,147,272,000, NT\$2,462,500,000, and NT\$828,637,000 for 2021, 2022, 2023 and 2024, respectively.

g. Dilution of EPS:

Based on the calculation of the Company's outstanding shares, the maximum dilution of the Company's EPS is estimated to be approximately in the amount of NT\$0.67, NT\$1.79, NT\$1.06 and NT\$0.36 for 2021, 2022, 2023 and 2024, respectively. There dilution of the Company's future EPS is limited, and there is no material impact on existing shareholders' equity.

h. Restricted rights before employees meet the vesting conditions:

During the vesting period, except for inheritance, employee may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, Restricted Stock Awards.

i. Other important stipulations:

The Restricted Stock Awards issued shall be deposited in a security trust account.

j. Any other matters that need to be specified:

(a) If any revision or adjustment has to be made due to the competent authority's instruction, amendment to the laws and regulations, financial market conditions or other objective circumstances, it is proposed that the Annual Shareholders' Meeting authorizes the Board of Directors and the person appointed by the Board of Directors with full power and authority to handle all the matters regarding the issuance of Restricted Stock Awards.

(b) With respect to the issuance of Restricted Stock Awards, the relevant restrictions, important agreements and any other matters not set forth herein shall be dealt with in accordance with the applicable laws and regulations and the issuance rules set by the Company.

(3). The Issuance Rules of MediaTek's First Restricted Stock Awards Plan in Y2021: the Company hereby set forth the Draft of the First Issuance Rules of MediaTek Y2021 Restricted Stock Awards Plan in accordance with Paragraph 9, Article 267 of Company Act, Article 22 of Securities and Exchange Act and the Offering Regulations, please refer to page 36-43, Attachment 5.

### **Proposal (3)**

Proposed by the Board of Directors

Subject: Election of the 9th session directors (including independent directors)

Descriptions:

- (1) According to Article 14 of the Company's "Articles of Incorporation", the Company sets up 5 to 9 director seats, and the board is authorized to decide the number of directors.
- (2) The tenure of directors of the 8th session will be due on June 14th, 2021. The Board of Directors resolve to elect the directors of the 9th session for 8 seats (including 3 seats of independent directors) at the 2021 annual shareholders' meeting, and the tenure will start at the end of the annual shareholders' meeting from June 10th, 2021 to June 9th, 2024, for a period of three years.
- (3) According to Article 14 of the Company's "Articles of Incorporation", the election of the directors shall be shall be conducted in accordance with

Article 192-1 of the Company Act, where the system of nomination of candidates shall be adopted. For the list of Director Candidates, Candidates' education background and experience and other relevant information, please refer to pages 44 to 45, Attachment 6.

- (4) Election is respectfully requested.

Resolution:

**Proposal (4)**

Proposed by the Board of Directors

Subject: Suspension of the non-competition restriction on the 9th session directors of the Company.

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 9th session directors of the Company in accordance with the above mentioned Article 209 of the Company Act.
- (3) The concurrent positions held by the 9th session directors are as follows:

Name	Company Name and Concurrent Position
Ming-Kai Tsai	Chairman, Andes Technology Corp. Director, MediaTek Singapore Pte. Ltd.
Rick Tsai	Director, Lam Research Corporation Chairman, Richtek Technology Corporation
Kenneth Kin	Independent Director, eMemory Technology Inc. Independent Director, Global Unichip Corp. Independent Director, Vanguard International Semiconductor Corp. Director, Medtech Investment Co. LTD.
Chung-Yu Wu (Independent Director)	Chairman and CTO, A-NEURON ELECTRONIC CORP. Independent Director, Global Unichip Corp. Independent Director, Leadtrend Technology Corp Independent Director, Powerchip Semiconductor Manufacturing Corporation
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 Independent Director, VISERA TECHNOLOGIES COMPANY LTD.
Ming-Je Tang (Independent Director)	Independent Director, Fubon Financial Holding Co., Ltd Independent Director, Smart-Core Holdings Limited Director, VSense Co., Ltd. Director, Wesync Startup Service and Consulting Corporation Limited Director, VSense Medical Inc.

- (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. 2020 Business Report

Dear Shareholders:

2020 was a challenging year for the global semiconductor industry. In the first half of 2020, the Covid-19 pandemic led to global macroeconomic uncertainties. In the second half of the year, global semiconductor supply chain faced supply constraints as the demand for electronic products recovered. With the joint efforts from all MediaTek employees around the world, we have reached new milestones in business expansion and financial performance.

MediaTek has fully demonstrated our technology leadership. Our 5G and WiFi 6 products have acquired good market shares at the early stage of the product cycle. All financial indicators exhibited strong year-over-year growth albeit NTD appreciation. Our 2020 consolidated revenue reached record high at NT\$322.1 billion, a 30.8% year-over-year growth. MediaTek is now the 4th largest IC design company and the 8th largest semiconductor company globally, according to market research firms - Topology Research Institute and Gartner Research. In terms of profitability performance, MediaTek's consolidated gross margin increased for the 3rd consecutive year and reached 43.9%, operating income almost doubled compared with the previous year, operating margin increased 4.2 percentage points to 13.4%, EPS was NT\$26.01, increased 77% year-over-year.

The solid performances of MediaTek are the results of long-term key technology investments and strong execution. The diverse and highly competitive technologies of MediaTek in wireless communication, analog, AI, multimedia and computing were widely applied in smartphone, smart TV, router, laptop, Chromebook, smart speaker, on-line streaming devices, game console, and various IoT devices. In 2020, MediaTek enabled 2 billion devices in the global market, enriching the daily life of global consumers and demonstrating the global competitive advantages from the cross-platform strength which solidified the foundation for the future.

On market expansion, MediaTek continued to launch various products into new areas. In 2020, MediaTek launched a series of Dimensity 5G SoCs and had successful design-ins with our high-end Dimensity 1000 chipsets in several 5G smartphones. We closely cooperated with global operators and customers. Major Android smartphone brands have adopted Dimensity chipsets around the world and launched 5G smartphones in markets such as Mainland China, the U.S., and Europe. Furthermore, we have been collaborating with Intel and international operators on our new 5G thin modem to expand 5G technology to laptop, customer premises equipment and other applications. It is expected to start mass production in 2021. In addition, demand for the WiFi chips is on the rise due to the technology upgrade, global remote working and distant learning trend. MediaTek's WiFi 6 solutions has cross platform design-ins in high-end smartphones, high-end routers, GPONs and high-end TVs. It also entered new application territories by being adopted by several global laptop and Chromebook brands. MediaTek was selected as the test beds for WiFi 6E and had started the investment in next generation WiFi 7 to prepare for future technology migration.

The requirement for power management has also become higher as market technology upgrades. MediaTek has a comprehensive power management solution portfolio. When the demand for global consumer electronics are rising under capacity constraint, power IC becomes another key component with steady growth. Moreover, MediaTek had been preparing for the enterprise market. Through our high speed transmission SerDes IP and computing technology, MediaTek has developed enterprise and datacenter ASICs with customers. The acquisition announcement of the enterprise power IC business of Enpirion from Intel was made in the fourth quarter of 2020 further completed our strategic product portfolio and built a solid foundation for future high-end enterprise business.

Moreover, MediaTek has long been investing in cutting-edge technologies and new areas with increasing R&D expenses every year. The R&D expense was NT\$77.3 billion in 2020. As a R&D-driven company, MediaTek R&D expenses and its ratio to the revenues were among the highest of the listed companies in Taiwan and is the only Taiwanese company that had papers selected by ISSCC, the Olympic of IC design,

for 18 consecutive years. Moreover, we have been honored as GSA award nominee in “Outstanding APAC Semiconductor Company Award” category for 8 consecutive years.

In addition to focusing on the core business, MediaTek ESG is linked positively to our core business performance and has earned our reputation. MediaTek performed exceptionally and was awarded Excellence in Corporate Social Responsibility - Corporate Citizen Award and the Most Prestigious Sustainability Awards - Top Ten Domestic Corporates, it was the best performance we had achieved. MediaTek is dedicated in building both high-efficiency and low-power-consumption ICs to contribute to global environmental conservation and power saving. MediaTek had been devoted to promoting technology education and bringing high-tech to everyone with “Genius for Home” – a program to promote digital innovation for local society and talent cultivation programs for students. The socially responsible image was widely recognized by being selected as part of “Taiwan Top 10 Global Brands” and was the only semiconductor company selected. MediaTek also received the Excellence Reward in promoting gender equality at work as we are dedicated to creating a women friendly workplace.

Looking forward, MediaTek will carry on the investments in key technologies as we believe wireless communication, AI and ARM-based computing will continue to thrive. We believe the synergy from our strong product portfolio and diverse platforms will enable our unique competitive advantages in the expansion of various markets. MediaTek will uphold the strong execution as always, continue to create product value, recruit global talents and have deep collaboration with global semiconductor supply chain and customers in all products to grow with our customers and eventually to enhance shareholder value. Finally, 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 2020 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. 2021 Annual General Shareholders' Meeting

MediaTek Inc.

Chairman of the Audit Committee: Chung-Yu Wu

April 28, 2021





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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, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, and their consolidated financial performance and cash flows for the years ended December 31, 2020 and 2019, 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 2020 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\$322,145,988 thousand as net sales, which includes sale of goods in the amount of NT\$317,493,721 thousand and services and other operating revenues in the amount of NT\$4,652,267 thousand for the year ended December 31, 2020. 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 reviewed if there is any significant revenue 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 2020 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, 2020 and 2019.

Kuo, Shao-Pin

Fuh, Wen-Fun

Ernst & Young, Taiwan

March 19, 2021

### 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, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

	Notes	December 31, 2020	%	December 31, 2019	%
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	4, 6(1)	\$ 196,579,745	37	\$ 177,544,914	39
Financial assets at fair value through profit or loss-current	4, 5, 6(2)	8,504,707	2	6,342,734	1
Financial assets at fair value through other comprehensive income-current	4, 5, 6(3)	4,373,488	1	19,026,604	4
Financial assets measured at amortized cost-current	4, 5, 6(4)	655,356	-	259,415	-
Notes receivables, net	6(22)	43,437	-	2,811	-
Trade receivables, net	4, 5, 6(5), 6(22)	33,088,653	6	26,829,271	6
Trade receivables from related parties, net	4, 5, 6(5), 6(22), 7	630	-	5,000	-
Other receivables	6(6)	7,645,652	2	6,313,078	1
Current tax assets	4, 5, 6(30)	807,990	-	552,689	-
Inventories, net	4, 5, 6(7)	37,677,370	7	27,615,237	6
Prepayments	6(8), 7	1,449,401	-	1,550,085	1
Other current assets		1,035,864	-	687,263	-
Total current assets		291,862,293	55	266,729,101	58
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss-noncurrent	4, 5, 6(2)	4,611,586	1	6,868,203	2
Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	49,872,898	9	50,223,077	11
Financial assets measured at amortized cost-noncurrent	4, 5, 6(4), 8	11,614,536	2	2,570,042	1
Investments accounted for using the equity method	4, 6(9)	50,667,839	10	13,616,525	3
Property, plant and equipment	4, 6(10), 8	38,971,343	7	38,889,940	8
Right-of-use assets	4, 6(23)	2,934,762	1	2,890,906	1
Investment property, net	4, 6(11), 8	1,011,956	-	956,450	-
Intangible assets	4, 6(12), 6(13), 7	76,271,667	14	70,917,102	15
Deferred tax assets	4, 5, 6(30)	5,676,629	1	4,769,887	1
Refundable deposits		280,089	-	270,561	-
Long-term financing lease receivable, net	4, 6(22), 6(23)	130,729	-	-	-
Total non-current assets		242,044,034	45	191,972,693	42
<b>Total assets</b>		\$ 533,906,327	100	\$ 458,701,794	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, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

	Notes	December 31, 2020	%	December 31, 2019	%
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Short-term borrowings	6(14)	\$ 21,470,853	4	\$ 57,254,570	12
Financial liabilities at fair value through profit or loss-current	4, 5, 6(2)	10,329	-	9,085	-
Contract liabilities-current	4, 5, 6(21)	11,692,917	2	2,693,530	1
Trade payables		32,808,713	6	21,407,328	5
Trade payables to related parties	7	1,661,473	-	906,224	-
Other payables	6(15)	38,992,839	7	27,562,938	6
Other payables to related parties	7	47,940	-	20,364	-
Current tax liabilities	4, 5, 6(30)	4,773,718	1	1,721,632	1
Lease liabilities-current	4, 6(23)	483,089	-	499,032	-
Other current liabilities	6(16)	28,363,069	6	18,002,871	4
Current portion of long-term liabilities	6(17), 8	3,493,485	1	1,020,441	-
Total current liabilities		143,798,425	27	131,098,015	29
<b>Non-current liabilities</b>					
Long-term borrowings	6(17), 8	-	-	165,825	-
Long-term payables		3,619,618	1	1,079,607	-
Net defined benefit liabilities-noncurrent	4, 6(18)	910,118	-	869,001	-
Deposits received		430,736	-	565,773	-
Deferred tax liabilities	4, 5, 6(30)	5,974,416	1	6,805,508	2
Lease liabilities-noncurrent	4, 6(23)	2,362,280	1	2,360,427	1
Non-current liabilities-others		1,726,283	-	1,358,100	-
Total non-current liabilities		15,023,451	3	13,204,241	3
Total liabilities		158,821,876	30	144,302,256	32
<b>Equity attributable to owners of the parent</b>					
Share capital	6(19)				
Common stock		15,900,622	3	15,896,473	3
Capital collected in advance		2,133	-	3,780	-
Capital surplus	6(19), 6(20), 6(33)	76,745,750	14	82,392,203	18
Retained earnings	6(19)				
Legal reserve		44,583,025	8	41,507,689	9
Undistributed earnings		173,052,205	32	127,729,843	28
Other equity	6(20)	61,606,056	12	45,276,326	10
Treasury shares	4, 6(19)	(55,970)	-	(55,970)	-
Equity attributable to owners of the parent		371,833,821	69	312,750,344	68
<b>Non-controlling interests</b>					
Total equity	4, 6(19), 6(33)	3,250,630	1	1,649,194	-
		375,084,451	70	314,399,538	68
<b>Total liabilities and equity</b>		\$ 533,906,327	100	\$ 458,701,794	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, 2020 and 2019

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

Description	Notes	2020	%	2019	%
<b>Net sales</b>	4, 5, 6(21)	\$ 322,145,988	100	\$ 246,221,731	100
<b>Operating costs</b>	4, 5, 6(7), 6(24), 7	(180,610,472)	(56)	(143,176,223)	(58)
<b>Gross profit</b>		141,535,516	44	103,045,508	42
<b>Operating expenses</b>	6(22), 6(23), 6(24), 7				
Selling expenses		(13,639,249)	(4)	(10,954,054)	(4)
Administrative expenses		(7,344,108)	(2)	(6,538,333)	(3)
Research and development expenses		(77,324,828)	(24)	(63,001,401)	(26)
Expected credit (losses) gains		(8,092)	-	15,732	-
Total operating expenses		(98,316,277)	(30)	(80,478,056)	(33)
<b>Operating income</b>		43,219,239	14	22,567,452	9
<b>Non-operating income and expenses</b>					
Interest income	4, 6(25), 7	2,482,199	1	3,841,526	2
Other income	4, 6(26)	1,760,567	-	878,151	-
Other gains and losses	6(27)	364,621	-	1,441,543	1
Finance costs	6(28)	(594,988)	-	(1,628,685)	(1)
Share of profit of associates and joint ventures accounted for using the equity method	4, 6(9)	351,048	-	(72,618)	-
Total non-operating income and expenses		4,363,447	1	4,459,917	2
<b>Net income before income tax</b>		47,582,686	15	27,027,369	11
<b>Income tax expense</b>	4, 5, 6(30)	(6,144,113)	(2)	(3,823,059)	(2)
<b>Net income</b>		41,438,573	13	23,204,310	9
<b>Other comprehensive income</b>	4, 6(9), 6(29), 6(30)				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plan		(71,905)	-	(73,142)	-
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		1,137,121	-	33,059,665	13
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		35,114,051	11	2,889,013	1
Income tax relating to those items not to be reclassified to profit or loss		(310,392)	-	(3,321,857)	(1)
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		(7,074,601)	(2)	(2,828,823)	(1)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		22,857	-	37,134	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		2,323,677	1	59,033	-
<b>Other comprehensive income, net of tax</b>		31,140,808	10	29,821,023	12
<b>Total comprehensive income</b>		\$ 72,579,381	23	\$ 53,025,333	21
<b>Net income for the periods attributable to :</b>					
Owners of the parent	6(31)	\$ 40,916,800		\$ 23,032,721	
Non-controlling interests	6(33)	521,773		171,589	
		\$ 41,438,573		\$ 23,204,310	
<b>Total comprehensive income for the periods attributable to :</b>					
Owners of the parent		\$ 72,047,329		\$ 52,896,235	
Non-controlling interests		532,052		129,098	
		\$ 72,579,381		\$ 53,025,333	
Basic Earnings Per Share (in New Taiwan Dollars)	6(31)	\$ 26.01		\$ 14.69	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(31)	\$ 25.84		\$ 14.57	

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 STATEMENTS OF CHANGES IN EQUITY**  
**For the years ended December 31, 2020 and 2019**  
(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent							Treasury shares	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital collected in advance	Capital surplus	Legal reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Other equity				
Balance as of January 1, 2019	\$ 15,915,070	-	\$ 85,237,214	\$ 39,431,639	\$ 108,377,764	\$ (1,222,342)	\$ 26,428,344	\$ (55,970)	\$ 272,946,221	\$ 1,379,686	\$ 274,325,907
Appropriation and distribution of 2018 earnings:	-	-	-	2,076,050	(2,076,050)	-	-	-	(9,525,233)	-	(9,525,233)
Legal reserve	-	-	-	2,076,050	(2,076,050)	-	-	-	(9,525,233)	-	(9,525,233)
Cash dividends	-	-	-	-	(11,601,283)	-	-	-	(9,525,233)	-	(9,525,233)
Total	-	-	-	-	-	-	-	-	(4,762,617)	-	(4,762,617)
Cash dividends distributed from capital surplus	-	-	(4,762,617)	-	-	-	-	-	-	-	-
Profit for the year ended December 31, 2019	-	-	-	-	23,032,721	-	-	-	23,032,721	171,589	23,204,310
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(58,130)	(2,727,299)	32,648,943	-	29,865,514	(42,491)	29,823,023
Total comprehensive income	-	-	-	-	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)	-	-	-	(996,082)	24,480	(971,602)
Changes in ownership interests in subsidiaries	-	-	(11,520)	-	-	-	-	-	(11,520)	-	(11,520)
Changes in ownership interests in subsidiaries	(20,341)	-	1,692,596	-	37,237	-	-	268,785	1,978,277	-	1,978,277
Issuance of restricted stock for employees	-	-	128,895	-	-	-	-	-	128,895	-	128,895
Changes in other capital surplus	-	-	-	-	-	-	-	-	-	-	-
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,738,608	-	(8,734,607)	-	(15,999)	-	(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	(55,970)	312,750,344	1,649,194	314,399,538
Appropriation and distribution of 2019 earnings:	-	-	-	3,075,336	(3,075,336)	-	-	-	(7,944,252)	-	(7,944,252)
Legal reserve	-	-	-	3,075,336	(3,075,336)	-	-	-	(7,944,252)	-	(7,944,252)
Cash dividends	-	-	-	-	(11,019,588)	-	-	-	(7,944,252)	-	(7,944,252)
Total	-	-	-	-	-	-	-	-	(8,738,677)	-	(8,738,677)
Cash dividends distributed from capital surplus	-	-	(8,738,677)	-	-	-	-	-	-	-	-
Profit for the year ended December 31, 2020	-	-	-	-	40,916,800	-	-	-	40,916,800	521,773	41,438,573
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(57,308)	(4,761,203)	35,949,040	-	31,130,529	10,279	31,140,808
Total comprehensive income	-	-	-	-	40,859,492	(4,761,203)	35,949,040	-	72,047,329	532,052	72,579,381
Share-based payment transactions	18,866	(1,647)	603,448	-	-	-	-	-	620,667	253,978	874,645
Treasury stock acquired	-	-	-	-	-	-	-	(63,600)	(53,600)	-	(53,600)
Treasury stock retired	(1,300)	-	(5,657)	-	(46,643)	-	-	53,600	-	-	-
Adjustments due to dividends that subsidiaries received from parent company	-	-	81,845	-	-	-	-	-	81,845	-	81,845
Changes in associates and joint ventures accounted for using the equity method	-	-	(9,810)	-	(99,498)	-	-	-	(109,308)	-	(109,308)
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	1,001,352	-	-	-	-	-	1,001,352	231,821	1,233,173
Changes in ownership interests in subsidiaries	-	-	1,185,977	-	-	-	-	-	1,185,977	585,585	1,769,562
Changes in ownership interests in subsidiaries	(13,417)	-	284,705	-	3,352	-	-	-	1,041,780	-	1,041,780
Issuance of restricted stock for employees	-	-	(49,636)	-	-	-	-	-	(49,636)	-	(49,636)
Changes in other capital surplus	-	-	-	-	-	-	-	-	-	-	-
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	15,625,247	-	(15,625,247)	-	(55,970)	-	(55,970)
Balance as of December 31, 2020	\$ 15,900,622	\$ 2,133	\$ 76,745,750	\$ 44,583,025	\$ 173,052,205	\$ (8,710,844)	\$ 70,646,473	\$ (329,573)	\$ 371,833,821	\$ 3,250,630	\$ 375,084,451

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 STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2020 and 2019**  
(Amounts in thousands of New Taiwan Dollars)

Description	2020	2019
<b>Cash flows from operating activities :</b>		
Profit before tax from continuing operations	\$ 47,582,686	\$ 27,027,369
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	4,567,806	4,258,016
Amortization	5,333,277	4,128,225
Expected credit (gains)	8,092	(15,732)
Gains on financial assets and liabilities at fair value through profit or loss	(141,167)	(358,645)
Interest expenses	594,988	1,628,685
Gains on derecognition of financial assets measured at amortized cost	(5,303)	(113,066)
Interest income	(2,482,199)	(3,841,526)
Dividend income	(1,422,408)	(388,662)
Share-based payment expenses	1,283,437	2,019,119
Share of profit of associates and joint ventures accounted for using the equity method	(351,048)	72,618
Losses on disposal of property, plant and equipment	11,297	14,469
Property, plant and equipment transferred to expenses	29	3,356
Losses on disposal of intangible assets	67	23,050
Gains on disposal of non-current assets held for sale	-	(813,152)
(Gains) losses on disposal of investments	(131,091)	16,119
Gains on disposal of investments accounted for using the equity method	(41,269)	-
Impairment of non-financial assets	-	46,096
Others	1,277	258
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	385,851	(4,002,653)
Notes receivables	(40,626)	139
Trade receivables	(9,629,237)	1,967,476
Trade receivables from related parties	4,370	1,605
Other receivables	(231,567)	590,355
Inventories	(12,383,737)	3,390,495
Prepayments	(151,795)	(68,401)
Other current assets	(378,594)	96,466
Contract liabilities	9,195,339	1,184,656
Trade payables	12,514,906	7,561,372
Trade payables to related parties	755,249	201,962
Other payables	13,654,636	(1,537,716)
Other payables to related parties	30,159	19,905
Other current liabilities	10,716,034	625,299
Net defined benefit liabilities	(8,230)	(8,947)
Non-current liabilities-others	(481,957)	(136,102)
Cash generated from operating activities:	78,759,272	43,592,508
Interest received	3,515,255	3,000,772
Dividend received	1,417,518	692,603
Interest paid	(636,929)	(1,607,039)
Income tax paid	(3,496,970)	(3,072,902)
Net cash provided by operating activities	79,558,146	42,605,942
<b>Cash flows from investing activities :</b>		
Acquisition of financial assets at fair value through other comprehensive income	(5,137,477)	(2,859,849)
Proceeds from disposal of financial assets at fair value through other comprehensive income	16,840,081	12,815,323
Proceeds from capital return of financial assets at fair value through other comprehensive income	1,915,712	174,983
Acquisition of financial assets measured at amortized cost	(9,793,821)	(2,350,377)
Proceeds from redemption of financial assets measured at amortized cost	381,968	3,016,688
Acquisition of investments accounted for using the equity method	(1,139,532)	(135,477)
Proceeds from disposal of investments accounted for using the equity method	87,381	7,956
Proceeds from capital return of investments accounted for using the equity method	-	126,697
Proceeds from disposal of subsidiary	535,028	-
Acquisition of property, plant and equipment	(4,999,665)	(5,615,810)
Proceeds from disposal of property, plant and equipment	4,141	16,588
(Increase) decrease in refundable deposits	(221,454)	17,888
Acquisition of right-of-use asset	(2,600)	-
Acquisition of intangible assets	(5,240,576)	(2,332,489)
Proceeds from disposal of intangible assets	1,746	-
Net cash (used in) provided by investing activities	(6,769,068)	2,882,121
<b>Cash flows from financing activities :</b>		
(Decrease) increase in short-term borrowings	(35,513,495)	6,690,952
Repayment of long-term borrowings	(36,850)	(78,279)
(Decrease) increase in deposits received	(133,346)	377,239
Cash payment for the principal portion of the lease liabilities	(486,318)	(423,648)
Proceeds from exercise of employee stock options	569,619	167,389
Treasury stock acquired	(53,600)	-
Cash dividends	(16,588,763)	(14,161,809)
Acquisition of ownership interests in subsidiaries	(862)	(979,358)
Disposal of ownership interests in subsidiaries (without losing control)	1,238,201	2,281
Change in non-controlling interests	1,784,460	(11,520)
Net cash used in financing activities	(49,220,954)	(8,416,753)
Effect of changes in exchange rate on cash and cash equivalents	(4,533,293)	(2,696,641)
Net increase in cash and cash equivalents	19,034,831	34,374,669
Cash and cash equivalents at the beginning of the year	177,544,914	143,170,245
Cash and cash equivalents at the end of the year	\$ 196,579,745	\$ 177,544,914

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



安永聯合會計師事務所

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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, 2020 and 2019, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2020 and 2019, 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 2020 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\$168,337,908 thousand as net sales, which includes sale of goods in the amount of NT\$162,523,119 thousand and services and other operating revenues in the amount of NT\$5,814,789 thousand for the year ended December 31, 2020. 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 reviewed if there is any significant revenue 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 2020 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 19, 2021

#### 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, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2020	%	December 31, 2019	%
<b>Current assets</b>		\$	21	\$	25
Cash and cash equivalents	4, 6(1)	96,917,833	-	103,679,288	-
Financial assets at fair value through profit or loss-current	4, 5, 6(2)	1,127,766	-	782,571	-
Financial assets at fair value through other comprehensive income-current	4, 6(3)	16,279	-	-	-
Trade receivables, net	4, 6(5), 6(20)	17,849,058	4	13,182,615	4
Trade receivables from related parties, net	4, 6(5), 6(20), 7	638,850	-	673,955	-
Other receivables	6(6)	4,059,124	1	4,205,208	1
Other receivables from related parties	7	283,583	-	687,669	-
Current tax assets	4, 5, 6(28)	423,416	-	423,785	-
Inventories, net	4, 5, 6(7)	20,902,891	4	12,916,017	3
Prepayments	6(8)	475,997	-	670,675	-
Other current assets		926,274	-	554,248	-
Total current assets		<u>143,621,071</u>	<u>30</u>	<u>137,776,031</u>	<u>33</u>
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss-noncurrent	4, 6(2)	284,351	-	192,990	-
Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	3,897,723	1	2,998,636	1
Financial assets measured at amortized cost-noncurrent	4, 6(4), 8	1,307,879	-	563,244	-
Investments accounted for using the equity method	4, 6(9)	239,201,616	51	192,782,688	47
Property, plant and equipment	4, 6(10)	20,388,079	4	20,003,889	5
Right-of-use assets	4, 6(21)	1,660,954	-	1,655,739	-
Intangible assets	4, 6(11), 6(12)	58,505,350	13	54,646,668	13
Deferred tax assets	4, 5, 6(28)	4,274,948	1	3,501,079	1
Refundable deposits		73,162	-	72,152	-
Long-term financing lease receivable, net	4, 6(20), 6(21)	130,729	-	-	-
Total non-current assets		<u>329,724,791</u>	<u>70</u>	<u>276,417,085</u>	<u>67</u>
<b>Total assets</b>		<u>\$ 473,345,862</u>	<u>100</u>	<u>\$ 414,193,116</u>	<u>100</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



English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

	Notes	December 31, 2020	%	December 31, 2019	%
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Short-term borrowings	6(13)	16,251,740	3	51,601,684	13
Financial liabilities at fair value through profit or loss-current	4, 5, 6(2)	520	-	-	-
Contract liabilities-current	4, 5, 6(19)	7,852,229	2	1,783,144	-
Trade payables		20,290,430	4	11,040,313	3
Trade payables to related parties	7	2,655,984	1	1,371,870	-
Other payables	6(14), 7	26,017,253	5	17,907,377	4
Current tax liabilities	4, 5, 6(28)	1,852,008	-	641,347	-
Lease liabilities-current	4, 6(21)	101,898	-	90,418	-
Other current liabilities	4, 6(15), 7	15,954,662	3	10,205,088	3
Current portion of long-term liabilities		2,103,031	1	661,680	-
Total current liabilities		93,079,755	19	95,302,921	23
<b>Non-current liabilities</b>					
Long-term payables		2,336,031	1	818,950	-
Net defined benefit liabilities-noncurrent	4, 6(16)	729,888	-	657,843	-
Deposits received	7	313,681	-	425,644	-
Deferred tax liabilities	4, 5, 6(28)	2,938,088	1	2,200,929	1
Lease liabilities-noncurrent	4, 6(21)	1,572,046	-	1,567,901	-
Non-current liabilities-others		542,552	-	468,584	-
Total non-current liabilities		8,432,286	2	6,139,851	1
Total liabilities		101,512,041	21	101,442,772	24
<b>Equity</b>					
Share capital	6(17)				
Common stock		15,900,622	3	15,896,473	4
Capital collected in advance		2,133	-	3,780	-
Capital surplus	6(17), 6(18)	76,745,750	16	82,392,203	20
Retained earnings	6(17)				
Legal reserve		44,583,025	10	41,507,689	10
Undistributed earnings		173,052,205	37	127,729,843	31
Other equity	6(18)	61,606,056	13	45,276,326	11
Treasury shares	4, 6(17)	(55,970)	-	(55,970)	-
Total equity		371,833,821	79	312,750,344	76
<b>Total liabilities and equity</b>		\$ 473,345,862	100	\$ 414,193,116	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, 2020 and 2019

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

Description	Notes	2020	%	2019	%
<b>Net sales</b>	4, 5, 6(19), 7	\$ 168,337,908	100	\$ 136,467,915	100
<b>Operating costs</b>	4, 5, 6(7), 6(22), 7	(94,346,514)	(56)	(80,852,750)	(59)
<b>Gross profit</b>		73,991,394	44	55,615,165	41
<b>Unrealized gross profit on sales</b>		(41,711)	-	(150,628)	-
<b>Realized gross profit on sales</b>		115,258	-	84,166	-
<b>Gross profit, net</b>		74,064,941	44	55,548,703	41
<b>Operating expenses</b>	6(20), 6(22), 7				
Selling expenses		(7,132,681)	(5)	(6,286,976)	(5)
Administrative expenses		(3,591,677)	(2)	(2,937,472)	(2)
Research and development expenses		(47,367,434)	(28)	(36,868,477)	(27)
Expected credit (losses) gains		(16,001)	-	3,527	-
Total operating expenses		(58,107,793)	(35)	(46,089,398)	(34)
<b>Operating income</b>		15,957,148	9	9,459,305	7
<b>Non-operating income and expenses</b>					
Interest income	4, 6(23), 7	1,234,586	1	1,710,155	2
Other income	4, 6(24), 7	178,150	-	182,419	-
Other gains and losses	4, 6(25), 7	194,053	-	204,839	-
Finance costs	6(26)	(446,341)	-	(980,383)	(1)
Share of profit of subsidiaries, associates, and joint ventures accounted for using the equity method	4	26,517,121	16	14,762,669	11
Total non-operating income and expenses		27,677,569	17	15,879,699	12
<b>Net income before income tax</b>		43,634,717	26	25,339,004	19
<b>Income tax expense</b>	4, 5, 6(28)	(2,717,917)	(2)	(2,306,283)	(2)
<b>Net income</b>		40,916,800	24	23,032,721	17
<b>Other comprehensive income</b>	4, 6(9), 6(16), 6(27), 6(28)				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit plan		(69,862)	-	(66,098)	-
Unrealized gains from equity instrument investments measured at fair value through other comprehensive income		334,081	-	1,743,040	1
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		35,590,684	21	30,863,517	23
Income tax relating to those items not to be reclassified to profit or loss		13,972	-	13,220	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		(4,761,203)	(2)	(2,727,299)	(2)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		-	-	351	-
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		22,857	-	36,783	-
<b>Other comprehensive income, net of tax</b>		31,130,529	19	29,863,514	22
<b>Total comprehensive income</b>		\$ 72,047,329	43	\$ 52,896,235	39
Basic Earnings Per Share (in New Taiwan Dollars)	6(29)	\$ 26.01		\$ 14.69	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(29)	\$ 25.84		\$ 14.57	

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, 2020 and 2019**

(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 financial assets measured at fair value through other comprehensive income	Others		
Balance as of January 1, 2019	\$ 15,915,070	-	\$ 85,237,214	\$ 39,431,639	\$ 108,577,764	\$ (1,222,342)	\$ 26,428,344	\$ -	\$ (55,970)	\$ 272,946,221
Appropriation and distribution of 2018 earnings:	-	-	-	2,076,050	(2,076,050)	-	-	-	-	-
Legal reserve	-	-	-	(9,525,233)	(9,525,233)	-	-	-	-	(9,525,233)
Cash dividends	-	-	-	2,076,050	(11,601,283)	-	-	-	-	(9,525,233)
Total	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	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	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)	(997,074)	-	-	-	-	(996,082)
Changes in ownership interests in subsidiaries	-	-	(11,520)	-	-	-	-	-	-	(11,520)
Issuance of restricted stock for employees	(20,341)	-	1,692,596	37,237	37,237	-	-	-	-	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	8,738,608	-	(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	-	(55,970)	312,750,344
Appropriation and distribution of 2019 earnings:	-	-	-	3,075,336	(3,075,336)	-	-	-	-	-
Legal reserve	-	-	-	(7,944,252)	(7,944,252)	-	-	-	-	(7,944,252)
Cash dividends	-	-	-	3,075,336	(11,019,588)	-	-	-	-	(7,944,252)
Total	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed from capital surplus	-	-	(8,738,677)	-	-	-	-	-	-	(8,738,677)
Profit for the year ended December 31, 2020	-	-	-	40,916,800	40,916,800	-	-	-	-	40,916,800
Other comprehensive income for the year ended December 31, 2020	-	-	-	(57,308)	(57,308)	(4,761,203)	35,949,040	-	-	31,130,529
Total comprehensive income	-	-	-	40,859,492	40,859,492	(4,761,203)	35,949,040	-	-	72,047,329
Share-based payment transactions	18,866	(1,647)	603,448	-	-	-	-	-	-	620,667
Treasury stock acquired	-	-	(5,657)	(46,643)	-	-	-	(53,600)	(53,600)	(53,600)
Treasury stock retired	(1,300)	-	81,845	-	-	-	-	53,600	-	81,845
Adjustments due to dividends that subsidiaries received from parent company	-	-	(9,810)	(99,498)	-	-	-	-	-	(109,308)
Changes in associates and joint ventures accounted for using the equity method	-	-	1,001,352	-	-	-	-	-	-	1,001,352
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	1,185,977	-	-	-	-	-	-	1,185,977
Changes in ownership interests in subsidiaries	-	-	284,705	3,352	3,352	-	-	-	-	1,041,780
Issuance of restricted stock for employees	(13,417)	-	(49,636)	-	-	-	-	-	-	(63,053)
Changes in other capital surplus	-	-	-	15,625,247	15,625,247	-	(15,625,247)	-	-	-
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	44,583,025	173,052,205	(8,710,844)	70,646,473	-	(55,970)	371,833,821
Balance as of December 31, 2020	\$ 15,900,622	\$ 2,133	\$ 76,745,756	\$ 44,583,025	\$ 173,052,205	\$ (8,710,844)	\$ 70,646,473	\$ -	\$ (55,970)	\$ 371,833,821

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 CASH FLOWS

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	2020	2019
<b>Cash flows from operating activities :</b>		
Profit before tax from continuing operations	\$ 43,634,717	\$ 25,339,004
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	2,467,665	2,129,051
Amortization	3,014,896	2,326,828
Expected credit (gains)	16,001	(3,527)
Gains on financial assets and liabilities at fair value through profit or loss	(86,654)	(41,507)
Interest expenses	446,341	980,383
Interest income	(1,234,586)	(1,710,155)
Share-based payment expenses	1,029,459	1,922,383
Share of profit of subsidiaries, associates, and joint ventures accounted for using the equity method	(26,517,121)	(14,762,669)
Gains on disposal of property, plant and equipment	(2,956)	(2,087)
Realized gains on sales	(115,258)	(84,166)
Others	(28)	23,740
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	(349,774)	(159,000)
Trade receivables	(4,682,444)	3,383,759
Trade receivables from related parties	35,105	(137,085)
Other receivables	(537,042)	(80,601)
Other receivables from related parties	404,086	(82,836)
Inventories	(7,986,874)	1,706,253
Prepayments	194,678	(109,026)
Other current assets	(372,026)	69,368
Contract liabilities	6,069,085	778,732
Trade payables	9,250,117	3,489,486
Trade payables to related parties	1,284,114	522,768
Other payables	8,148,889	(1,166,166)
Other current liabilities	5,749,574	177,539
Long-term payables	(35,619)	(6,270)
Net defined benefit liabilities	2,183	(15,387)
Non-current liabilities-others	(265,121)	(2,318)
Cash generated from operating activities:	39,561,407	24,486,494
Interest received	1,918,104	1,035,552
Dividend received	12,000,530	4,710,846
Interest paid	(485,895)	(970,905)
Income tax paid	(1,529,625)	(1,501,512)
Net cash provided by operating activities	51,464,521	27,760,475
<b>Cash flows from investing activities :</b>		
Acquisition of financial assets at fair value through other comprehensive income	(581,285)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	524,246
Acquisition of financial assets measured at amortized cost	(828,475)	(217,047)
Proceeds from redemption of financial assets measured at amortized cost	83,840	99,297
Acquisition of investments accounted for using the equity method	(258,564)	(2,199,986)
Proceeds from disposal of investments accounted for using the equity method	855,101	5,627,036
Proceeds from capital return of investments accounted for using the equity method	630,000	-
Cash received through merger	-	3,945,737
Acquisition of property, plant and equipment	(2,897,907)	(4,346,815)
Proceeds from disposal of property, plant and equipment	3,508	16,924
(Increase) decrease in refundable deposits	(1,010)	2,650
Acquisition of intangible assets	(3,516,943)	(996,511)
Net cash (used in) provided by investing activities	(6,511,735)	2,455,531
<b>Cash flows from financing activities :</b>		
(Decrease) increase in short-term borrowings	(35,349,944)	27,046,017
(Decrease) increase in deposits received	(111,963)	371,583
Cash payment for the principal portion of the lease liabilities	(97,745)	(94,523)
Proceeds from exercise of employee stock options	569,619	167,389
Treasury stock acquired	(53,600)	-
Cash dividends	(16,670,608)	(14,231,956)
Net cash (used in) provided by investing activities	(51,714,241)	13,258,510
Net (decrease) increase in cash and cash equivalents	(6,761,455)	43,474,516
Cash and cash equivalents at the beginning of the year	103,679,288	60,204,772
Cash and cash equivalents at the end of the year	\$ 96,917,833	\$ 103,679,288

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

## **Attachment 5**

# **The Draft of the First Issuance Rules of MediaTek Y2021 Restricted Stock Awards Plan**

### **Article 1: Purpose**

To attract and retain talents, to motivate employees, and to foster the best interests of the MediaTek Inc. (hereinafter "Company") and its shareholders, and further ensure the alignment of shareholders' interests with those of the Company's employees, the following first issuance rules (the "Rules") of the MediaTek Y2021 Restricted Stock Awards Plan (the "Plan") are stipulated in accordance with Item 9, Article 267 of the Company Act, Article 22 of the Securities and Exchange Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers (the "Regulations") released by the Financial Supervisory Commission R.O.C.

### **Article 2: Duration of issuance**

Within one year following the receipt of the approval notice from the applicable R.O.C. authorities, the Company may issue restricted stock awards under the Plan once or multiple times, in any case as set forth herein. The actual date of issuance of such awards and related logistical matters shall be determined by the chairman of the Company (the "Chairman") as authorized by the Company's board of directors (the "Board of Directors").

### **Article 3: Qualification requirements for eligibility under the Plan**

- 3.1. To protect shareholders' interests, the Company shall cautiously manage the Plan. Subject to applicable law, only the Company and its subsidiaries' full-time, permanent employees who are employed on the date that restricted stock awards are granted and meet the performance requirements shall be eligible for the Plan. Such awards will be further limited to employees who are (a) highly related to the future strategy and development of the Company, (b) critical to the Company's business operation, or (c) key technical talents, as determined by the Company.
- 3.2. The number of granted Shares in any award under the Plan shall be determined by the Company with regard to seniority, position, performance, overall contribution, special contribution and any other management-related factors. Proposed distributions of awards under the Plan shall be reviewed by the Chairman and shall be subject to approval by the Board of Directors, with the exception of awards under the Plan to employees who are managerial officers or Board members, which awards are subject to approval by the Compensation Committee of the Company.
- 3.3. Employees who possess 10% or more of the Company's issued and outstanding common shares, all the members of the Compensation Committee, and non-employee members of the Board are not eligible to receive awards under the Plan.

3.4. The sum of the aggregate number of Shares granted to each employee by (i) share subscription warrants (issued outside of the Plan) in accordance with paragraph 1, Article 56-1 of the Regulations, plus (2) restricted stock awards (whether issued under or outside of the Plan) shall not exceed 0.3% of the total outstanding common shares of the Company. The aforesaid sum plus the share subscription warrants the Company grants to each employee in accordance with paragraph 1, Article 56 of the Regulations shall not exceed 1% of the total outstanding common shares of the Company. However, with special approval from the applicable R.O.C. authorities, the total number of share subscription warrants and restricted stock awards obtained by any single employee may be exempted from the above-mentioned restriction. If applicable laws and regulations are revised in the future, the Company shall apply the revised laws and regulations.

#### **Article 4: Total amount of issuance**

The total number of shares available for issuance under the Plan shall be 15,264,000 common shares of the Company (the "Shares"), each share having a par value of NT\$ 10, for a total amount of NT\$ 152,640,000.

#### **Article 5. The terms and conditions for issuance of awards under the Plan**

5.1. Issue price: Awards under the Plan shall be gratuitous.

5.2. Class of issued shares: The Company's newly issued common shares.

5.3. Vesting conditions of awarded Shares under the Plan are subject to the following conditions:

5.3.1 An employee's continuous employment with the Company through the vesting dates; no breach by the employee of any terms of any agreement with the Company to which the employee is subject, including, without limitation, the employee's employment terms and conditions or any other employment-related agreement, any non-competition or confidentiality agreements; no violation by the employee of employee handbook; and, the achievement by the employee of the employee's individual performance goals, and the Company's achievement of operational objectives during the applicable Performance Period (as defined below) are all required for the awarded Shares to vest in accordance with vesting schedule set forth in the applicable Restricted Stock Award Agreement. For each award under the Plan, the awarded Shares shall vest over a 3-year period from the date of the award, with the maximum percentage of Shares vested on the vesting date of each vesting year as follows: 34% of the total award on the 2022 vesting date; 67% of the total award on the 2023 vesting date; and 100% of the total award on the 2024 vesting date. The actual percentage of the Shares vesting on any particular vesting date will be based on the employee's achievement of individual performance goals and the Company's achievement operational objectives during the applicable performance periods (the "Performance Periods"). The Performance Periods for measuring the Company's achievement of operational objectives (further described in Section 5.3.2 below) during the 3-year award vesting period are as follows: (1) For the 2022Y vesting

date, the 2021 fiscal year; (2) For the 2023Y vesting date, either the 2022 fiscal year, OR the 2021 and 2022, combined fiscal years (the period with the highest performance for the particular index shall be the period used for purposes of determining the Company operational objective achievement in Section 5.3.2 below); and (3) For the 2024Y vesting date, the 2023 fiscal year, the 2022 and 2023, combined fiscal years, OR the 2021, 2022 and 2023, combined fiscal years (the period with the highest performance for the particular index shall be the period used for purposes of determining the Company operational objective achievement in Section 5.3.2 below). Any fractional vested Shares, should be rounded down to the nearest whole share.

5.3.2 For the employee's achievement of individual performance goals for each vesting date, such goals include the employee's achievement of an "I" rating ("Meets Expectations") or higher in the employee's year-end performance rating for the performance year preceding such vesting date, or, if no rating is available, the employee's achievement (as determined by the Company) of job performance criteria for such Performance Period, which will be set by the Company and agreed with the employee. The Company's operational objectives include the following four indexes: (1) the Company's total shareholder return ("TSR") compared to that of Taiwan's top 50 companies by market cap in the electronic components industry; (2) revenue growth rate; (3) gross margin ("GM%"); and (4) operating margin ("OPM%"). Each index has its own threshold level and target level. The percentage of vested Shares determined by each index on each vesting date will range from 0% to 100% for such vesting date and with reference to the performance of the index in the applicable fiscal year(s), with the actual percentage determined as follows: 0% if the Company's operational performance result is below the threshold level (as stated in the applicable Restricted Stock Award Agreement); 50% if the performance result meets or exceeds such threshold level; and 100% if the performance result meets or exceeds the target level (as stated in the applicable Restricted Stock Award Agreement). If the performance result is greater than the threshold but less than the target level, the percentage of vested Shares determined by the applicable index shall be calculated by the interpolation method. For purposes of determining if the threshold level or the target level is achieved, calculations shall be rounded down to the nearest whole percent, while, for performance results between the threshold level and the target level, calculations will be rounded up or down to the nearest hundredth percent. The weighting and the range of threshold to target level of each index are set forth in the table below, and the threshold and target levels for each index will be set by the Company for each award under the Plan and specified in the applicable Restricted Stock Award Agreement with the employee. The judgement of the achievement level of the indexes shall be based on the Company's consolidated financial statements certified by a certified public accountant for the corresponding Performance Periods.

Operational Index	TSR Ranking (against Taiwan's Top 50 Companies by Market Cap in Electronic Components Industry)	Revenue Growth %	Gross Margin %	Operating Margin %
Weighting	20%	25%	25%	30%
Threshold and Target Range	25 <sup>th</sup> ~ 50 <sup>th</sup> (P25~P50)	10% ~ 23%	44% ~ 46%	15%~18%

#### 5.4. Circumstances leading to revocation/cancellation of awards

5.4.1 Subject to applicable law, after a restricted stock award is granted to an employee, the Company shall have the right, in its sole discretion, to revoke and cancel any or all of the unvested Shares in the award in any of the following events:

The employee is on a leave of absence on the vesting date; The employee (1) commits a breach of (A) the employee's employment terms and conditions or any other employment-related agreement, non-competition or confidentiality agreements, or (B) employee handbook, or (2) fails to achieve the employee's individual performance goals (see Section 5.3.2 above) and the Company fails to achieve its operational objectives (see Section 5.3.2 above); or (3) employee breaches below section 5.8 regarding modification withdrawal, cancellation, expiry or termination of the authorization to the Company or the appointed person as the deputy to handle all events for management of restricted stock awards in the security trust account.

5.4.2 The Company shall revoke and cancel all the unvested Shares of any restricted stock awards granted to the employee if the employee resigns voluntarily or the employee has been laid-off or otherwise terminated during the vesting period.

#### 5.5. Events resulting in change of vesting and/or other actions.

In the event any of the following occurs, the unvested Shares in an employee's outstanding restricted stock award(s) shall be handled as follows.

5.5.1 Leave of absence without pay (approved by the company). For any employee taking a leave of absence without pay (approved by the Company), the rights and obligations of the employee under the Rules and any applicable Restricted Stock Award Agreement shall remain in effect, provided that, subject to applicable law, (i) the number of Shares that vest in any restricted stock awards during a vesting period when the employee is on leave for any part of such period shall be further pro-rated based on the number of months the employee was not on leave during such period, and (ii) in the event the employee is on leave on the vesting date, the vesting conditions for such award shall be deemed to have not been satisfied on the vesting date and the unvested Shares that might otherwise vest on the vesting date during such year under such award shall be subject to revocation and cancellation in accordance with Section 5.4.1.1 above.



- 5.5.2 Transfer to another entity within the MediaTek Group. If the employee is transferred to another entity within the MediaTek Group at the Employee's request, the unvested Shares under the restricted stock award(s) granted to the employee shall be revoked and cancelled by the Company. If the transfer is made at the Company's request, the terms and conditions with respect to the unvested Shares under the Rules and the applicable Restricted Stock Award Agreement, including without limitation, the Company's operational objectives, shall remain in effect, provided that the employee's individual performance goals shall be re-evaluated based on the performance requirements of the entity in the MediaTek Group to which the employee transfers. In the event that the employee is not employed by the Company or the entity in the MediaTek Group that the Company requests the employee to transfer to on the vesting date, the Company shall revoke and cancel any and all portions of the unvested shares of restricted stock awards.
- 5.5.3 Retirement. For a retiring employee the rights and obligations of the employee under the Rules and any applicable Restricted Stock Award Agreement shall remain in effect, provided that, subject to applicable law, the actual number of Shares that vest on the vesting date during the year of retirement shall be further pro-rated based on the number of months the employee worked during in such year.
- 5.5.4 Termination of employment due to permanent and total disability arising from occupational injury. If an employee's employment terminates by reason of permanent and total disability (as determined by the applicable Company subsidiary in accordance with applicable laws governing disability) arising from occupational injury, the unvested Shares in the employee's restricted stock award(s) shall immediately vest upon such termination date as follows: If both the Company's operational objectives and the employee's individual personal performance targets have already been determined (in accordance with Article 5.3) for the applicable vesting year as of the date of termination, all unvested Shares shall vest in accordance with the vesting conditions set forth in the Rules (see Section 5.3.2). If both the Company's operational objectives and the employee's individual personal performance targets have not already been determined (in accordance with Article 5.3) as of the date of termination for any remaining vesting years, all of the unvested Shares for such vesting years shall immediately and automatically vest as of the date of termination.
- 5.5.5 Death due to occupational injury or others. Regarding the unvested Shares granted to an dead employee, after the employee's estate, heirs, or other representative(s), as the case may be, complete the required procedure in accordance with applicable laws and provide the Company with relevant document for evidencing the completion, he/she/they may apply for transfer of the Shares or the interest arising from disposal of the Shares. If both the Company's operational objectives and the employee's individual personal performance targets have already been determined

for the applicable vesting year, the unvested Shares shall vest in accordance with the vesting conditions set forth in the Rules. If the Company's operational objectives and the employee's individual personal performance targets have not already been determined for the applicable vesting year as of the date of termination, all of the unvested Shares shall immediately and automatically vest.

5.5.6 Change of Control. In the event of any planned reorganization in accordance with the Business Mergers and Acquisitions Act, the Board of Directors shall determine what portion, if any, of all the unvested Shares in outstanding restricted stock awards shall vest prior to or otherwise in connection with the closing of such transaction.

5.5.7 Additional Considerations. Notwithstanding the foregoing, the Chairman is authorized to determine that unvested Shares in the restricted stock award(s) of an employee should vest in a number in excess of what the vesting rules set forth above would provide on a case by case basis when the employee's employment is terminated with the Company; provided that, for employees who are managerial officers, any such determination is subject to approval by the Compensation Committee.

5.6. The issued restricted stock awards revoked by the Company without consideration shall be canceled.

5.7. The rights that are subject to restriction until vesting conditions are met.

5.7.1 Except for inheritance, employees are prohibited from and shall not sell, pledge, transfer, give to another person, create any encumbrance on, or in any other way dispose of any unvested Shares.

5.7.2 Rights to attend the Company's shareholder's meeting, submit proposals, or speak and vote at the meeting attributed to ownership of stock with respect to any unvested Shares will be the same as those of the common shares of the Company but shall be subject to and performed in accordance with the trust agreement.

5.7.3 Rights to dividends, interest, capital reserve, and share subscription warrants attributed to ownership of stock with respect to any unvested Shares will be the same as those of the common shares of the Company and shall be subject to and performed in accordance with the trust agreement.

5.7.4 If any Shares vest on a date that falls during a period in which the Company is prohibited from altering the Company's shareholders' roster, including but not limited to, for reasons pertaining to the Company's issuance of bonus or cash dividends, or conducting a rights offering, convening shareholder's meeting pursuant to paragraph 3 of Article 165 of the Company Act, the release of the restrictions on such Shares set forth in this Section 5.7 shall be in accordance with the trust agreement and applicable laws and regulations.

5.8. Others

- 5.8.1 All Shares under each restricted stock award under the Plan shall be deposited in a security trust account governed by the trust agreement immediately after the granting of the award and execution of Company-required documentation. The employee shall have no right to request and shall not request that the trustee(s) release unvested Shares held in the trust account for any reason or in any method.
- 5.8.2 During the period that the Shares under a restricted stock award are deposited in the security account, management of the security trust account and the assets therein shall be pursuant to the trust agreement, and the negotiation, execution, amendment, renewal, or termination of the trust agreement for such account and the instructions to deliver, use or disposal of the trust property in such account shall be performed by the Company or the person appointed by the Company on behalf of the employees, in any case, in accordance with the trust agreement.

#### **Article 6: Execution and confidentiality of the agreement**

- 6.1 An employee is deemed to have been granted a restricted stock award only upon the employee's receipt of notification of the award by the responsible unit of the Company and after the employee has executed the Restricted Stock Award Agreement evidencing such award and any other documentation required by the Company in connection therewith and completed all other required processes for trust custody of the Shares. If the employee fails to take all such required steps within the timeframe specified by the Company, all rights to the restricted stock award shall immediately and automatically be deemed to have been forfeited.
- 6.2 The employee and any person receiving restricted stock awards in accordance with the Rules shall comply with the Rules and the Restricted Stock Award Agreement executed by employee as required hereunder, the violation of the above shall be deemed as nonfulfillment of the vesting condition. Subject to applicable law and as provided in the rules set by the Company regarding the confidentiality of compensation, the employee shall keep confidential the contents of the Plan, the number of shares granted to him/her under the Plan and his/her rights under the Plan and shall not inquire Shares granted to others. The Company shall have the right to revoke and cancel the unvested restricted stock awards awarded to such employee if the employee violates the above.

#### **Article 7: Tax**

Any tax incurred from granting any restricted stock awards under the Plan to an employee or from the employee's sale or other transfer of Shares thereunder shall be borne by the employee in accordance with applicable law.

#### **Article 8: Other important covenants**

- 8.1 The Rules must be approved by the Board of Directors by an agreement adopted by a majority vote of the Board at a meeting attended by over two-thirds of the directors, and

then take effect after receiving the written approval from the applicable R.O.C. authorities. If modifications of the issuance rules are required due to amendment to the laws and regulations or instructions from the competent authority, the Chairman is authorized to make any necessary amendment to the Rules. All other modification or amendment to the Rules shall be proposed to be reviewed and approved by the Board of Directors for ratification and issuance as set forth above.

8.2 For the matters pertaining to the Plan which are not stipulated in the Rules, except as otherwise provided by law, the Board of Directors or the person appointed by the Board of Directors is authorized with full power and authority to revise the Rules and execute such matters pursuant to the applicable laws and regulations.

***Note: This English translation is for reference purposes only. In the event of any discrepancy between the Chinese original and this English translation, the Chinese original shall prevail.***

**Attachment 6**

**MediaTek Inc.  
List of Director Candidates**

<b>Name</b>	<b>Shareholdings (Note 1)</b>	<b>Education Recognitions</b>	<b>Major Previous Positions</b>	<b>Current Positions</b>
Ming-Kai Tsai	41,342,481	- Master, Electrical Engineering, University of Cincinnati, USA	- President, 2nd Business Group, UMC	- Chairman, MediaTek, Inc. - Chairman, Andes Technology Corp. - Director, MediaTek Singapore Pte.
Rick Tsai	397,183	- Ph.D., Material Science, Cornell University, USA	- Chairman & CEO, Chunghwa Telecom Co., Ltd. - President & CEO, TSMC	- Director & CEO, MediaTek Inc. - Chairman, Richtek Technology Corporation - Director, Lam Research Corporation
Cheng-Yaw Sun	29,244	- B.S., Chung Yuan Christian University of Taiwan	- Managing Director, HP China	- Director, MediaTek Inc.
Kenneth Kin	0	- Ph.D., Nuclear engineering and Applied Physics, Columbia, USA	- Senior VP, Worldwide Sales & Services, TSMC - Microelectronics VP of worldwide sales, IBM - Asian Pacific Operation VP, Computer Group, Motorola	- Director, MediaTek Inc. - Independent Director, eMemory Technology Inc. - Independent Director, Global Unichip Corp. - Independent Director, Vanguard International Semiconductor Corp. - Director, Medtech Investment Co. LTD. - Professor, Department of Economics, National Tsing Hua University
Joe Chen	425,562	- Master, Electronics Engineering, National Chiao Tung University	- Engineer, SiS Corp.	- President, MediaTek, Inc.

Note 1: As of April 12, 2021

**MediaTek Inc.  
List of Independent Director Candidates**

<b>Name</b>	<b>Shareholdings (Note 1)</b>	<b>Education Recognitions</b>	<b>Major Previous Positions</b>	<b>Current Positions</b>
Chung-Yu Wu	236,000	- Ph.D., Electronics Engineering, National Chiao Tung University	- President, National Chiao Tung University	- Chairman and CTO, A-NEURON ELECTRONIC CORP. - Emeritus Professor, National Chiao Tung University - Independent Director, MediaTek, Inc. - Independent Director, Global Unichip Corp. - Independent Director, Leadtrend Technology Corp - Independent Director, Powerchip Semiconductor Manufacturing Corporation
Peng-Heng Chang	0	- Ph.D., Master engineering, Purdue University, USA	- VP, Human Resources/Material Management & Risk Management, TSMC - Chairman, Motech Industries, Inc	- Chairman, Chi-Kuang Solar Energy Corp. - Independent Director, MediaTek Inc. - Director, BIG SUN ENERGY TECHNOLOGY INC. - Chairman, Rueil-Yang Solar Corp. - Chairman, Rueil-Rih Solar Corp. - Chairman, Lumos Corporation

				- Independent Director, VISERA TECHNOLOGIES COMPANY LTD.
Ming-Je Tang	0	- Ph.D., Business Management, MIT, USA	- Associate Professor with tenure, University of Illinois at Urbana-Champaign - Visiting Associate Professor, Hong Kong University of Science and Technology - Vice President, National Taiwan University	- Professor, National Taiwan University - Independent Director, MediaTek Inc. - Independent Director, Fubon Financial Holding Co., Ltd - Independent Director, Smart-Core Holdings Limited - Director, VSense Co., Ltd. - Director, Wesync Startup Service and Consulting Corporation Limited - Director, VSense Medical Inc.

Note 1: As of April 12, 2021

## Reasons for Nominating the Directors Served as an Independent Director of the Company for Three Consecutive Terms or More

Name	Reasons for nominating the directors who have served as an independent director of the Company for three consecutive terms or more
Chung-Yu Wu	Mr. Chung-Yu Wu is the convener of the Audit Committee of the Company. He is very professional and widely experienced in semiconductor industry. He dedicates himself in technical research and development in academia while he is also experienced in the industry. He is very insightful of the forward-looking technical development in IC design and masters the developments and changes in the technological innovation and trend related to the industry. Mr. Chung-Yu Wu attended all meetings held by the current session of the Board of Directors, Audit Committee and Compensation Committee. Based on his performance in the meeting of the Board of Directors and functional committee, the Board of Directors believe that Mr. Chung-Yu Wu has the necessary independency and sense of fair judgement in performing and making judgement on his duty. Considering that Mr. Chung-Yu Wu has wide experience in the research and development of semiconductor, the Board of Directors nominated him again as the independent director of the Company.
Peng-Heng Chang	Mr. Peng-Heng Chang is the convener of the Compensation Committee of the Company. He is very professional in human resource building and planning in semiconductor industry, and he is also familiar with the industry chain and has wide experience in multiple industries. Mr. Peng-Heng Chang attended all meetings held by the current session of the Board of Directors, Audit Committee and Compensation Committee. Based on his performance in the meeting of the Board of Directors and functional committee, the Board of Directors believe that Mr. Peng-Heng Chang has the necessary independency and sense of fair judgement in performing and making judgement on his duty. Considering that Mr. Peng-Heng Chang has wide experience in human resource building and planning of the semiconductor industry, the Board of Directors nominated him again as the independent director of the Company.

# **Appendix**

## Appendix 1

# MediaTek Inc. Articles 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 1<sup>st</sup> of each year to December 31<sup>st</sup> 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. Rules for Election of Directors**

Effective after approval at the 2015 shareholder's meeting

### **Article 1**

Unless otherwise provided for in the Company Act or the Articles of Incorporation of the Company, the Directors of the Company shall be elected in accordance with the Rules specified herein.

### **Article 2**

Election of Directors of the Company shall be held at the shareholders' meeting. The Company shall prepare ballots for Directors, and note the number of voting rights.

### **Article 3**

The election of the Company's Directors shall be conducted in accordance with Article 192-1 of the Company Act under the system of nomination of candidates.

### **Article 4**

In the election of Directors of the Company, the single recorded cumulative voting system is implemented. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or be divided to vote for several persons. The Independent and Non-Independent Directors shall be elected at the same time, and the number of elected Directors shall be calculated separately.

### **Article 5**

The qualification and election of Independent Directors should be made in accordance with relevant rules and regulations issued by authorities.

### **Article 6**

The election of Directors and Independent Directors of the Company shall be made based on number of seats stipulated in the Article of Incorporation of the Company. Further, votes received by Directors and Independent Directors shall be calculated separately, and candidates who receive more votes will win the seat of Directors or Independent Directors respectively. If two or more candidates acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

### **Article 7**

At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots have to be appointed from among the shareholders present.

### **Article 8**

The ballot box used for voting shall be prepared by the Company and be checked in public before voting by the person responsible for checking ballots.

### **Article 9**



If the candidate is a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name and the candidate's shareholder's number. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity and the name(s) of their representative(s) shall be filled in the "candidate" column. If there are multiple representatives, these representatives' names shall be filled in separately. If the candidate is not a shareholder of the Company, voters shall fill in the "candidate" column with the candidate's name and the candidate's ID number.

#### **Article 10**

Ballots shall be deemed void in either one of the following conditions:

- (1). Ballots not placed in the ballot box;
- (2). Ballots not prepared by the Company;
- (3). Blank ballots not completed by the voter;
- (4). The "candidate" column was not filled in properly as specified in Article 9 of the Rules.
- (5). If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register;
- (6). If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
- (7). Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate;
- (8). Illegible writing;
- (9). Any of the candidate's name, shareholder's number (ID number) or the number of votes cast for such candidate being erased or changed;
- (10). The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them;
- (11). The number of candidates filled in the ballot exceeding the number of the seats to be elected;
- (12). The total votes cast by the voter exceeding the total voting rights of such voter.

#### **Article 11**

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

#### **Article 12**

The Rules and any revision thereof shall become effective after approval at the shareholder's meeting.

## Appendix 4

### MediaTek Inc. Shareholdings of Directors

1. The shareholdings of the Company's Directors of the 8<sup>th</sup> session and percentage of shareholdings required by law are listed below:

The Company's total outstanding shares:	1,590,470,585
Total shareholdings of all Directors required by law:	38,171,294
As of April 12, 2021, total shareholdings of all Directors (except Independent Directors)	45,934,844

2. As of April 12, 2021, the shareholder registration record date for 2021 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	41,342,481	2.60%
Vice Chairman	Ching-Jiang Hsieh	June 15, 2018	4,111,802	0.26%
Director	Rick Tsai	June 15, 2018	397,183	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	0.01%
Independent Director	Peng-Heng Chang	June 15, 2018	-	-
Independent Director	Ming-Je Tang	June 15, 2018	-	-
<b>Holding of all directors</b>			<b>46,170,844</b>	<b>2.90%</b>